CONTRIBUTION TO CLIMATE PROTECTION

FOR A BETTER FUTURE

STAYING MOBILE WITH A CLEAR CONSCIENCE

SUSTAINABLE AGRICULTURE

ANNUAL REPORT 2018/19

crop. energies

mobility – sustainable. renewable.

SÜDZUCKER GROUP

HIGHLIGHTS 2018/19
CROPENERGIES GROUP

■ Revenues reach € 779 (882) million	€ -103 million
■ Ethanol production declines to 967,000 (1,149,000) m³	-16%
■ EBITDA declines to € 72.1 (110.8) million	€ -39 million
■ Operating profit down to € 32.8 (71.7) million	€ -39 million
■ Net earnings decline to € 21.3 (50.8) million	€ -30 million
■ Cash flow amounts to € 59.1 (89.6) million	€ -31 million
■ Net financial assets unchanged at € 37 (37) million	

- Dividend proposal: distribution of € 0.15 per share

- Outlook for 2019/20*: Revenues are expected to range between € 800 and € 900 million. Operating profit is expected to range between € 20 and € 70 million. This is equivalent to an EBITDA of between € 60 and € 115 million.

The annual report is also available in German. This English translation is provided for convenience only and should not be relied upon exclusively. The German version of the annual report is definitive and takes precedence over this translation.

*Details in the Outlook, p. 54

CROPENERGIES – GROUP FIGURES OVERVIEW

IFRS/IAS		2018/19	2017/18	2016/17	2015/16	2014/15
Result						
Revenues	€ thousands	778,612	881,963	801,736	722,602	827,165
EBITDA	€ thousands	72,051	110,821	134,759	121,544	25,177
in % of revenues	%	9.3	12.6	16.8	16.8	3.0
Operating profit	€ thousands	32,783	71,660	97,562	86,695	-11,233
in % of revenues	%	4.2	8.1	12.2	12.0	-1.4
Income from operations	€ thousands	43,087	70,769	93,871	68,680	-39,367
Net earnings	€ thousands	21,263	50,809	68,779	42,647	-58,043
in % of revenues	%	2.7	5.8	8.6	5.9	-7.0
Cash flow and capital expenditures						
Cash flow	€ thousands	59,094	89,609	107,168	87,265	5,285
in % of revenues	%	7.6	10.2	13.4	12.1	0.6
Capital expenditures in property, plant and equipment*	€ thousands	13,222	19,502	16,055	16,831	31,636
Balance sheet						
Total assets	€ thousands	585,748	592,293	597,920	591,476	643,914
Net financial assets (+) / net financial debt (-)	€ thousands	36,813	36,874	-9,285	-65,678	-150,148
Equity	€ thousands	448,711	445,678	425,777	367,215	331,660
in % of total liabilities and shareholders' equity	%	76.6	75.2	71.2	62.1	51.5
Performance						
Property, plant and equipment*	€ thousands	371,369	396,301	419,135	447,176	475,232
Goodwill	€ thousands	6,095	6,095	5,595	5,595	5,595
Working capital	€ thousands	84,877	55,434	59,567	43,142	43,191
Capital employed	€ thousands	462,341	457,830	484,297	495,913	524,018
ROCE	%	7.1	15.7	20.1	17.5	-2.1
Shares						
Market capitalisation	€ million	462	545	723	332	262
Total shares issued of 28/29 February	million	87.25	87.25	87.25	87.25	87.25
Closing price on 28/29 February	€	5.29	6.25	8.28	3.80	3.00
Earnings per share	€	0.24	0.58	0.79	0.49	-0.67
Dividend per € 1 share	€	0.15**	0.25	0.30	0.15	0.00
Yield as of 28/29 February	%	2.8	4.0	3.6	3.9	0.0
Production						
Ethanol	1.000 m³	967	1,149	1,030	837	1,056
Employees						
Number of employees (full-time equivalents)		433	414	412	416	432

* *Including intangible assets*
** *Proposed*

CROPENERGIES AG MANNHEIM

Group Annual Report for 2018/2019
1 March 2018 to 28 February 2019

In the financial year 2018/19, CropEnergies has once again proven itself to be the leading ethanol producer in Europe. Sustainable management is the prerequisite for our success. This is how we reconcile economics, ecology and social responsibility. By utilizing all raw materials completely, we produce not only a sustainable alternative to fossil fuel, but also valuable food and animal feed products.

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The figures stated in brackets on the following pages refer to the same period in time in the previous year.

COMPANY PROFILE

CropEnergies AG Mannheim

- The leading producer and distributor of ethanol in Europe
- Production sites in Germany, Belgium, France and the UK and trading offices in Brazil and Chile
- Ethanol plants have been certified as sustainable with greenhouse gas reductions of, on average, more than 70 percent
- Technological leader in Europe with innovative plant concepts
- Know-how in the industrial processing of agricultural raw materials into high-quality products and their marketing accumulated over many years
- Our aim: To ensure sustainable and renewable mobility for today and in the future

THE PRODUCTION SITES

Wilton, Great Britain

Annual capacity
- 400,000 m³ ethanol for fuel applications
- 350,000 t DDGS

Raw materials Grain

Zeitz, Germany

Annual capacity
- 400,000 m³ ethanol for fuel and traditional applications
- > 300,000 t ProtiGrain®
- 100,000 t liquified CO_2

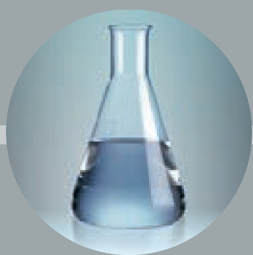
Raw materials Grain and sugar syrups

THE PRODUCTS

CropEnergies processes the raw materials into ethanol, which mainly replaces petrol, and into valuable, high-quality food and animal feed products.

Ethanol

for fuel applications



Ethanol

for traditional and technical applications

LARGEST

ethanol producer in Germany and Belgium

462 Mio. €

market capitalisation at the end of financial year 2018/19

1.3 Mio. m^3

ethanol (annual capacity)

>1 Mio. t

of food and animal feed products (annual capacity)

100,000 t

liquefied CO_2 (annual capacity)

Loon-Plage, France

Annual capacity

- > 100,000 m^3 ethanol for fuel applications
- 90,000 m^3 ethanol for traditional and technical applications

Raw materials Raw alcohol

Wanze, Belgium

Annual capacity

- 300,000 m^3 ethanol fuel applications
- up to 60,000 t gluten
- > 400,000 t ProtiWanze®

Raw materials Wheat and sugar syrups

Liquefied CO_2

for food and industrial applications

Gluten

high-quality wheat protein for food and animal feed, e. g. for aqua cultures

ProtiGrain®

dried protein feed in pellet form for cattle, pigs and poultry

ProtiWanze®

liquid protein feed for cattle and pigs

LETTER TO SHAREHOLDERS

Dear Shareholders,

In the last quarter of 2018, global demand for oil exceeded 100 million barrels a day for the first time. In Europe, the latest provisional figures for 2017 show that, far from falling, greenhouse gas emissions in the transport sector have again risen for the fourth consecutive year – by as much as almost 30% compared with 1990. In Germany, among other countries, schoolchildren are taking to the streets in support of more environmental protection and a better future. Consequently, the German government is planning to reduce transport-related greenhouse gas emissions from the current figure of 170 million tonnes to 145 million tonnes by 2021, i.e., within 2 years. How does this fit together? What does it mean for CropEnergies?

We are observing a disintegration of social perception. On the one hand, politics and society are striving to achieve ambitious environmental and climate policy objectives. For example, the federal government wants to lower greenhouse gases by at least 55% by 2030. On the other hand, concrete ways of achieving this are lacking. In terms of the transport sector, less traffic also means, of course, fewer emissions, but our developed society also defines itself through mobility: driving to work or a place of training, on holiday or to the supermarket is part of our lifestyle. E-mobility could become a climate-friendly alternative in urban transport in the future. In reality, however, the electric car represents a structural change. It requires increased production of renewable electricity, the necessary infrastructure for cable lines and charging points as well as the acquisition of expensive electric cars. This structural change is bound not to happen overnight. The question whether car drivers can protect the environment using a different fuel can, however, already be answered today: yes, they can. Alternative fuels such as sustainably produced ethanol from renewable raw materials are already improving the greenhouse gas balance and also significantly lowering particulate and nitrogen oxide emissions. The fact that the fuel filler cap on all new vehicles now refers to their compatibility with Super E10 is to be welcomed. A number of manufacturers are already authorizing the use of petrol blends with an ethanol content of 20 vol.-%. If used across Europe, Super E20 would save as much greenhouse gas as 43 million electric cars. CropEnergies is the largest European producer of sustainably produces ethanol, which we regard as the fuel of the future.

By adopting the “Renewable Energy Directive” in December 2018, the EU has set targets for renewable energy in the transport sector that extend until 2030. They are based on both established, locally and sustainably produced fuels and alternatives still to be developed. This is a step forward. However, these EU targets also need to be implemented in concrete terms in all member states and incentives for creating additional capacities for new forms of renewable energy provided. This, too, will drag on for years.

Looking back on the past 2018/19 financial year, we are forced to note that the prospects for the future have not yet fuelled current demand. This has also been reflected in sharp and short-term fluctuations in ethanol prices, which CropEnergies countered with capacity adjustments. The decline in operating profit to € 33 (72) million reflects this market situation. The cash flow of € 59 (90) million nevertheless enables us to further develop CropEnergies with confidence.

Against this background, the executive board and supervisory board propose that a dividend of € 0.15 (0.25) be distributed.

In the 2019/20 financial year, the markets for alternative fuels in general and ethanol in particular should gain momentum from the tightened energy and climate targets of 2020. CropEnergies is very well equipped for the upcoming growth. We will also be able to react to stronger demand at any time thanks to our employees' high level of competence and commitment. We express our sincere thanks to all of them for their dedication and above-average commitment they have shown once again in the past year.

We offer you, dear shareholders, sincere thanks for your support and your trust in climate-friendly and environmentally sound mobility for which we do not need to wait until the day after tomorrow, but which is already available at filling stations today.

Kind regards,

Joachim Lutz

Chief Executive Officer (CEO)

Michael Friedmann

Chief Sales Officer (CSO)

Dr. Stephan Meeder

Chief Financial Officer (CFO)

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the executive board of the Association Süddeutscher Zuckerrübenanbauer e. V.

Dr. Wolfgang Heer

Ludwigshafen am Rhein
Chairman of the executive board of Südzucker AG

Franz-Josef Möllenberg

Rellingen
Former chairman of the Gewerkschaft Nahrung-Genuss-Gaststätten (Union)

Ökonomierat Norbert Schindler

Bobenheim am Berg
President of the Chamber of Agriculture of Rhineland-Palatinate

Executive board

Joachim Lutz
Chief Executive Officer (CEO)

Mannheim

First appointed: 4 May 2006
Executive board spokesman since 30 April 2015
Appointed until: 3 May 2021

Departments: Production, business development, public relations, marketing, investor relations (until 31 May 2018), compliance and personnel

Michael Friedmann
Chief Sales Officer (CSO)

Mannheim

First appointed: 30 April 2015
Appointed until: 29 April 2020

Departments: Procurement, sales and logistics

Dr. Stephan Meeder
Chief Financial Officer (CFO)

Mannheim

First appointed: 30 April 2015
Appointed until: 29 April 2020

Departments: Finance, accounting, taxes, controlling, investor relations (with effect from 1 June 2018), IT, risk management, and law

Michael Friedmann, Joachim Lutz, Dr. Stephan Meeder

A list of mandates held can be found on page 128 onwards of the annual report.

DRIVING ECO-FRIENDLY

CLEAN AIR, FEWER PARTICULATES

BECAUSE E-MOBILITY NEEDS MORE TIME

STAYING MOBILE WITH A CLEAR CONSCIENCE

I DRIVE 56 KM A DAY

BECAUSE CLEAN MOBILITY MATTERS

Mobility is a basic need in our everyday lives. We need it for work, shopping and in our leisure time. At the same time, it is clear that mobility needs to become cleaner. Ethanol made by CropEnergies helps you stay mobile – with a clear conscience. Because no other renewable energy can improve urban air quality as quickly and easily. Today, with your petrol engine.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The 2018/19 reporting year brought progress for renewable energies in the transport sector, after years of, in part, controversial discussions. The adoption of the European “Renewable Energy Directive” in December 2018 makes a path to less fossil energy and more greenhouse gas reductions up to 2030 visible. How concrete implementation is to be carried out in the member states and who is to make the huge investment in production capacity, infrastructure and vehicles remains to be seen over the next few years, though this will depend, to a significant extent, on the price signals that the individual EU member states are prepared to send for fewer greenhouse gas emissions and on the investment strength that the established industry in particular develops.

The supervisory board concerned itself in depth with the business development, the financial position and the business prospects of the CropEnergies Group in the reporting year, consulting closely with the executive board. In doing so, the supervisory board performed the duties incumbent upon it according to the law, the articles of association and the rules of procedure in supervising and advising the executive board in the management of the company’s affairs.

Cooperation between the supervisory board and the executive board I The supervisory board was directly involved in all decisions of fundamental importance relating to the CropEnergies Group and was kept continuously informed in a timely and comprehensive manner about the corporate planning, the course of business, the position and the development of the CropEnergies Group, including the risk situation, risk management and compliance. The executive board determined the strategic orientation of CropEnergies in consultation with the supervisory board. The business transactions that are important for the company were discussed in detail on the basis of the reports of the executive board.

The supervisory board chairman had regular contact with the executive board beyond the supervisory board meetings and kept himself informed about all events of major importance and the current development of the company’s position. The executive board also reported on corporate policy, profitability, risk management and the corporate, financial, investment, research and personnel planning related to CropEnergies AG and the CropEnergies Group. The supervisory board chairman delved into these topics in numerous working meetings with the executive board.

Supervisory board meetings and resolutions I Four ordinary meetings of the supervisory board, each of which was attended by the executive board, took place in the 2018/19 financial year. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board.

No resolutions were passed by way of written procedure in the 2018/19 financial year.

The focal points of the reporting were the developments on the raw materials and sales markets, the hedging of market price risks, the political framework conditions for renewable energies, production and the progress of investments, and the current earnings situation.

At its annual account meeting on **14 May 2018**, the supervisory board examined and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2017/18, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The independent auditor, PwC, reported on the focus and results of the audit, which also included the accounting-related internal control system. After detailed discussion, the supervisory board adopted the annual financial statements and approved the consolidated financial statements. The supervisory board prepared the 2018 annual general meeting, decided on the agenda and addressed the proposal for the election of the independent auditor. It also approved the short- and medium-term investment planning and carried out the regular adjustment of the executive board's compensation structure.

At the meeting on **17 July 2018** (prior to the annual general meeting), the medium-term planning was presented.

At the meeting on **12 November 2018**, the supervisory board addressed the earnings projection for the 2018/19 financial year and approved a supplement to the investment plan. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. It conducted the annual review of the efficiency of its activities and approved the declaration of conformity for 2018. The supervisory board also addressed the issue of compliance and discussed senior management development.

At the meeting on **14 January 2019**, the updated earnings projection for the 2018/19 financial year was presented.

Attendance records I Apologies for absence were received from one member of the supervisory board at the meeting on **14 January 2019**. No member of the supervisory board attended only half or less than half the meetings of the supervisory board or the committees.

Supervisory board committees I In order to carry out its duties more efficiently, the supervisory board has formed an audit committee and a nomination committee.

The **audit committee**, to which the supervisory board members Thomas Kölbl (Chairman), Dr. Wolfgang Heer, Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, convened five times in the 2018/19 financial year, with individual members being connected by telephone in some cases. In accordance with the recommendations of the German Corporate Governance Code, the chairman of the audit committee is not at the same time chairman of the supervisory board.

At its meeting on **8 May 2018**, the audit committee closely studied the annual financial statements of CropEnergies AG and the consolidated financial statements in the presence of the independent auditor. It prepared the annual account meeting of the supervisory board during which the supervisory board, after being briefed by the chairman of the audit committee, accepted the recommendations of the audit committee. Furthermore, it discussed the proposal to appoint the independent auditor and examined the latter's independence. It approved the checklist and application guidelines for non-audit services by the independent auditor, PwC.

At the meeting on **9 July 2018**, the audit committee discussed the quarterly statement for the 1st quarter of 2018/19.

At the meeting on **17 July 2018** (subsequent to the annual general meeting), the audit committee discussed the independent auditor's quotation for the audit of the annual financial statements and issued the mandate for the 2018/19 financial year.

At the meeting on **9 October 2018**, the audit committee discussed the interim report. At the supervisory board's instruction, the audit committee also addressed the monitoring of the financial reporting process as well as the effectiveness of the internal control system and the risk management system. It also focused on the internal audit system and the compliance management system.

At the meeting on **8 January 2019**, the audit committee discussed the quarterly statement for the 3rd quarter of 2018/19.

All members were present at, or connected by telephone to, the audit committee's meetings and conference calls.

The **nomination committee**, to which the supervisory board members Thomas Kölbl (Chairman), Dr. Wolfgang Heer, Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, had no occasion to convene.

Review of the supervisory board's efficiency I The supervisory board reviewed the efficiency of its activities in accordance with the recommendation pursuant to paragraph 5.6 of the German Corporate Governance Code. This is performed every year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the changes in the Code. The evaluation of the questionnaires, the discussion of the results and the deliberations on proposed improvements took place at the meeting on 12 November 2018. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Compliance I On 8 January 2019, the regular discussion about fraud and corruption risks took place between the independent auditor and the chairman of the supervisory board and the audit committee, with information being provided, and subsequent discussions held, with regard to the assessment of business risks and measures for limiting the fraud and corruption risks.

Corporate Governance I Comprehensive information on corporate governance at CropEnergies, including the wording of the supervisory board's diversity objectives for its future composition and the declaration of conformity for 2018 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 70–72 of the corporate governance report. Additionally, all the relevant information is available on the CropEnergies website www.cropenergies.com on the investor relations pages.

The executive board fulfilled its duties, assigned to it by law and the rules of procedure, to inform the supervisory board in an exhaustive and timely manner. The supervisory board also assured itself of the due and proper conduct of the company's affairs and the effectiveness of the company's organisation and discussed these matters at length in talks with the independent auditor. The same applies with regard to the effectiveness of the CropEnergies Group's risk management system.

In the reporting period, the supervisory board was not notified by any of its members of a conflict of interest – especially no conflict of interest that could arise as a result of an advisory function or position on a board or committee at customers, suppliers, creditors or other business partners.

Annual financial statements I The independent auditor, PwC, elected by the annual general meeting at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2018/19 financial year, and the consolidated financial statements and the group management report for 2018/19, and has issued an unqualified audit opinion in each case. Furthermore, the independent auditor has confirmed that the executive board has suitably complied with the measures that were incumbent upon it pursuant to § 91 (2) AktG. In particular, it has created an appropriate information and monitoring system in line with company requirements that appears suited to its purpose of identifying, in good time, developments that could be a threat to the company's existence. PwC has been auditing the consolidated financial statements and the separate financial statements since the 2006/07 financial year. Since the beginning of the 2016/17 financial year, Michael Conrad has been the responsible independent auditor at PwC.

In light of the fact that, as of 28 February 2019, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), including the 69.2% of voting rights held by Südzucker AG, directly and indirectly holds 74.4% of voting rights, the executive board has drawn up a report pursuant to § 312 AktG. The independent auditor has reviewed this report, has provided a written report on the results of its review and confirmed that the actual facts set out in the report are correct; payments by the company in connection with legal transactions referred to in the report were not unreasonably high, and no circumstances indicate any materially different assessment than that given by the executive board.

The documents to be examined and the independent auditor's reports were distributed in good time to each supervisory board member. Representatives of the independent auditor, PwC, were present at the audit committee's meeting on 7 May 2019 and at the supervisory board's annual account meeting on 13 May 2019, and reported in detail on the procedures and findings of the audit. After detailed discussions, the supervisory board noted and agreed with the independent auditor's reports. The findings of the audit committee's prior review and the findings of the supervisory board's own review are fully consistent with the findings of the independent audit. The supervisory board raised no objections to the financial statements presented. It approved the annual financial statements of CropEnergies AG prepared by the executive board as well as the consolidated financial statements of the CropEnergies Group at its meeting on 13 May 2019; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board has agreed with the executive board's proposal on the use of the unappropriated profit, with the distribution of a dividend of € 0.15 per share.

Personnel matters I There were no changes to the executive board or the supervisory board in the 2018/19 financial year.

The supervisory board wishes to express its thanks and appreciation to all employees and the executive board for the work that they have performed.

Mannheim, 13 May 2019
On behalf of the supervisory board

Prof. Dr. Markwart Kunz
Chairman

SHARE AND CAPITAL MARKET

Capital market environment

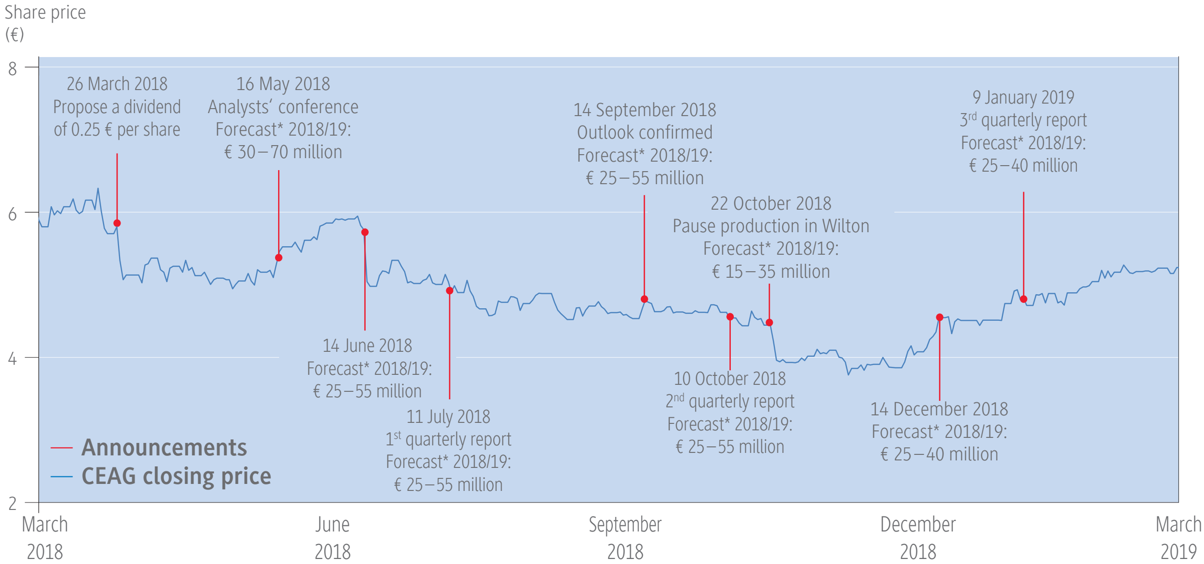
The DAX® started at 12,190 points at the beginning of the reporting period on 1 March 2018. While the US American share markets reached new record levels, the majority of the European share markets experienced a downward trend in comparison with the year-end figures in 2017. In addition to concerns about a trade dispute owing to the punitive tariffs on steel and aluminium announced by the USA, political uncertainties in Germany also overshadowed the economy here in the 1st quarter of 2018.

While the economy in the USA also proved to be robust in the further course of the year on account of tax cuts, concerns about the Brexit negotiations and the budget dispute between Italy and the EU dampened growth in Europe. The worsening trade conflict between the USA and China also continued to cloud sentiment on the European markets. These developments led to numerous profit warnings by German companies in the course of the year. The US Federal Reserve's increase in base rates in 2018 also had a negative impact on stock markets in Europe. On 27 December 2018, the DAX® reached its low for the year, at 10,381 points. Despite political and economic uncertainties, the DAX® started to recover at the beginning of 2019. On 28 February 2019, the DAX® was trading at 11,515 (12,436) points, corresponding to a decline, in the reporting period, of 6%.

Performance of the CropEnergies share

After ending the previous financial year on 28 February 2018 at a price of € 6.25, the CropEnergies share rose to € 6.48 by 20 March 2018. After a brief fall to € 5.80, the share price rose to € 5.90 in the wake of the announcement of a dividend of € 0.25/share on 26 March 2018. The price fell to € 5.08 in connection with the adjustment of the forecast to a difficult market environment on 14 June 2018. Further adjustment of the forecast became necessary on 22 October 2018 due to falling ethanol prices, on account of which pause in production was also introduced in Wilton. The share fell below € 4

Performance of the CropEnergies share



Performance of the CropEnergies share from 1 March 2018 until 28 February 2019 (XETRA® closing prices)
**Forecast applies to the expected group operating profit in each case*

in the ensuing period, but had recovered to € 5.29 by the end of the financial year (28 February 2018: € 6.25). This meant that there was an overall decline of 15%.

Stock exchange listing and shareholder structure

The CropEnergies AG share (ISIN DE000A0LAUP1) is listed in the Regulated Market (Prime Standard) on the Frankfurt Stock Exchange. The share is also traded in the XETRA® electronic trading system and in the over-the-counter market at the stock exchanges in Frankfurt, Stuttgart, Düsseldorf, Hamburg, Munich and Berlin. As of 28 February 2019, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) directly holds 5.2% of CropEnergies shares as well as a further 69.2% indirectly via Südzucker AG. No other significant shareholdings have been reported. The share's free float is therefore 25.6%. At the time of the annual general meeting in 2018, CropEnergies shares were located in over 8,000 – mainly private – deposit accounts.

Annual general meeting 2018

Approximately 700 shareholders attended the annual general meeting held on 17 July 2018 in the Rosengarten Congress Centre in Mannheim. The shareholders present represented 82% of the capital and were mainly interested in the developments in the company in the 2018/19 financial year as well as the 2017/2018 annual statement. There was a particular focus on the new political framework and targets for renewable energies in the EU. All the proposals put forward by the executive and supervisory boards, including the new election of the supervisory board, were passed in each case by a majority of over 99%.

Dividend proposal 2019

The executive board and supervisory board propose to the annual general meeting that a dividend of € 0.15 be distributed on 16 July 2019. An amount of € 13.1 million is therefore expected to be paid out to shareholders. Based on a closing price of € 5.29 on 28 February 2019, that corresponds to a dividend yield of 2.8%.

Details

CropEnergies AG		
ISIN		DE000A0LAUP1
WKN		A0LAUP
Symbol		CE2
Class of share		No-par-value bearer ordinary shares
Sector		Industrial goods
Sub-sector		Renewables
Transparency level		Prime Standard
Market segment		Regulated Market
Stock exchanges		XETRA®, Frankfurt Over-the-counter market: Stuttgart, Düsseldorf, Hamburg, Munich, Berlin
Number of shares		87,250,000
Subscribed capital	(€)	87,250,000
Listed capital	(€)	87,250,000
First listed / IPO		29 September 2006
Shareholder structure		Südzucker AG (69.2%), Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (5.2%), free float (25.6%)

Key figures

		2018/19	**2017/18**
Financial year-end closing price	(€)	5.29 (28/02/2019)	6.25 (28/02/2018)
High	(€)	6.48 (20/03/2018)	11.65 (21/09/2017)
Low	(€)	3.68 (15/11/2018)	6.15 (27/02/2018)
Market capitalisation at financial year-end	(in € million)	462	545
Average daily turnover	(number of shares)	61,644	96,874
Earnings per share according to IAS 33	(€)	0.24	0.58
Dividend per share	(€)	0.15*	0.25

** Proposal*

Source: Deutsche Börse AG, XETRA® data

Market capitalisation and turnover

CropEnergies had a market capitalisation of € 462 million as of the reporting date on 28 February 2019. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 20 (27) million shares. That corresponds to an average daily turnover of approximately 78 (107) thousand shares.*

Investor Relations

CropEnergies provides timely and transparent information, particularly via its website www.cropenergies.com. Among other things, interested parties will find financial reports, press releases and capital market law notices (e.g., managers' transactions and the publication of MAR inside information) as well as the financial calendar. In addition, the website contains presentations for the capital market. Numerous documents and brochures of the CropEnergies Group can also be downloaded. Additionally, CropEnergies has made it possible to sign up to or sign off from receiving company notices and financial reports in electronic form.

In the reporting period, CropEnergies clarified the company's business development and corporate strategy at analyst and capital market conferences as well as road shows at home and abroad. The quarterly results were reported on through conference calls, recordings of which can be downloaded from the homepage. The investor relations department is also available for an exchange of information by telephone.

** Source: Deutsche Börse Stock Report*

FOUNDATIONS OF THE GROUP

Group structure

The CropEnergies Group has several production plants for neutral and fuel ethanol and for food and animal feed products in Europe. Its sales markets are mainly located in Europe. Specifically, CropEnergies AG owns, directly or indirectly, 100% of the following German and foreign subsidiary companies:

- CropEnergies Bioethanol GmbH, Zeitz
- CropEnergies Beteiligungs GmbH, Mannheim
- BioWanze SA, Brussels (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SA, Paris (France)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)
- CropEnergies Inc., Houston (USA), in liquidation

In addition, CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz.

In Zeitz (Germany), CropEnergies Bioethanol GmbH operates a plant for producing around 400,000 m³ of ethanol a year. Most of the production is used as renewable fuel. Up to 60,000 m³ can also be processed into high-quality food-grade neutral alcohol. In addition, it is possible to produce more than 300,000 tonnes of the dried protein animal feed ProtiGrain® as well as thermal energy and electricity.

CropEnergies Beteiligungs GmbH is a German intermediate holding company and does not have its own production facilities.

BioWanze SA operates a plant in Wanze (Belgium) for the production of ethanol, gluten, the liquid protein animal feed ProtiWanze® and thermal energy and electricity. The plant has an annual production capacity of approximately 300,000 m³ of ethanol. In addition, up to 60,000 tonnes of gluten and more than 400,000 tonnes of ProtiWanze® can be produced per year. BioWanze uses the husks from the delivered wheat grain that are used in its own biomass plant for producing steam and electricity to generate a large part of the process energy required.

Ensus UK Ltd has a plant with an annual capacity of approximately 400,000 m³ of ethanol and 350,000 tonnes of protein animal feed in Wilton (United Kingdom). In addition, up to 250,000 tonnes of biogenic CO_2 from fermentation can be supplied to a liquefaction plant, which refines it for the food industry, in particular.

Ryssen Alcools SAS (Ryssen) operates a plant for the rectification (purification) and dehydration (drying) of raw alcohol in Loon-Plage (France). For the rectification of raw alcohol for traditional and technical applications, there is an annual capacity of up to 90,000 m³ of neutral alcohol. The annual capacity for the dehydration of raw alcohol, especially for the fuel sector, is more than 100,000 m³ of ethanol. In addition, Ryssen holds 100% of the shares in Ryssen Chile SpA, which distributes neutral alcohol to the Chilean market.

Compagnie Financière de l'Artois SA (COFA) is a French intermediate holding company, having a 100% equity interest in Ryssen.

CropEnergies Inc. based in Houston (USA) is being liquidated.

CT Biocarbonic GmbH is a joint venture established for the production and sale of food-grade liquefied CO_2. It operates a production plant in Zeitz for the purification and liquefaction of biogenic CO_2 from the neighbouring CropEnergies ethanol production plant. The plant has an annual capacity of 100,000 tonnes of liquefied CO_2, which is used predominantly in the food industry.

Corporate management

The executive board of CropEnergies AG is solely responsible for managing the affairs of the company and is monitored and advised by the supervisory board in this function. The executive board is required to act in the company's interest and obliged to increase sustainable enterprise value. The members of the executive board share joint responsibility for overall management. Notwithstanding this overall responsibility, the members of the executive board manage the departments assigned to them under their own responsibility within the scope of executive board resolutions. The articles of association of CropEnergies AG stipulate that important business transactions are subject to approval by the supervisory board.

The executive board is responsible for ensuring that adequate risk management and risk controlling procedures are in place in the company and works to ensure compliance with legal requirements, official regulations and company-internal guidelines (compliance). It also ensures that management functions within the company are appropriately filled.

Value-based management

To implement value-oriented corporate management, CropEnergies deploys a reporting and planning system that is uniform across the group and, based on this, applies centrally defined indicators. Significant financial indicators are the revenues reported in the income statement, operating profit and EBITDA. Operating profit is the financial indicator relevant to management. In the case of the operating profit, income from operations as shown in the income statement is adjusted for net restructuring costs and special items as well as for earnings from entities consolidated at equity. Apart from operating profit, no further financial or non-financial performance indicators are currently relevant to management.

Financial management

Capital management within the CropEnergies Group comprises control of cash, equity and debt positions. CropEnergies' aim is a balance sheet structure with a high level of equity, which secures the company's growth strategy, taking standard business risks at reasonable capital costs into account with above-average creditworthiness.

The CropEnergies Group's financing is based on the ability to generate consistently positive cash flows, stable relations with the shareholder groups backing the company, access to the capital markets and reliable banking relationships. The communication with capital market participants pursues a policy of financial transparency based on a reporting system which defines both the corporate planning and the reporting processes, using the same valuation and disclosure principles.

Guiding principles and corporate strategy

The CropEnergies Group's mission is to work in concert with its partners to shape the future responsibly and to develop solutions today for the social and corporate challenges of tomorrow, focusing on a responsible, efficient and beneficial use of all raw materials used and their components. The products produced aim to improve the quality of life for the present generation while safeguarding that of future generations. As one of the leading European producer of sustainably generated ethanol, CropEnergies combines business success with social responsibility and environmental protection. The company's aim is to grow profitably, to increase enterprise value in the long term and to take the interests of shareholders, customers, suppliers and employees into account, through sustainable and responsible business activity.

CropEnergies' broad product portfolio includes ethanol, the world's No. 1 biofuel, which is produced from the starch or sugar content of renewable raw materials. Sustainably produced ethanol is proven to reduce greenhouse gases, conserves the world's finite fossil resources and, as a climate-friendly substitute for petrol, ensures, among other things, clean mobility in the future. CropEnergies produces, in particular, protein-rich food and animal feed products, which also contain valuable dietary fibres, fats, minerals and vitamins, from the remaining components of the raw materials used. These products have a high nutritional value and make an important contribution to reducing European import requirements for vegetable proteins, particularly soy from North and South America.

The CropEnergies Group achieves its objectives through operating excellence and innovations, relying on its own core competences – the large-scale processing of raw materials into high-grade products in biorefineries and their marketing. What is crucial here is the extensive know-how across the entire value chain – from crop growing to production through to transport and marketing. With its innovative production facilities, CropEnergies sets standards in terms of technology, efficiency and flexibility. This is complemented by an efficient sourcing management and an optimised logistics network. The company's extensive experience at all value creation and process stages makes it a reliable partner, too. CropEnergies intends to use innovations to secure a competitive edge in the existing activities, tap new markets and develop solutions for the challenges of the future. Key to the company's success are the knowledge, experience, social skills, satisfaction and dedication of its employees. The company also aims to continue to develop these strengths by training and advancing its employees.

The growing demand for sustainably produced products also presents a future opportunity for CropEnergies to develop attractive new areas of business and to grow profitably, with transparent reporting and open communication with capital market participants being valued highly. The contact with investors and capital markets is also important for funding further growth.

CropEnergies operates sustainably in the interest of the company's successful development and a future worth living.

SUSTAINABILITY REPORT*

Sustainability within the CropEnergies Group

Importance to the company
The main prerequisite for CropEnergies' success is sustainable business activity, i.e., reconciling ecology, economics and social responsibility. An essential component of the business model is the simultaneous production of valuable food and animal feed products as well as a sustainable alternative to fossil fuel.

Sustainability is also a significant business factor for our customers. In connection with the European requirement on a low-emission transport sector, oil companies are increasingly gearing their purchase of fuel ethanol to proven greenhouse gas savings.

The entire value chain, from raw material extraction to the production of the fuel through to its delivery, must be completely certified as sustainable. Independent certification systems approved by the European Commission and national authorities are responsible for monitoring these processes. They guarantee prudent use of natural resources and holistic thinking.

CropEnergies' sustainability strategy
CropEnergies gears its activities along the entire value chain, from agricultural raw materials to the finished product, to sustainability.

It pays particular attention to the following aspects:

- Resource-saving use with regard to the selection of raw materials
- Full utilisation of raw materials used through processing of all components into high-quality products
- Continuous improvement of production technologies in respect of their environmental impact and energy efficiency
- Efficient quality, environment and energy management
- Respecting the interests of all stakeholders essential to CropEnergies
- Long-term partnerships, e.g., with raw material suppliers and customers

Stakeholders of the CropEnergies Group
The stakeholders with whom CropEnergies engages in dialogue include customers, suppliers, employees, shareholders and financial institutions, as well as society and the general public.

Main areas of activity
CropEnergies focuses on the following areas of activity:

- Procurement of raw materials
- Environmental and energy aspects in production
- Product responsibility, quality and safety
- Social responsibility
- Working conditions and human rights

* Not part of the independent auditor's mandate

Raw material procurement

CropEnergies' sustainability activities begin as early as the upstream stages of the value chain, particularly in respect of the safeguarding and documentation of the sustainable procurement of raw materials. CropEnergies uses only raw materials of European origin that are mostly procured close to the respective site. The transport routes are commensurately short and resource-efficient.

All raw material suppliers in the EU fulfil the principles of cross-compliance applicable to agricultural production with the corresponding requirements for agriculture, which ensure that raw materials are grown sustainably. The sustainability criteria for raw materials for the production of biofuels even go beyond the cross-compliance requirements. They stipulate, for example, that the raw materials must not be grown in sensitive areas such as first-growth forests (e.g., rainforest) or in areas of high biological diversity. In order to guarantee this, all interfaces involved in production are regularly audited by independent and recognised experts and certified in accordance with certification systems recognised by the EU (e.g., REDcert EU, ISCC EU or 2BSvs). Compliance with the sustainability criteria is laid down in the contracts with raw material suppliers.

Environmental and energy aspects in production

Principles of production
It is the aim of CropEnergies, in processing raw materials into ethanol, food and animal feed products, to minimise resource requirements, energy and water use and possible environmental impact whilst observing the highest quality standards. Thanks to its integrated production concepts, the raw materials used are refined into high-grade products in the best possible, resource-efficient manner. CropEnergies produces protein-rich food and animal feed products, which also contain valuable dietary fibres, fats, minerals and vitamins, from the non-fermentable contents of the raw materials. These products have a high nutritional value and make an important contribution to reducing European import requirements for vegetable proteins, particularly soy from North and South America. Furthermore, the carbon dioxide produced during fermentation is cleaned and liquefied in Zeitz and Wilton. It replaces carbon dioxide of fossil origin in the manufacture of beverages, for instance. CropEnergies thus fully exploits the raw materials it uses.

Apart from the efficient manufacturing processes, CropEnergies' integration into the Südzucker Group's network of sites is also of great benefit. For example, a product portfolio including sugar, molasses, sugar beet pulp, calcium fertiliser, glucose, gluten, bran, fuel ethanol, neutral alcohol, DDGS and biogenic carbon dioxide is being produced from sugar beet and grain in a total of five production plants in Zeitz.

All CropEnergies' ethanol plants are certified as sustainable in accordance with at least one of the certification systems recognised by the European Commission and are audited on an annual basis. The certifications ensure that the fuel ethanol produced fulfils the sustainability criteria of the "Renewable Energy Directive". This also includes, for example, greenhouse gas emissions being reduced by at least 50% compared with fossil fuels. This statutory requirement is being significantly exceeded at CropEnergies.

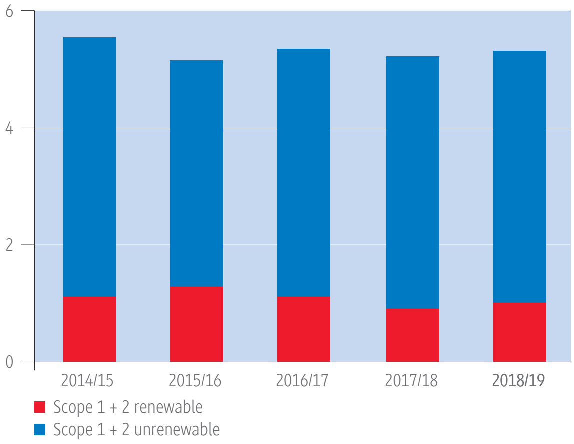
Energy and emissions

Highly efficient CHP plants and multiple energy use, which reduces fuel input, are the key components of energy management. These simultaneously lower the emissions of air pollutants and greenhouse gases that affect climate and improve the sustainability of the products produced.

The requirements of the Energy Efficiency Directive (EED) have been implemented at all production sites as well as in administration. A certification in accordance with ISO 50001 was performed in Zeitz. Furthermore, an audit in accordance with the ESOS (Energy Savings Opportunity Scheme) was carried out in Loon-Plage and Wilton. BioWanze is participating in a voluntary, industry-specific agreement to improve energy efficiency ("Accords de branche de deuxième génération"). CropEnergies AG in Mannheim successfully conducted the energy audit in accordance with DIN EN 16247-1.

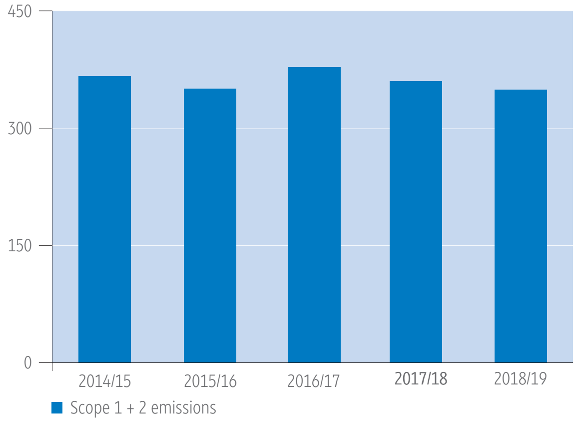
Energy use

(Gigajoules per tonne of main products and co-products)



Emissions

(Kilogram of CO_2 per tonne of main products and co-products)



Specific energy use depends not only on process management and applied technologies, but also, among other things, on the type and quality of the raw materials used. The flexibility of the plants means that CropEnergies is able to adjust raw material use to the respective market conditions, with the quality and availability of raw materials being largely determined by the weather and hence the growth conditions prevailing at any one time.

The proportion of renewable fuels used is 24%. At Wanze, a large part of the thermal and electric process energy required is produced in a biomass plant directly from the husks of the delivered wheat, the bran. At Zeitz, the biomethane (sewage gas) produced in the sewage treatment plant is being converted into electrical and thermal energy in a block CHP plant, thereby reducing the demand for fossil fuels.

The amount of CO_2 emissions depends on both the total energy demand and the fuel and energy mix used.

Water and waste water

Water is used and discharged in a sustainable manner at all sites. A hallmark of CropEnergies' production plants is that fresh water needs are considerably reduced by recycling and hence multiple use of the water deployed.

Water withdrawal/waste water

m^3/t*	2014/15	2015/16	2016/17	2017/18	2018/19
Water withdrawal	3.70	3.97	3.11	2.75	3.25
Waste water	2.25	2.56	3.07	2.54	2.72

*Main products and co-products

Waste water treatment plants ensure that the waste water is treated in an environmentally responsible manner. The water that has been cleaned is returned to neighbouring rivers.

Waste

As the components contained in the raw materials are almost completely refined into protein-rich or carbohydrate-rich products, very little waste is generated. Most of the waste materials (95%) are recycled, composted or used to produce energy. Less than 0.1% of the waste materials are hazardous waste. These consist primarily of used lubricants from production.

Waste materials

Thousand of tonnes	2014/15	2015/16	2016/17	2017/18	2018/19
Recycling	73.5	67.4	68.8	73.8	75.9
Composting	8.5	9.2	7.8	8.7	6.7
Landfill	0.0	1.0	1.5	1.6	3.9
Incineration	0.5	0.4	0.4	2.1	1.7
Other	0.5	1.0	0.5	0.7	0.5
Total	**83.0**	**79.0**	**79.0**	**86.9**	**88.7**

Product responsibility, quality and safety

CropEnergies attaches central importance to the production of safe and high-quality products and is conscious of the accompanying responsibility. That is why it has a quality management system that lays down a structured and effective procedure for all stages of production.

Quality management and product safety

The quality management system defines measures that ensure that all products comply with the statutory specifications and customers' requirements. The HACCP concept is a central element of the CropEnergies quality management system. A structured hazard analysis is used to examine each individual step in the production of food in respect of potential hazards for the health of consumers and in the production of animal feed in respect of animal health, with corresponding countermeasures being initiated immediately where necessary.

Other essential elements of quality management relate to long-term supplier relationships and detailed raw material specifications, qualified employees, safe production processes and the close coordination with customers.

The end-product specifications aid a common understanding in relation to the nature of the products. An analysis of complaints as an additional basis of information for the continual improvement of processes and products is also integrated into the system.

Certifications

Customers attach great importance to the verification, by external certification bodies, of the safety and legislative compliance of the products. Accordingly, the production processes are geared to internationally recognised standards involving extensive requirements and standardised evaluation procedures, e.g., ISO 9001 (quality management), REDcert EU (renewable fuels), IFS Food (food) and GMP+ (animal feed). The production sites have further specific food certificates, such as kosher or halal, in accordance with customer requirements.

Social responsibility

Economic sustainability and responsibility for rural areas

Value-oriented and profitable growth serves as the basis for financing further investment and research projects to produce top-quality products and sustainable manufacturing processes, and to open up new markets. The regional economy also benefits from such growth and economic sustainability. All production sites are in rural areas and hence in the immediate vicinity of raw material production. They not only make an important contribution to the preservation and creation of long-term and qualified jobs, but also contribute towards development of the regional economy, particularly farms.

Logistics in procurement and distribution

Smooth operation of the plants is a prerequisite for efficient goods movement. CropEnergies reduces the environmental pollution from transportation of the raw materials and end products by a large number of measures along the entire value chain.

The location of CropEnergies' biorefineries is geared to avoiding emissions. The sites are therefore located in the vicinity of large grain-growing areas, water routes or railways. This shortens transport routes or enables deliveries to be made in an environmentally friendly manner, mostly via sea or rail. In Wanze, for example, around 70% of the raw materials used are delivered via sea. The plant in Zeitz is, in turn, part of the network for sugar and starch production of Südzucker AG and is connected to the latter via a pipeline.

On the sales side, too, the optimisation of the distribution logistics to the end customer is playing a more and more important role in terms of competitiveness and ecology. End customers are therefore likewise mostly supplied via sea or rail, which are climate-friendly.

Working conditions and human rights

As a member of the Südzucker Group, CropEnergies complies with the requirements of a major international group. High standards also apply with regard to human rights, education and training, health and safety, compensation and working conditions as well as to relations between the social partners.

Code of conduct

CropEnergies' code of conduct is reproduced in full on its website http://www.cropenergies.com/de/Unternehmen/Verhaltenskodex/. It is based on the sugar industry's code of conduct and takes account of recognised international standards such as the United Nations' Declaration of Human Rights and the Conventions of the International Labour Organisation. CropEnergies expects all employees and managers in the CropEnergies-Group to act in accordance with the values and specifications contained therein.

CropEnergies is committed to conducting its business in an ethical, legal and responsible manner. At the same time, CropEnergies expects its suppliers and/or contractors to behave in line with the requirements set out in these policies.

Health and safety

The high priority given to health and safety is indispensable to the sustainable success of the CropEnergies Group. The number of accidents at work and the working hours lost as a result are thus relatively small. This is due, not least, to the cooperation of all employees.

An occupational safety management system defines procedures in respect of hazard detection, accident investigation and instruction and determines responsibilities. There are tools for communicating occupational safety targets, suggestions for improvement and occupational safety measures.

Risks and hazards in occupational safety and plant safety are identified on a regular basis and countermeasures are taken as required. Continuous improvement objectives and measures derived from them are systematically reviewed and the effectiveness of the implemented measures assessed on a regular basis.

The instruction of employees is particularly important. This not only involves the statutorily prescribed recurrent training programmes, but also, and in particular, keeping the issue of occupational safety constantly under discussion and hence in employees' consciousness. For example, employees receive documents relating to a priority issue every month or are invited to take part in occupational safety campaign days at the sites.


CLEAN AIR TO PLAY IN
FOR A BETTER FUTURE
PROTECT THE WORLD
ALL'S WELL WITH A GOOD CLIMATE
MORE IS POSSIBLE

BECAUSE THE FUTURE MATTERS

The EU has ambitious goals for climate protection. But now they must be realized: Climate protection for everyone, implemented quickly and available everywhere. Not only for us, but particularly for our children and grandchildren, because otherwise, we literally take away the air they breathe.

RESEARCH AND DEVELOPMENT

Highlights

For CropEnergies AG as the leading European producer of ethanol in a technology-oriented environment, research and development is an integral part of its strategic orientation. Research and development activities focus on refining specific key technologies and tapping new ones so as to boost competitiveness in the area of climate-friendly fuels and to make a contribution to sustainable development through alternative concepts for using ethanol and co-products.

The Central Research, Development and Service Department of Südzucker AG is tasked with carrying out CropEnergies' research and development activities. Service tasks continue to be handled along the entire value chain, the focus being on issues surrounding raw material qualities and the use of alternative additives as well as participation in standardisation committees for new, innovative and sustainable fuels.

In the 2018/19 financial year, a special emphasis was placed on raw materials as well as food and animal feed products, with regard to which mainly analytical and quality-related issues were discussed. Sensory and technological aspects that play an important role in the quality assurance of neutral alcohol were also addressed.

In process technology, intensive work was carried out, in particular, on biotechnological measures as well as process optimisations and innovations in ethanol production, the aim being to make better use of raw materials so as to increase ethanol yield, improve process stability and evaluate and implement concepts for further lowering the energy demand. Investigations into using alternative raw materials, particularly lignocellulosic materials, for ethanol production were further consolidated.

As part of collaborative ventures with universities and technology providers, various projects for utilising ultrapure CO_2 from the fermentation provided by the ethanol plants were evaluated and initiated using renewable electricity for producing energetically usable and chemical valuable substances.

The research, development and services performed for CropEnergies are settled in defined projects on the basis of a service agreement concluded with Südzucker AG. In the past financial year, € 1.7 (1.6) million were spent on research and development.

Raw material processing and fermentation process

Fermentation is the technologically most demanding process step in ethanol production. In addition to raw material influences, the continuous analysis of new enzymes and yeasts in terms of efficiency and cost-effectiveness is an important part of research activities. The goal is to optimise the ethanol yields and the conversion speed from the raw materials employed.

New, non-GMO yeasts have been tested on a laboratory scale in a research project with an industrial partner. During the project, extremely positive effects on ethanol yield emerged. Large-scale production of these yeasts has now been tested and implemented, resulting in the insights acquired in the laboratory being able to be further evaluated, in a production trial with regard to raw material and plant-specific parameters as well as economic criteria.

In addition to the biotechnological activities, new technologies for optimising starch decomposition have also been tested. It was possible to demonstrate the positive effects by means of industry-scale factory trials. The cost-effectiveness of corresponding investment for integrating these technologies into existing plants is currently being investigated. Programmes for improving the microbiological quality in fermentation through adjustment of process parameters have been implemented. They resulted in a reduction in the use of yeast and in improved ethanol yields.

Optimisation of production plants

Technical and technological measures have enabled specific energy consumption to be further lowered. One focal point is the testing of new technologies for de-watering the material flows arising in production. The aim is for such de-watering to be carried out more efficiently and more cost-effectively owing to lower primary energy use.

In Wanze, the connection of the individual process areas was improved, which should contribute to the energy-efficient optimisation of the plant.

In Wilton, further potential improvements were analysed and implemented with a view, for example, to increasing process stability and ethanol yield. The optimisation of yeast and enzyme use, in particular, enabled the fermentation rate to be increased. An improved connection of the individual process areas enabled energy consumption to be further lowered, which had a positive impact on the energy balance, particularly in relation to animal feed drying.

Service for neutral alcohol

The quality of neutral alcohol depends on the purity of the end product and the sensory impression, which is also influenced by the raw materials used. If the alcohol is to be used in food or in pharmaceutical and cosmetic industry products, its odour and taste neutrality is the crucial quality parameter. Sensory studies, in particular, were carried out to evaluate alternative producers of drying media in accordance with these framework conditions. Furthermore, new drying technologies were tested and compared with the existing plant configurations in both technological and economic terms.

Work on standards for ethanol

CropEnergies is actively involved, both within the European Committee for Standardisation (CEN) at European level and within the Deutsche Institut für Industrienormung e.V. (DIN) at German level, in the standardisation of ethanol, petrol and fuel blends. In the 2018/19 financial year, CropEnergies continued to focus on the E85 standardisation process at European level, as it contains important technical elements relevant to the future standardisation of fuels with an ethanol content of more than 10 vol.-%. The technical properties of higher blend ratios, of E20, for example, show more efficient combustion. At the same time, particulate emissions are lower.

New product and production concepts

The processing of protein-containing side-streams for food applications is of major interest to CropEnergies.

The EU "PROMINENT" project has used innovative processes and technologies to investigate the extraction of functional proteins from the side-streams of ethanol production. The project consortium involving European partners from industry and academia succeeded in isolating initial functional proteins. Their use in food applications is being tested. The research project has shown that additional valuable materials can be acquired during ethanol production using special technologies.

The production of new vegan meat alternatives based on wheat proteins has been developed in close cooperation with CropEnergies' sister company, BENEO GmbH. An extruder at the technical centre has been used to optimise recipes as part of an extensive research programme. It was then possible to transfer the process parameters obtained to the new technical plant at the Wanze site, which started operating in March 2019.

Several projects have been initiated in the context of CO_2 utilisation combined with electricity from renewable sources for hydrogen production ("power-to-X" approaches). Depending on microorganism or catalytic system, these methods are resulting in valuable chemicals that can be converted into energy, act as a fuel additive or used as "bio-based chemical raw materials".

The "ZeroCarb FP" project funded by the Federal Ministry of Education and Research (BMBF), which was initiated as part of the "Industrial Biotechnology Innovation Alliance", is pursuing, among other things, the material use of carbon dioxide from ethanol fermentation. A cultivation method for a microorganism that binds CO_2 and supplies intermediate chemical products has been developed on a laboratory scale. The aim is to use the bio-based chemicals obtained in this way as a sustainable alternative to petrochemical products.

A project consortium is analysing the implementation of a power-to-gas concept using fermentation CO_2 as part of the

BMBF funding programme "FHprofUnt" – Forschung an Fachhochschulen mit Unternehmen (Research at Universities of Applied Science Involving Companies). The project consortium is focusing on optimising the biotechnological conversion of CO_2 into methane and subsequently identifying the technical prerequisites for, and assessing the cost-effectiveness of, integrating such technology at a production site.

A concept for manufacturing "green methanol" is being pursued in a further power-to-x integrated project funded by the Federal Ministry for Economic Affairs and Energy (BMWi). This project, too, aims to carry out an economic assessment, taking an ethanol plant's site-specific conditions into account.

There is a continuing focus, from a sustainability perspective, on the extraction of C2 elements from ethanol as a raw material for the chemical industry. Chemico-catalytic methods are being further optimised and their cost-effectiveness assessed in a model analysis within a joint project with TU Darmstadt.

As a result of the changed political framework (RED II), research activities with regard to the use of residues as alternative raw material sources and evaluations on processing lignocellulosic raw materials and their integration into existing plants have been intensified.

Quality management for food and animal feed

The safety concepts (HACCP) and quality levels produced for all of CropEnergies' animal feed and food products are regularly reviewed and updated. The relevant monitoring data is evaluated to this end and summarised in quality reports. Inspection plans for quality control and monitoring are kept up to date in parallel. In the past financial year, the inspection plans, analysis methods and HACCP documentation were extended to the production of meat alternatives.

CropEnergies' interests in respect of animal feed products, chemical contaminants, pesticide residues, mycotoxins and enzymes are also represented in associations.

EMPLOYEES

The CropEnergies Group is an international employer in a constantly evolving industry. As a member of the Südzucker Group, CropEnergies and its employees benefit from the opportunities made available by a large, multinational company, particularly with regard to employee development.

Number of employees

A total of 433 (414) employees were employed in the CropEnergies Group as of 28 February 2019 (expressed as full-time equivalents).

Around 38% (40%) of employees are employed in Germany, 62% (60%) at the sites in Belgium, the United Kingdom, France and Chile.

Number of employees (full-time equivalents)

	2018/19	2017/18
Number of employees by region		
Germany	165	168
Other European countries	261	239
Other countries	7	7
	433	**414**
Number of employees by category		
Wages earners	219	198
Salary earners	214	216
	433	**414**

Employment relationships and proportion of women

Around 97% of employees in the CropEnergies Group are employed on permanent contracts, with 3% having fixed-term contracts. Gender is irrelevant in the recruitment and development of employees. Although CropEnergies operates in an extremely technology-oriented environment in which the proportion of female employees and applicants is still relatively low, the proportion of women in the core workforce stood at 22.1% (22.2%) at the end of the 2018/19 financial year.

The work-life balance is becoming more and more important. CropEnergies supports this at its sites through various measures, such as opportunities for increasing the flexibility of working time through flexitime and part-time models. Under certain conditions, opportunities for teleworking can give employees scope to organize their own work. Trust, loyalty, reliability, autonomy and responsibility gain in importance in this context.

Training

Challenging tasks and a dynamically evolving market environment require employees to be increasingly flexible. As the leading ethanol producer in Europe, CropEnergies is particularly reliant on its employees' knowledge and commitment. That is why staff training and development are particularly important to CropEnergies. As CropEnergies is a member of an international group, its employees have an opportunity to participate in the training and qualification programmes of the Südzucker Group. These programmes offer a wide range of development activities and learning opportunities. This also includes the vocational training of young people who are pursuing various apprenticeships or trainee programmes within the Südzucker Group. CropEnergies employees also take part in the international and cross-functional exchanges within the Südzucker Group.

Internal and external continuous training programmes, for Sales and Purchasing, for example, which were specially tailored to CropEnergies, were held to enable employees to acquire the skills to handle changed conditions and requirements in today's world of work. Further events took place within the Südzucker Group.

As in the previous year, the CropEnergies Group's annual event for managers focused on the company's future development and strategic orientation. The event also serves to improve networking between management in the CropEnergies Group and to promote an exchange of knowledge and experience amongst employees at all of its sites.

Internal suggestion scheme

Numerous employees took part in the internal suggestion scheme in the 2018/19 financial year, with most of the suggested improvements being allocated an award. By submitting suggestions, employees demonstrated a commitment to the company that goes beyond everyday activities.

Health and safety

Health and safety have a high priority in the CropEnergies Group and make a significant contribution to the company's sustainable success. Additional information about safety-at-work can be found in the chapter on sustainability.

Responsible employer

As a responsible employer, CropEnergies does not tolerate discrimination of any kind. Its binding code of conduct, which is based on international standards, prohibits discrimination, harassment, child labour and forced labour and is committed to freedom of association, health, and safety at work. Flexible working times, the possibility of teleworking and codes of conduct regarding, for example, availability are designed to contribute to protecting the health of employees and to make CropEnergies more attractive as an employer.

Acknowledgement

The performance and dedication of its employees are the determining factors in the CropEnergies Group's success. Again in the past financial year, they showed great commitment in working for the corporate success and further development of the CropEnergies Group, resulting in our company also being well equipped for the future. The executive board wishes to express its sincere thanks to all employees and looks forward to continuing the successful collaboration with them.

INVESTMENTS

In the 2018/19 financial year, capital expenditure on property, plant and equipment declined to € 13.1 (19.3) million. Of the total, € 6.5 million was invested at CropEnergies Bioethanol GmbH, € 3.2 million at BioWanze SA, € 2.8 million at Ensus UK Ltd and € 0.6 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.2) million was invested in intangible assets.

Investing activities at BioWanze SA focused on the expansion of production capacities. In operating activities, existing mill capacity proved to be a bottleneck for the plant as a whole. The expansion of milling capacity that was started in the 2017/18 financial year is expected to be completed in the course of the 2019/20 financial year. Additionally, CropEnergies invested in improving plant operating time and started an investment programme for energy conservation.

One of the features of the biorefinery in Zeitz is its high raw material flexibility, which is set to be increased again in the 2019/20 financial year. Investing activities at CropEnergies Bioethanol GmbH focused, in the 2018/19 financial year, on expanding raw material processing capacity. To this end, extensive conversion and optimisation measures were launched during the reporting period. Investments continued to be made to increase plant availability and plant safety, the focus being on improving fire protection, in particular.

At Ensus UK Ltd, further measures were taken to improve process stability. Investments focused on optimising and stabilising animal feed production. Over and above that, further measures were taken to improve heat integration and hence to reduce the consumption of primary energy.

Ryssen Alcools SAS mainly invested in increasing plant availability in the 2018/19 financial year. Modernisation of safety-related items of equipment enabled both process stability and process safety to be increased.

REPORT ON THE ECONOMIC SITUATION

Overall assertion on business performance

CropEnergies' performance was, and continues to be, strongly dependent on volatile ethanol and raw material prices. CropEnergies took account of the difficult market situation by taking a break in production at the ethanol plant at its Wilton site in the UK from December 2018 until resumption of operations at the beginning of March 2019. Nevertheless, in the past financial year, CropEnergies was able to make good use of capacities, producing 1.0 (1.1) million m³ of ethanol. Despite a slight increase in raw material prices, CropEnergies was able to generate satisfactory earnings. As expected, however, these earnings fell short of those of the last financial year.

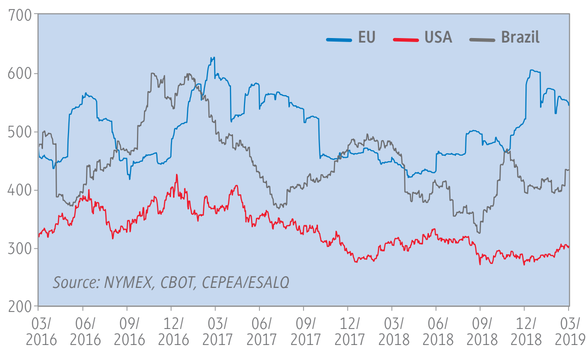
Report on business operations

Developments on the international ethanol markets

World | World production of ethanol continued to rise in 2018, achieving a new record level, at around 126 (120) million m³, with growth continuing to be borne by the fuel sector. At 109 (101) million m³, more than 85% of globally produced alcohol was earmarked for fuel applications. Given global petrol fuel consumption of around 1.5 billion m³, this is equivalent to a share of more than 7 vol.-%. Despite a slightly downward trend in 2019, the traditional market segment for beverages, cosmetics and medical or industrial applications is globally relatively stable and has been hovering for years around 18 million m³ of alcohol a year. Global production of ethanol is expected to rise further in 2019. The growth which is again attributable to the fuel segment is, however, expected to remain manageable, at 1.5% (6.9%).

USA | In the USA, ethanol production rose to 62.4 (61.5) million m³ in 2018. With domestic consumption of 56.1 (56.0) million m³, exports increased to 7.3 (6.1) million m³. Despite continuing high production surpluses and stocks, production in 2019 is again expected to reach the previous year's record level. With only a slight rise in domestic consumption, neither stocks nor export pressure are therefore likely to diminish. As a result of the continuing supply surplus, the one-month futures contract for ethanol on the Chicago Board of Trade (CBOT) declined from US$ 1.47/gallon at the beginning of March 2018 to US$ 1.33/gallon at the end of February 2019. Converted in euro, however, ethanol with € 308/m³ was trading only slightly below the previous year's level of € 315/m³. The sharp fall in crude oil and hence petrol prices also contributed to this decline. The US crude oil grade West Texas Intermediate (WTI) was trading at US$ 57 (64)/barrel at the end of February 2019.

International ethanol prices (€/m³)



Brazil I In Brazil, ethanol production in the 2018/19 sugar year, at an expected 32.6 (27.8) million m³, rose to a new record level. This was mainly due to vibrant domestic demand of 32.1 (28.4) million m³. Owing to a largely balanced supply situation, there continued to be no major net exports of ethanol. Similar market conditions are expected in the 2019/20 sugar year, which means that both production and consumption of ethanol are likely to be around 32.5 million m³. The lively domestic demand is due, not least, to a temporary fall in ethanol prices. Ethanol in Brazil declined in price from the equivalent of around € 490/m³ at the beginning of March 2018 to around € 335/m³ at the end of August 2018. Prices were able to recover again to around € 445/m³ by the end of February 2019. This development is consistent with low sugar prices: At the end of September 2018, they reached their lowest level for 10 years on the New York stock exchange.

EU I Ethanol production amounted to 7.7 (7.5) million m³ in the EU in 2018, with fuel ethanol accounting for 5.4 (5.3) million m³. Domestic ethanol consumption stood at 8.0 (7.9) million m³, with fuel ethanol accounting for 5.4 (5.3) million m³. Imports are expected to undergo little or no change in 2018 and to amount to around 0.6 (0.5) million m³. The EU expects demand for ethanol to be at the same level of 8.0 (8.0) million m³ in the 2019 calendar year, while it expects production to be slightly below the previous year's level.

European ethanol prices proved to be extremely volatile and prone to market speculations in the reporting period. The initial focus was on speculations about the impact of the discontinuation of the EU sugar market system in October 2017, but these were joined by speculations about rising raw material costs due to drought-related harvest failures in parts of Europe, degrees of utilisation of individual European plants and the advantageousness of imports as well as low water-related logistics bottlenecks.

Short-term forward prices initially followed weak international trends, declining from around € 465/m³ fob Rotterdam at the beginning of March 2018 to around € 440/m³ in the 1st quarter of the 2018/19 financial year. In the further course, particularly in the 2nd half, of the financial year, ethanol prices recovered, standing at around € 560/m³ at the end of February 2019. At € 430 to € 620/m³, ethanol prices in the EU again ranged widely, but the rapid changes can hardly be explained by the real market conditions.

In Germany, the largest market for ethanol in the EU, fuel ethanol consumption in 2018 remained at the previous year's level of 1.5 (1.5) million m³. There was likewise little or no change to sales of E10, at 2.4 (2.4) million tonnes. Fuel ethanol achieved a share of 4.2% (4.1%) of the German petrol fuel market.

million m³	2019	2018	2017	2016	2015
Opening stock	2.1	2.1	2.2	2.4	2.4
Production	7.6	7.7	7.5	7.0	7.3
Import	0.6	0.6	0.5	0.6	0.7
Consumption	8.0	8.0	7.8	7.6	7.8
Export	0.3	0.3	0.2	0.2	0.2
Final stock	2.1	2.1	2.1	2.2	2.4

Source: F.O.Licht (2019, 2018)

Developments on the raw material and protein markets

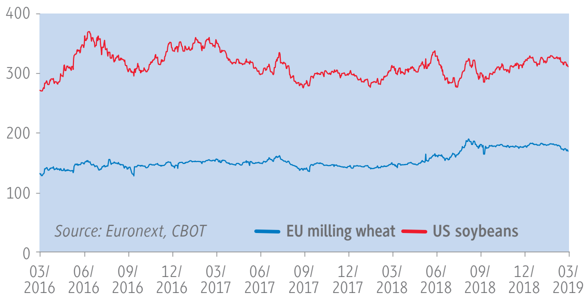
Grain markets I According to its forecast for the 2018/19 grain year published on 28 March 2019, the International Grains Council (IGC) expects world grain production (excluding rice) of 2,125 (2,142) million tonnes. Given world grain consumption of 2,170 (2,153) million tonnes, it expects stocks to decline to 604 (648) million tonnes.

The European Commission expects the EU to have a lower grain harvest of 291 (305) million tonnes in the 2018/19 grain year owing to the severe drought in large parts of Europe. Consumption is expected to be largely at the previous year's level, at 287 (286) million tonnes. Owing to the significant harvest failures, the one-month futures contract for milling wheat on the Euronext in Paris rose from € 167/tonne at the beginning of March 2018 to around € 200/tonne by the end of July 2018 and has largely hovered around this mark since. The listing closed at € 193/tonne at the end of February 2019.

The International Grains Council (IGC) forecasts global grain production of 2,175 (2,125) million tonnes in the 2019/20 grain year. Grain consumption is expected to continue to rise to 2,204 (2,170) million tonnes. Global grain stocks at the end of 2019/20 are accordingly expected to decline to 575 (604) million tonnes.

For the 2019/20 grain year, the European Commission expects 308 million tonnes of grain to be harvested in the EU. Grain demand is set to continue to remain stable, at 287 million tonnes, with over 60% continuing to be used for animal feed products. By contrast, the starch content of only 13 million tonnes of grain or around 4% of the EU harvest is expected to be used for the production of fuel ethanol. In view of the fact that low-quality grain, which can scarcely be considered for export, is mainly processed in the biorefineries for ethanol production, the ethanol industry will contribute to reducing market pressure and securing agricultural incomes in this segment again in 2019/20.

International agricultural prices (€/t)



Sugar markets I While a significant production surplus had been expected in summer 2018 for the current sugar year of 2018/19, the most recent estimates show that the market is balanced in the 2018/19 sugar year and that there will be a slight deficit of 1.5 million tonnes in the sugar year of 2019/20. The white sugar futures contract (next expiry date) declined from the equivalent of € 300/tonne on the ICE in London and was trading at € 250/tonne in April 2018. The last time such a low price level was observable was in January 2009. The sugar price was able to stabilise somewhat in the course of the financial year, closing at € 305/tonne at the end of February 2019.

The previous 2017/18 sugar year was the first since the discontinuation of sugar quota rules and minimum sugar beet prices in the EU. An increase in the growing area and above-average yields resulted in EU sugar production (including isoglucose) of 22 million tonnes. With declining imports, the EU's exports rose to a level of 3.4 million tonnes, for the first time since 2006. The European Commission expects sugar production to decline significantly in the 2018/19 sugar year owing to the severe drought in large beet growing areas. Given virtually unchanged growing areas and below-average yields, sugar production is expected to decline to 18 (22) million tonnes. With largely stable imports, this will mainly be reflected in declining EU exports.

Protein markets I During the production of ethanol from grain, only the starch contained in the corn is converted into alcohol. CropEnergies processes any additionally contained components, among other things, into protein-rich food and animal feed products, which also contain valuable vitamins, minerals and dietary fibres. The prices of these products are particularly affected by the price level of soy on the world market and rapeseed meal prices in Europe.

According to the IGC, the global soybean harvest in 2018/19 will increase significantly, to 359 (341) million tonnes, and set a new record. Soybean demand is also developing vibrantly and is expected to reach 352 (345) million tonnes. Accordingly, rising stocks of 52 (45) million tonnes are expected. This development resulted in the one-month soybean futures contract on CBOT standing at US$ 9/bushel* at the end of February 2019, i.e., significantly below the level of US$ 10.60/bushel at the beginning of March 2018. On 13 July 2018, soybeans cost as little as US$ 8.14/bushel on the exchange in Chicago, which was their lowest level for almost ten years. By contrast, European rapeseed meal prices declined only slightly year over year to € 220 (225)/tonne as of the end of February 2019. This was due to a mainly drought-related lower rapeseed harvest in the EU of 20 (22) million tonnes in 2018/19.

Developments in the political environment

Current framework in the EU I In the EU, the "Renewable Energy Directive" is setting the course for more sustainability and climate protection in the transport sector. The proportion of renewable energies in this sector is set to increase to 10% by 2020, with renewable fuels from arable crops being able to account for up to 7%. The remaining gap can be closed by fuels from wastes and residues or renewable electricity used in rail and road transport, which benefit additionally from double or multiple counting towards the renewable energies target in the transport sector. Renewable fuels must comply with strict sustainability criteria. This includes provision of proof that they reduce greenhouse gas emissions by at least 50 wt.-% in comparison with fossil fuels, calculated across the entire value chain. Furthermore, complete documentation of the origin of the raw materials used for the biofuel production must be provided.

In addition, the "Fuel Quality Directive" stipulates that greenhouse gas emissions associated with fuel consumption must be reduced by 6 wt.-% compared with the base value of 94.1 g CO_2eq/MJ by the year 2020. In relation to a litre of petrol, that is equivalent to greenhouse gas emissions of around 3 kg CO_2eq. By comparison, sustainably produced ethanol from European raw materials reduces greenhouse gas emissions by more than 70 wt.-%.

2030 climate and energy package I After the European Commission, on 30 November 2016, had proposed a new version of the "Renewable Energy Directive" for the period after 2020, the latter was published in the Official Journal of the European Union on 21 December 2018 and entered into force on 24 December 2018. This had been preceded by two years of discussions and negotiations between the European Parliament and the Council, during which key points of the original Commission proposal were amended. The proportion of renewable energies in the EU is now set to rise to at least 32% by 2030. In contrast to the original European Commission draft document, Parliament and Council were also in favour of a specific target for the transport sector of at least 14%. Renewable fuels from arable crops can continue to provide an important proportion of this figure. Their contribution should be able to remain up to one percentage point above the level reached in 2020. At the same time, the use of biofuels whose raw material extraction has resulted in a loss of high-carbon areas (e.g., rain forest) is to be gradually reduced from 2023 onwards and stopped by 2030. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. In addition, these fuels, as well as renewable electricity in road transport, can be counted multiple times towards the transport target.

** A bushel of soybeans is equivalent to 27.216 kg of soybeans.*

The follow-on regulation up to 2030 that has now been put in place offers a chance that sustainably produced renewable fuels can contribute to climate protection on Europe's roads even after 2020. This also requires E10 to be extensively introduced into all EU member states. It is therefore gratifying to note that both the Parliament and the Council have agreed on a minimum proportion of renewable energies in the transport sector and its increase by the year 2030. It is likewise constructive that renewable fuels from domestic arable crops should continue to be able to contribute to lowering the consumption of fossil fuels and improving the climate footprint of fuels. Based on this, other renewable fuels from wastes and residues can reduce the consumption of fossil fuels. What must be critically evaluated, however, is the multiple counting of certain fuels and energy sources, as this virtual increase in the renewable energy proportion will lower neither the consumption of fossil fuels nor their emissions. On the contrary, multiple counting will maintain the consumption of fossil fuels from imported crude oil. It is now up to the EU member states to implement the European targets at national level in such a way that the consumption of fossil fuels is actually lowered and the climate footprint of fuels improved. The member states have until 30 June 2021 to do this.

Germany I In Germany, a greenhouse gas reduction target of 4.0 wt.-% for fuels has applied since 1 January 2017. This will be raised to 6.0 wt.-% from 2020 onwards. Relative to the greenhouse gas base value of 94.1 g CO_{2eq}/MJ of fossil oil uniform across the EU, the fuel ethanol used in Germany in 2017 showed greenhouse gas emissions of merely 14.6 g CO_{2eq}/MJ. This is equivalent to a reduction of 85% of greenhouse gases, across the entire value chain from the field right through to use in a vehicle. According to German legislation, renewable fuels from arable crops can be used up to a 6.5% share of energy. The proportion of renewable fuels from wastes and residues is to rise from 0.05% in 2020 to 0.5% from 2025 onwards.

Belgien I In Belgium, the share of sustainable biofuels is to increase to 8.5% of fuel consumption from 2020 onwards. To achieve the target, the energy content of sustainably produced ethanol in petrols is to rise from around 5.6% at present (8.5 vol.-%) to 6.5%. Furthermore, biofuels from wastes and residues up to a proportion of 0.6% are to be able to be counted double towards the overall target. E10, which was introduced in 2017, also maintained its market position as the standard petrol fuel in 2018, achieving a market share of around 80%.

United Kingdom I The minimum proportion for renewable energies in fuels was raised in the United Kingdom from 4.75 vol.-% to 7.25 vol.-% in April 2018. There was a further increase to 8.5 vol.-% with effect from 1 January 2019. The proportion of renewable fuels is to increase to 9.75 vol.-% in 2020 and, in further increments, ultimately to 12.4 vol.-% from 2032 onwards. In addition to renewable fuels from arable crops, which are initially allowed to contribute up to 4 vol.-% towards the achievement of the target up to 2020 before gradually decreasing this contribution to 2 vol.-% from 2032, the use, in particular, of renewable fuels from wastes and residues as well as renewable fuels for particular uses (e.g., air transport) is to be expanded.

France I In France, the blending obligation for petrol fuels was increased from the previous level of 7.5% to 7.9% in 2019 and to 8.2% in 2020. In the diesel segment, the minimum proportions were increased to 7.9% (2019) and 8.0% (2020). Renewable fuels from arable crops can contribute up to 7% to each of these. The remaining gap is to be covered by fuels from sugar- or starch-containing processing residues or by biofuels from wastes and residues. The latter can, to a limited extent, also be counted double towards the blending targets. The proportion of renewable energies in the transport sector is set to increase to 15% by 2030. E10 was able to further strengthen its position as the leading petrol variety on the French petrol fuel market, its share standing at 47% (42%) at the end of 2018.

The CropEnergies Group's Production I In its modern biorefineries in Belgium, Germany, France and the United Kingdom, CropEnergies produces a wide range of products including not only sustainably generated fuel ethanol, but also neutral alcohol and protein-rich food and animal feed products. In the 2018/19 financial year, ethanol production stood at 967,000 (1,149,000) m³. The utilisation of production capacities was thus adjusted to the difficult market conditions. Lower capacity utilisation also meant that there was a decrease in the production of food and animal feed products. The production of dried food and animal feed products declined to 574,000 (662,000) tonnes.

The decline in production was primarily due to the lower utilisation of the plant in Wilton. After the plant was nearly always operated with high capacity utilisation in the previous year, a break in production, which continued until the end of the financial year, was taken with effect from the end of December 2018 owing to the difficult market conditions. In Zeitz, the production quantity remained below the previous year's level owing to a temporary capacity restriction in the wake of ongoing investing activities, which was virtually offset by an increase in production in Wanze.

The plant for the production of high-quality neutral alcohol that was taken into operation at the beginning of 2015 enables CropEnergies to refine up to 60,000 m³ of alcohol annually at the Zeitz location, for applications outside the fuel sector. The available capacity for producing neutral alcohol was kept at a continually high level in line with market conditions. High utilisation of the neutral alcohol capacity was also achieved in Loon-Plage.

Only raw materials of European origin continue to be processed at Zeitz, Wanze and Wilton. CropEnergies attaches great importance to sourcing the raw materials locally, thereby minimising freight costs.

All CropEnergies' biorefineries are certified as sustainable in accordance with at least one of the certification systems recognised by the European Commission. The certification enables CropEnergies to demonstrate that the ethanol produced meets the sustainability criteria of the "Renewable Energy Directive" and achieves high greenhouse gas reductions compared with petrol.

Results of operations, financial position, assets and liabilities

Results of operations

€ thousands	2018/19	2017/18
Revenues	**778,612**	**881,963**
EBITDA*	**72,051**	**110,821**
EBITDA margin in %	*9.3%*	*12.6%*
Depreciation*	-39,268	-39,161
Operating profit	**32,783**	**71,660**
Operating margin in %	*4.2%*	*8.1%*
Restructuring costs and special items	10,115	-816
Income from companies consolidated at equity	189	-75
Income from operations	**43,087**	**70,769**
Financial result	-539	-944
Earnings before income taxes	**42,548**	**69,825**
Taxes on income	-21,285	-19,016
Net earnings for the year	**21,263**	**50,809**
Earnings per share, diluted/undiluted (€)	**0.24**	**0.58**

** without restructuring costs and special items*

Group revenues I CropEnergies' revenues in the 2018/19 financial year were below the previous year's level. This was mainly due to the break in production at the Wilton site, which continued from December 2018 until the end of the financial year. Consequently, production and sales quantities for ethanol as well as food and animal feed products were significantly below the reference values.

After the ethanol prices obtained had evidenced a gradually downward trend in the course of the previous year, they showed an increase, while being extremely volatile, in the 2018/19 financial year. Ultimately, however, the average for the year was below that achieved in the previous year. By contrast, CropEnergies was able to obtain consistently higher prices for food and animal feed products.

On balance, revenues declined by 12% to € 779 (882) million. Further details on revenue development can be found in the "Report on business operations" section.

EBITDA I The challenging business environment in the 2018/19 financial year was reflected, as expected, in CropEnergies' earnings situation. In addition to ethanol revenues that were lower in terms of the yearly average, the lower production and sales quantities also had a negative impact on earnings. In addition, higher revenues for food and animal feed products were not fully able to offset increased raw material costs. In conjunction with likewise higher specific energy costs, this gave rise to a decline in the gross margin for each unit sold.

The materials expense ratio increased to 78.9% (76.7%) of overall performance and EBITDA, adjusted for special items, declined to € 72.1 (110.8) million.

Operating profit/restructuring and special items I Allowing for virtually unchanged depreciation at € 39.3 (39.2) million, the decline in EBITDA, adjusted for special items, also resulted in a decrease in operating profit to € 32.8 (71.7) million. Based on revenues, this gives rise to an operating margin of 4.2% (8.1%). The reversal of a provision for a disputed excise duty liability recognised as a special item in the 2016/17 financial year gave rise to positive net restructuring and special items of € 10.1 (-0.8) million.

Income from operations I Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, reached € 43.1 (70.8) million.

Net financial result I The financial result improved to € -0.5 (-0.9) million.

Taxes on income I Earnings before taxes declined to € 42.5 (69.8) million. Expenditure of € 21.3 (19.0) million was posted for taxes on income in the 2018/19 financial year. Of this, € 23.6 (20.4) million was current tax expense.

Net earnings I Consolidated net earnings for the year amounted to € 21.3 (50.8) million.

Earnings per share I Based on an unchanged figure of 87.25 million no-par-value shares, that translates into earnings per share of € 0.24 (0.58).

Financial position

Statement of changes in financial position

€ thousands	2018/19	2017/18
Gross cash flow	59,094	89,609
Change in net working capital	-24,653	2,171
Net cash flow from operating activities	**34,441**	**91,780**
Investments in property, plant and equipment and intangible assets	-13,222	-19,502
Investments in acquisitions	0	-500
Cash received on disposal of non-current assets	62	262
Investment subsidies received	0	15
Cash flow from investing activities	**-13,160**	**-19,725**
Cash flow from financial activities	**-55,813**	**-49,459**
Change in cash and cash equivalents due to exchange rate changes	471	279
Decrease (-)/Increase (+) in cash and cash equivalents	**-34,061**	**22,875**

As a result of the reduction in EBITDA to € 72.1 (110.8) million, cash flow also declined to € 59.1 (89.6) million. Including the change in net working capital, cash flow from operating activities amounted to € 34.4 (91.8) million.

The cash outflow from investing activities declined to € 13.2 (19.7) million and was mainly attributable to investments in property, plant and equipment. The investments particularly served to develop, and make improvements in, the production plants.

Short-term financial resources were invested in the past financial year and amounted to € 34.0 (0) million on the balance sheet date. Furthermore, a dividend of € 21.8 (26.2) million was paid in July 2018. This resulted in a net cash outflow from financing activities of € 55.8 (49.5) million.

Investments I In the 2018/19 financial year, capital expenditure on property, plant and equipment declined to € 13.1 (19.3) million. Of the total, € 6.5 million was invested at CropEnergies Bioethanol GmbH, € 3.2 million at BioWanze SA, € 2.8 million at Ensus UK Ltd and € 0.6 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.2) million was invested in intangible assets.

Assets and liabilities

Total assets declined to € 585.7 (592.3) million. As a result of earnings, in particular, shareholders' equity rose to € 448.7 (445.7) million. The equity ratio further improved to 77% (75%).

ASSETS

€ thousands	28/02/2019	28/02/2018
Non-current assets	382,670	406,830
Current assets	203,078	185,463
Total assets	**585,748**	**592,293**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2019	28/02/2018
Shareholders' equity	448,711	445,678
Non-current liabilities	48,495	46,978
Current liabilities	88,542	99,637
Total liabilities and shareholders' equity	**585,748**	**592,293**
Net financial assets	36,813	36,874
Debt-cash flow ratio	n/a	n/a
Equity ratio	76.6%	75.2%
Net financial debt in percent of equity	n/a	n/a

Non-current assets declined by € 24.1 million to € 382.7 million as of 28 February 2019, with fixed assets, in particular, decreasing by € 24.9 million to € 377.5 million as a result of scheduled depreciation and allowing for investments. This amount includes goodwill of € 6.1 million. Deferred tax assets increased by € 0.6 million to € 3.1 million. Furthermore, the interest in entities consolidated at equity rose by € 0.2 million to € 2.1 million. Shareholders' equity and non-current liabilities cover 132% (122%) of fixed assets.

Current assets rose by € 17.6 million year over year to € 203.1 million. The decline in cash and cash equivalents to € 2.8 (36.9) million is reflected in the increase in financial receivables due in the short term to € 34.0 (0) million. Inventories rose by € 12.7 million to € 78.7 million and trade receivables and other assets by € 4.8 million to € 80.0 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 0.5 (0.2) million and receivables in the form of ring-fenced credits for hedges of € 6.2 (6.8) million. Furthermore, tax assets increased by € 0.2 million to € 7.6 million.

Non-current liabilities increased by € 1.5 million to € 48.5 million, with provisions for pensions and similar obligations rising by € 2.6 million to € 24.2 million, due, among other things, to a lower discount rate. Deferred tax liabilities declined by € 1.0 million to € 21.7 million and other liabilities by € 0.1 million to € 0.1 million. Other non-current provisions remained unchanged at € 2.5 million.

Current liabilities declined by € 11.1 million to € 88.5 million, with other current provisions decreasing by € 7.6 million to € 9.1 million. Trade payables and other liabilities declined by € 5.1 million to € 65.6 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 2.9 (3.4) million. Current tax liabilities rose by € 1.6 million to € 13.8 million.

The **net financial position** as of 28 February 2019 shows **net financial assets** of € 36.8 (36.9) million. The net financial assets consist exclusively of cash and cash equivalents and current financial receivables.

Economic value added, capital structure and dividend

Economic value added

The return on capital employed (ROCE, for short) is calculated from the ratio of operating profit to capital employed. Capital employed comprises invested property, plant and equipment plus acquired goodwill and working capital as of the reporting date.

ROCE in 2018/19 declined to 7.1% (15.7%), mainly due to the reduction in operating profit. Capital employed, on the other hand, increased slightly to € 462 (458) million. Capital employed includes the decline in fixed assets caused by scheduled depreciation and taking investments into account, as well as the increase in working capital. Capital expenditures of € 13 (20) million were below depreciation of € 39 (39) million.

€ thousands	2018/19	2017/18	2016/17	2015/16	2014/15
Operating profit	**32,783**	**71,660**	**97,562**	**86,695**	**-11,233**
Property, plant and equipment*	371,369	396,301	419,135	447,176	475,232
Goodwill	6,095	6,095	5,595	5,595	5,595
Working capital	84,877	55,434	59,567	43,142	43,191
Capital employed	**462,341**	**457,830**	**484,297**	**495,913**	**524,018**
Return on capital employed (ROCE)	7.1%	15.7%	20.1%	17.5%	-2.1%

** Including intangible assets*

Capital structure

The capital structure is managed on a long-term basis, focusing on both dynamic and static indicators. The key parameters here are the debt ratio (ratio of net financial debt to cash flow), the debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage of total assets).

CropEnergies AG has direct and flexible access, with a sub-credit line of € 100 million, to a € 600 million syndicated bank credit facility arranged by Südzucker AG. The syndicated bank credit facility matures in November 2020. The interest rate is based on the euro zone's short-term interbank rate plus a (drawdown) margin. The credit line was not drawn as of 28 February 2019.

€ thousands	2018/19	2017/18	2016/17	2015/16	2014/15
Debt factor					
Net financial assets (+) / net financial debt (-)	36,813	36,874	-9,285	-65,678	-150,148
Cash flow	59,094	89,609	107,168	87,265	5,285
Debt-cash flow ratio	n/a	n/a	0.1	0.8	28.4
Debt equity ratio					
Net financial assets (+) / net financial debt (-)	36,813	36,874	-9,285	-65,678	-150,148
Shareholders' equity	448,711	445,678	425,777	367,215	331,660
Net financial debt in percent of equity	n/a	n/a	2.2%	17.9%	45.3%
Equity ratio					
Shareholders' equity	448,711	445,678	425,777	367,215	331,660
Total assets	585,748	592,293	597,920	591,476	643,914
Equity ratio in percent	76.6%	75.2%	71.2%	62.1%	51.5%

The capital structure has continued to improve:

- The equity ratio increased to 77% (75%).
- The debt-to-equity ratio relates net financial debt to equity. As was the case in the previous year, CropEnergies has no net financial debt as of 28 February 2019.
- The debt ratio is the percentage of net financial debt to cash flow. As was the case in the previous year, CropEnergies has no net financial debt as of 28 February 2019.

Dividend

In its dividend policy, CropEnergies takes into account the sustainable operating profit performance, the cash flow, risks, further possibilities of growth and debt.

€ thousands	2018/19	2017/18	2016/17	2015/16	2014/15
Operating profit	32,783	71,660	97,562	86,695	-11,233
Net earnings for the year	21,263	50,809	68,779	42,647	-58,043
Cash flow	59,094	89,609	107,168	87,265	5,285
Earnings per share (€)	0.24	0.58	0.79	0.49	-0.67
Dividend per share (€)	0.15*	0.25	0.30	0.15	0.00
Total dividend per share (€)	0.15*	0.25	0.30	0.15	0.00
Payout ratio	62.5%	43.1%	38.0%	30.6%	0.0%

** Proposed*

Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) amounts to € 21.3 (50.8) million. After an allocation of € 7.6 million to the revenue reserves, the unappropriated profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, amounted to € 13.1 million.

The executive board and supervisory board will propose to the annual general meeting on 16 July 2019 that, from the unappropriated profit of CropEnergies AG, € 13.1 million, equivalent to a dividend of € 0.15 per share, be distributed.

Actual and forecast business performance

Outlook 2018/19		16 May 2018 Annual report 2017/18	14 June 2018 Inside information Article 17 of MAR 2018/19	22 October 2018 Inside information Article 17 of MAR 2018/19	14 December 2018 Inside information Article 17 of MAR 2018/19	Actual 2018/19	Actual 2017/18
Revenues	€ million	840 and 900	810 and 860	750 and 780	770 and 800	779	882
EBITDA	€ million	70 and 110	65 and 95	55 and 75	65 and 80	72	111
Operating profit	€ million	30 and 70	25 and 55	15 and 35	25 and 40	33	72

The table above compares the actual performance in the 2018/19 financial year with the forecasts for the 2018/19 financial year published in the 2017/18 annual report and in the inside information pursuant to Art. 17 MAR. The date indicated in each case relates to the publication date.

Inside information pursuant to Art. 17 MAR is published on the Investor Relations pages of the CropEnergies website at www.cropenergies.com.

OUTLOOK

Macroeconomic climate and industry-specific environment

According to the European Commission's current winter forecast, the EU economy is also set to grow in the 2019 calendar year, for the seventh consecutive year. However, growth will slow down significantly on account of global uncertainties. Following 1.9% in 2018, growth in the EU in 2019 and 2020 is expected to weaken to 1.5% and 1.7%, respectively. The economic outlook provided by the European Commission is fraught with great uncertainty and linked to downward risks. This continues to include trade policy tension, which has been adversely affecting the economic climate for some time, and concerns about a stronger slowdown of the Chinese economy. Abrupt changes in risk perception and expectations of growth could again have a negative impact on global financial markets. The expected Brexit continues to present an element of uncertainty for the EU.

Ethanol markets

In the EU, ethanol consumption in 2019 (including traditional applications) is expected to remain mostly stable at 8.0 (8.0) million m³. This demand is expected to be largely covered by domestic production of 7.6 million m³. The EU member states are still far from fully utilising the potential of sustainably produced ethanol to provide a high-quality, rapid and cost-efficient alternative to fossil fuels and to improve air quality. Significant growth in the use of renewable energies in the fuel sector instead requires the use of E10 across Europe. However, this expansion is continuing to make very slow progress. In this respect, the picture emerging in the EU member states is very different. While E10 has now also established itself as the leading petrol fuel variety in France, having already done so in Belgium and Finland, sales in Germany continue to be at an unsatisfactorily low level also from a climate perspective. Other EU states are still discussing whether to introduce E10, even though this fuel quality provides the basis for registration of new petrol engines in Europe. Each further day of delay is increasing the quantity of greenhouse gas emissions that could have been saved.

With regard to the 2019/20 financial year, CropEnergies expects ethanol prices to be slightly above the low average for the previous year. This assessment is based on the expectation that the actual demand for ethanol will increase moderately in the EU as a result of the higher blending obligations in individual EU member states. Irrespective of this, CropEnergies expects another challenging financial year. No significant price recovery is expected at international level, as a continued high production surplus is anticipated in the USA, in particular, with correspondingly high US American exports.

Grain markets

The International Grains Council (IGC) expects world grain production (excluding rice) of 2.1 billion tonnes in 2018/19. In view of a slight reduction in production at the same time as a moderate increase in world grain consumption, global stocks are expected to fall to 604 million tonnes. The severe drought in large parts of Europe and the associated decline in production of wheat, in particular, were contributing factors here. This also brought about a temporary significant increase in grain prices. Thanks to the overall continuing good supply situation and a positive outlook for the 2019/20 harvest, grain prices are expected to normalise. According to the IGC March forecast, the grain harvest in 2019/20 will rise to 2,175 million tonnes.

Political framework

Apart from developments on the sales and raw materials markets, political will and the corresponding framework are also crucial to the success of renewable energies in the transport sector. The proportion of renewable energies in this sector is set to increase to 10% by 2020, with renewable fuels from arable crops certified as sustainable being able to account for up to 7%. The remaining 3% are to be achieved by means of fuels from wastes and residues or renewable electricity used in rail and road transport. In view of the short time frame until 2020, numerous member states, including France, Finland, the Netherlands and Spain, have increased their national targets for renewable fuels at the beginning of 2019.

Furthermore, the proportion of renewable energies in fuels was raised in the United Kingdom from 7.25 vol.-% to 8.5 vol.-% with effect from 1 January 2019. The proportion of renewable fuels is to continue to increase gradually to 9.75 vol.-% in 2020. The new regulation should result in an increase in ethanol demand insofar as extensive use is made of E10.

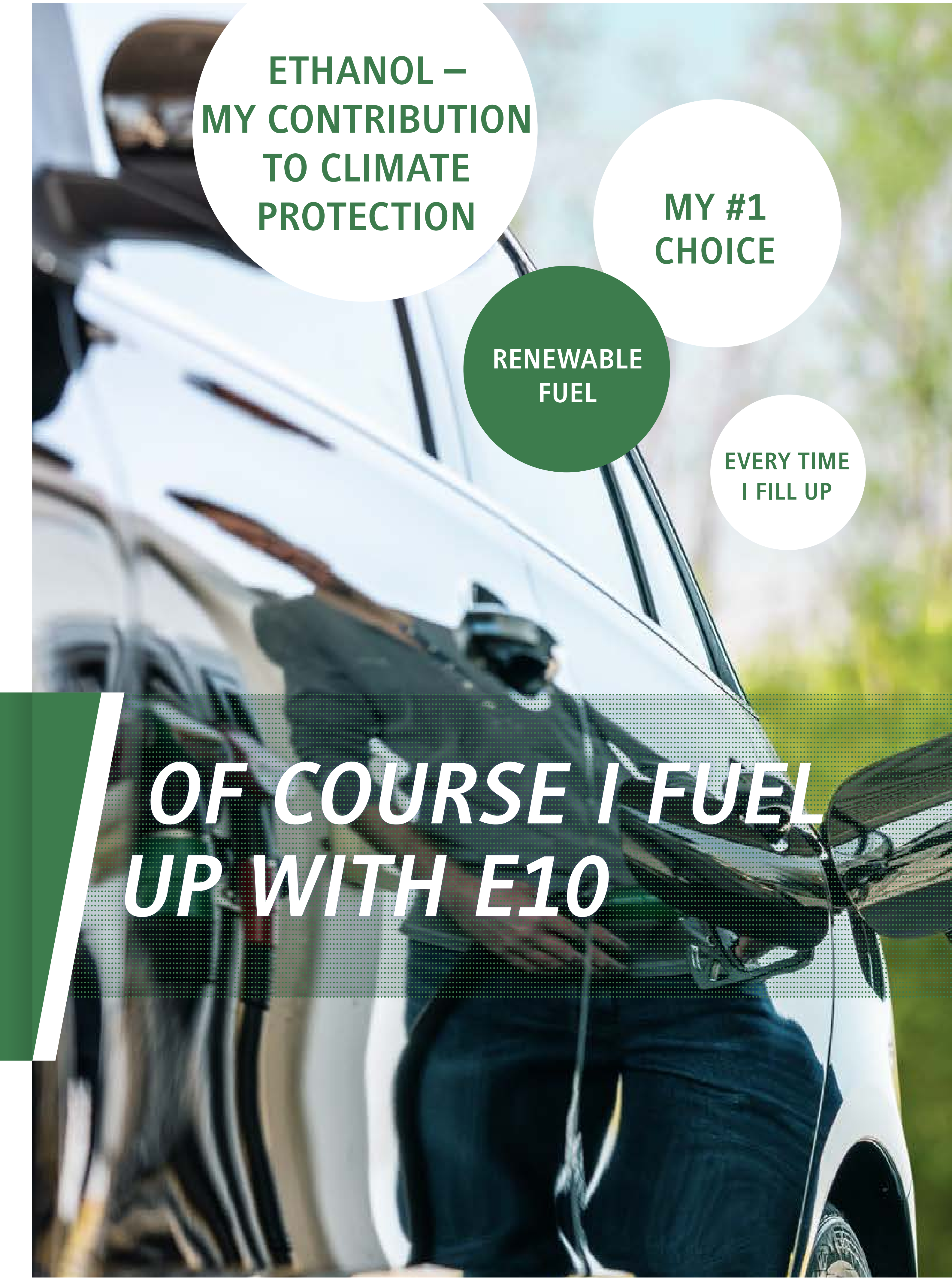
After the greenhouse gas reduction quota in Germany was already increased to 4.0 wt.-% in 2017, a further increase to 6.0 wt.-% is planned in 2020. This should further boost the competitiveness of fuel ethanol owing to its high greenhouse gas reductions.

For the period after 2020, European Parliament and Council have approved a new version of the “Renewable Energy Directive", which needs to be implemented in the member states by mid-2021. The proportion of renewable energies in the transport sector is to increase to at least 14%. Renewable fuels from arable crops can continue to make an important contribution to this figure. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. In addition, these fuels, as well as renewable electricity in road transport, can be counted multiple times towards the transport target. The follow-on regulation up to 2030 that has now been put in place offers a chance that sustainably produced renewable fuels can contribute to climate protection on Europe’s roads even after 2020.

Group performance

CropEnergies generated revenues of € 779 (882) million and operating profit of € 33 (72) million in the 2018/19 financial year. In terms of the 2019/20 financial year, CropEnergies expects ethanol prices to continue to be volatile, but to increase slightly on average. It also expects prices for raw materials to be slightly higher on average for the financial year.

Revenues of between € 800 and € 900 million and operating profit of between € 20 and € 70 million are therefore expected for the 2019/20 financial year. This is equivalent to an EBITDA of between € 60 and € 115 million.


ETHANOL –
MY CONTRIBUTION
TO CLIMATE
PROTECTION
MY #1
CHOICE
RENEWABLE
FUEL
EVERY TIME
I FILL UP
OF COURSE I FUEL
UP WITH E10

BECAUSE CLIMATE PROTECTION MATTERS

Compared to petrol, ethanol reduces greenhouse gas emissions by 70 percent. This is why you help protect the climate every time you fill up with Super E10. If all petrol engines in Europe were to run on E10, it would have the same effect as taking 6 million cars off the road. In addition, E10 reduces particulate and nitrogen oxide emissions. E10 is the best choice!

RISK AND OPPORTUNITIES REPORT

Risk management system

CropEnergies is one of the largest and most efficient producers of ethanol in Europe and, owing to the production, distribution and trading network that it has created, is excellently positioned to occupy a leading role in the European ethanol market. Additionally, as a result of its complete utilisation of raw materials, CropEnergies has an attractive portfolio of high-grade food and animal feed products as well as neutral alcohol. This reduces the dependence on developments on the ethanol and raw material markets. Company operations, external influences and corporate actions to secure the existence, growth and success of an undertaking are subject to opportunities and risks. In order to identify these and actively manage them, CropEnergies has set up a group-wide risk management system.

CropEnergies' opportunities and risk management includes in-house regulations for recording, presenting and interpreting risk-related processes and culminates in the monthly meetings of the risk management committee. The processes are integrated into the Südzucker Group's risk management. All group companies are included in the consolidated group for risk management purposes.

Risk and opportunity policy

For CropEnergies, the responsible handling of entrepreneurial opportunities and risks is an integral part of sustainable, value-oriented corporate management. CropEnergies defines risk and opportunities as future developments or events that can have a negative or positive effect on the achievement of strategic goals and operational plans. Assessing risks and utilising opportunities serves to safeguard the company and extend its competitiveness. To that end, CropEnergies uses an integrated system for the early detection and monitoring of business-specific risks. The successful treatment of risks is based on achieving a balanced relationship between return and risks. The company's risk culture is characterised by risk-conscious conduct, clearly defined responsibilities, independence during risk controlling and the implementation of internal controls. Where possible and economically viable, insurable risks are covered by a cross-group insurance programme.

Risk management

Risk management is an integral part of the overall planning, controlling and reporting processes and is defined by the executive board. It must ensure that existing risks are detected, analysed and assessed early and systematically and that risk-related information is properly forwarded to the relevant decision-makers. All employees are urged to communicate any impending or existing risks immediately to their line managers. This enables CropEnergies to ensure that risks are identified at all levels, independently of existing hierarchies.

One of the key risk management tasks is to limit market price risks through the use of derivatives, among other things. The executive board has defined the acceptable instruments in guidelines, which also govern hedging strategies, responsibilities, processes and control mechanisms. The hedging instruments are used to hedge operating activities and are entered into on regulated markets or with banks that have a high credit rating.

Adherence to applicable legislation, corporate guidelines and regulatory standards is an integral part of our corporate culture and, as such, the duty and obligation of each and every employee. To ensure that all employees conduct themselves in accordance with the rules, CropEnergies has adopted a group-wide compliance guideline and trains employees accordingly at regular intervals.

Opportunities that arise are also identified and assessed at the same time as the analysis of risks in CropEnergies' risk management system.

System for the early detection of risks

The executive board bears group-wide responsibility for the risk management system, for the early detection of existential threats to the company and strategic risks and also for initiating countermeasures. It has set up a risk committee, which comprises the executive board and managers from the procurement, sales, logistics, production, business development, public relations, finance, accounting and controlling divisions and Südzucker risk management. The risk committee usually convenes once a month and also on an ad hoc basis if and when the need arises. The subject of the consultations includes all risk categories. For the main risks relating to raw materials sourcing, sales, trading and financial market risks, standardised scenario projections are calculated on the basis of future market expectations and the effects on planned operating profit are determined. Risk is assessed on a monthly basis for the current and following financial year. The results obtained by the risk committee are documented on a monthly basis. Any trading risks that exist are assessed on a daily basis. In addition to the regular reporting, ad hoc risks require internal group reporting to the executive board. The independent auditor regularly assesses whether the system for the early detection of risks functions properly.

Risk communication

An effective risk management system requires open and prompt communication with the employees within the company and responsible action on the part of the employees. Partly through its direct involvement in the risk committee, management ensures that this open and prompt communication takes place and requires that the employees deal with risks in an active and conscious manner. Operational and strategic risks are reported on a regular basis as part of the overall planning, controlling and reporting process.

Risk documentation

CropEnergies documents all material corporate risks in an internal risk register. A risk owner who is responsible for assessing and estimating the risk is assigned to every risk. The risk owner uses defined early warning indicators to monitor the risk in question, taking corresponding countermeasures based on a decision taken by the risk committee or in consultation with the responsible member of the executive board. In addition, the risk owner makes an assessment of the probability of occurrence of the risk in question and its short-term and mid-term financial impact on the result of operating activities. The risk register is updated at regular intervals and, where necessary, has newly occurred risks added to it.

Internal audit

The Südzucker Group's internal audit department examines and assesses the cost-effectiveness and regularity of the business processes at CropEnergies. It also monitors the effectiveness of the internal control systems and the risk management system.

Risks

Overview of corporate risks
The corporate risks material to CropEnergies are described below and classified along the criteria "likelihood of materialisation" and "possible financial effects", in relation to medium-term expectations of earnings, following countermeasures. The table below shows the relative or absolute values used for the corresponding categories "low", "medium" and "high". The importance of the risks is based on a combination of the likelihood of materialisation and the possible financial effects.

Currently, the major individual risks include the procurement and sales risks as well as the risks from changes in the legal and political framework. In comparison, the financial impact of the other presented risks is of secondary importance.

Strategic risks

Risks arising from changes to the legal and political framework
Regulatory developments can have both a positive and a negative impact on the progress of business activities. As

	Likelihood of materialisation	Possible financial effects
low	< 10%	< € 1 million
medium	10–50%	€ 1–10 million
high	> 50%	> € 10 million

Overview of corporate risks	Likelihood of materialisation	Possible financial effects
Strategic risks		
Changes in the legal and political framework	high	high
Risks from structural changes on sales markets	medium	high
General economic risks	medium	medium
Operational risks		
Procurement risk	high	high
Sales risk	high	high
Risks in trading business	low	low
Quality risks	low	medium
IT risks	medium	medium
Personnel risks	low	low
Credit risks	low	low
Other operational risks	medium	medium
Compliance risks		
General legal risks	medium	medium
Antitrust law risks	medium	medium
Risks of corruption	low	medium
Financial risks		
Liquidity risks	low	high
Exchange rate risks	medium	medium
Interest rate risks	medium	low

discussed in detail in the section "Developments in the political environment" in the management report, CropEnergies' business activities are governed by various regulatory and political framework conditions at both national and European levels. In addition, the framework conditions especially in the USA and Brazil, which are home to the world's largest ethanol markets, can have an impact on international trade flows and thus indirectly affect the business activities of CropEnergies.

After the European Commission, on 30 November 2016, had proposed a new version of the "Renewable Energy Directive" for the period after 2020, the latter was published in the Official Journal of the European Union on 21 December 2018 and entered into force on 24 December 2018. The proportion of renewable energies in the EU is now set to rise to at least 32% in all sectors by 2030. Parliament and Council were also in favour of a specific target for the transport sector, which was defined at a minimum of 14%. Renewable fuels from arable crops are to be able to contribute up to one percentage point above the level reached in 2020. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. In addition, these fuels, as well as renewable electricity in road transport, can be counted multiple times towards the transport target.

Any differentiation of blending targets according to production technologies and/or raw materials may cause shifts in demand, which could have an adverse impact on CropEnergies' business activities. As the leading company in the industry and owing to its integration into the Südzucker Group's value chain, CropEnergies expects, however, to be able to take advantage of any additional market opportunities.

Changes in the estimation of the effects of bioenergy production on the cultivation of agricultural goods in other regions of the world may likewise involve opportunities or risks. Changes in foreign trade relations with third countries, in statutory compensation systems for generated renewable energies existing in a number of EU countries as well as in tariff rates may also result in opportunities or risks.

In addition, changes in the framework conditions of the certification systems relevant to CropEnergies may affect the competitiveness of the ethanol produced by CropEnergies.

The United Kingdom's expected exit from the European Union (Brexit) may entail risks for CropEnergies' business activity which it is currently not possible to estimate. After the negotiations about the terms of the withdrawal proceeded slowly at first, the United Kingdom and the EU were able, on 25 November 2018, to come to an agreement on an orderly withdrawal of the United Kingdom. However, this agreement cannot enter into force until it commands a majority in the House of Commons. This has not happened so far. If the United Kingdom were to exit without an agreement, this could trigger an economic downturn and make goods trade with continental Europe more difficult as a result of import duties on both sides.

CropEnergies counters the regulatory risks by participating in various associations which represent the interests of the ethanol industry at national and European level and are constantly in contact with political decision-makers.

Macroeconomic risks

In addition, the products of the CropEnergies Group are exposed to the risk of fluctuations in demand due to the development of the economy as a whole.

Risks associated with structural changes to sales markets

Changes in consumer behaviour on sales markets relevant to CropEnergies can also lead fluctuations in demand. For example, there may be a differenciation between production technologies and/or raw materials. This would also influence the business operations of CropEnergies. However, the CropEnergies AG expects to be well prepared for such a development due to its broad product portfolio, its international alignment as well as its integration in the value chain of the Südzucker Group.

Operational risks

Procurement risk

To produce ethanol, the CropEnergies Group mainly requires raw materials containing carbohydrates. The availability of such raw materials is subject to fluctuations in harvest yields that may increase in their frequency and intensity due to extreme weather events. Price fluctuations on the world markets for agricultural commodities and foreign exchange markets have a direct impact on CropEnergies' raw material costs.

CropEnergies reduces the raw materials price risk associated with producing ethanol to some extent by revenues from the sale of food and animal feed products generated in the production process. Since changes in grain prices are usually accompanied by a change in the prices of high-grade food and animal feed products in the same direction, CropEnergies can partly offset price fluctuations in the raw materials purchased through revenues from the sale of these products ("natural hedge"). CropEnergies therefore bases its risk assessment on a balanced appraisal of the raw material costs and the proceeds from high-grade food and animal feed products ("steering according to net raw material costs"). In addition, CropEnergies can reduce the impact of a possible rise in grain prices on raw material costs through a far-sighted procurement policy. In doing so, CropEnergies' objective is to secure the raw materials required for its delivery commitments in a timely manner.

In order to limit these risks, CropEnergies uses derivative hedging instruments to secure raw material prices. The use of these hedging instruments takes place within defined limits and rules, and is subject to an extensive control process. Remaining risks arising from increases in the price of raw materials are reduced by entering into longer-term supply contracts and by using alternative raw materials. Furthermore, hedges in purchasing raw materials are regularly synchronised with the sale of food and animal feed products as well as ethanol, with a decision being taken on the hedging ratio according to the market situation. Nonetheless, depending on the market price situation, there is still the risk that it might not be possible to close hedging transactions that cover the costs, or that increases in raw material prices cannot be passed on to ethanol customers.

CropEnergies is also exposed to the risk of fluctuations in market price when it comes to purchasing energy. It counters this risk by using different energy sources, by entering into longer-term supply agreements, by using derivatives and by making continuous investments in improving the energy efficiency of production plants.

The EU links the promotion of fuels produced from biomass to compliance with certain sustainability criteria. The ethanol sustainably produced by CropEnergies fulfils these requirements. This presupposes that sustainably grown raw materials are also available.

The regulations regarding CO_2 certificates also give rise to risks for CropEnergies. The free allocation of CO_2 certificates for the third trading period in the EU from 2013 to 2020 does not cover the CropEnergies Group's expected consumption. Under current EU regulations, the production of ethanol currently fulfils the carbon leakage criteria, according to which a limited number of CO_2 certificates are allocated free of charge; no cessation of the carbon leakage status is currently anticipated. Against the background of the required EU-wide data collection from emitters included in EU emissions trading and the quantity of free allocations in individual EU countries derived therefrom, it is difficult to predict what the actual free allocation will be for CropEnergies from 2021 onwards. At the same time, CropEnergies also assumes that, during the fourth trading period, there will be uncertainties regarding the free allocation for future years, as activity rates will then be included in the assessment of the free allocation. The volume of current and anticipated future free allocations will have a direct impact on the development of the prices of CO_2 certificates.

Sales risk

Prices for ethanol in Europe are subject to various influencing factors such as local supply and demand conditions in the EU as well as price level and supply in the USA, Brazil and other export countries. In addition, different rates of duty and other non-tariff trade restrictions have an impact on the selling price of ethanol. It may therefore be subject to major fluctuations. CropEnergies controls these risks as far as possible by means of derivative instruments and by using ethanol plants flexibly depending on market situation. The use of derivative hedging instruments takes place within defined limits and rules, and is subject to an extensive control process. European ethanol prices are currently being determined by price reporting agencies, based on very small trade volumes, which results in high volatility and low levels of transparency in respect of price determination.

The availability of suitable means of transport for timely delivery of raw materials and end products is also subject to fluctuation. In the summer and autumn of 2018, for example, the water level of the Rhine hit historic lows owing to a long-lasting drought. This resulted in limited availability and loading capacity of inland navigation vessels and in higher costs. Strikes or a lack of investment in road, waterway and rail infrastructure may also cause delays to the delivery of ethanol as well as food and animal feed products. CropEnergies counters these risks through access to a flexible logistics network and long-term relations with forwarding agents, shipping companies, train operating companies and other logistics providers.

Large customers account for the bulk of the CropEnergies Group's sales of ethanol. Should such supply contracts not be fulfilled or follow-on orders prove to be much smaller, this may give rise to risks for the results of operations and assets and liabilities.

CropEnergies contributes to reducing sales and price risks by continually optimising cost structures and/or adjusting capacity utilisation.

Risks in trading business

Insofar as CropEnergies conducts trading activities in ethanol or corresponding commodity futures contracts, their risks are restricted by a limit system which sets limits on the scope of individual transactions as well as on the aggregate volume. There are further restrictions with regard to counterparty credit risks and changes in market value risks. The risks from trading activities are continuously monitored.

Quality and environmental risks

CropEnergies produces safe and high-quality products. In order to guarantee this process, CropEnergies has a quality assurance system which regularly monitors product quality and environmental risks with the aid of modern process control technology and laboratory analyses. This includes all processes, from procurement of the raw materials to the production process through to the supply of customers, and defines responsibilities, activities and procedures.

The environmental risks linked to production mainly relate to the use of energy and water and the generation of emissions, waste water and waste. CropEnergies counters these environmental risks by constantly monitoring and improving business processes.

IT risks

Like any other company, CropEnergies depends heavily on complex information technology and relies on smoothly functioning IT systems. This gives rise to risks in relation, in particular, to the failure of IT systems, their security and their quality. The threat of external attacks on IT systems is likely to continue to increase. The optimisation, maintenance and, in particular, the security of the IT systems are ensured both by experts and by corresponding technical measures. CropEnergies is integrated into the Südzucker Group's largely standardised information systems and processes via the shared service agreements.

Personnel risks

The CropEnergies Group is in competition with other companies for qualified personnel. There is therefore a risk that job openings will not be filled promptly or appropriately. To counteract this, CropEnergies, as the leading company in the future market for biofuels, offers an attractive working environment, career prospects in an international environment, advanced and continuing education courses as well as the employee fringe benefits provided by the Südzucker Group.

There are also risks arising from sick leave, long absences and the associated additional workload on the employees still at work. CropEnergies promotes the health and safety of its employees by providing them with company doctors, reintegration programmes and information sessions. This also involves extensive programmes surrounding safety-at-work that aim to achieve "zero accidents", in addition to in-depth analysis of any accidents at work.

Credit risks

Credit risks in respect of receivables are reduced at CropEnergies by constantly monitoring the creditworthiness, payment morale and credit lines of business partners, on the one hand, and using credit sale insurance and guarantees by way of cover, on the other. In trading activities, in particular, recourse can also be made to letters of credit or similar instruments. Credit risks arising from financial investments and hedging transactions are minimised by concluding transactions with short maturities and defined limits with banks and partners that have a high credit rating. Accordingly, the creditworthiness of banks undergoes continual monitoring.

Other operational risks

The risk of unplanned production stoppages is minimised by continuous maintenance measures and highly qualified staff.

If required, CropEnergies examines whether an unplanned reduction in production at one plant can be offset by additional production at another plant.

The environmental risks linked to production mainly relate to the use of energy and water and the generation of emissions, waste water and waste. CropEnergies counters these environmental risks by constantly monitoring and improving business processes.

Compliance risks

General legal risks

There are no observable legal disputes pending against the CropEnergies Group that could have a material effect on the group's financial position.

The European General Data Protection Regulation (EU-GDPR) became effective in the 2018/19 financial year. It has created uniform, directly applicable data protection legislation within the EU's member states, thereby ensuring a high level of data protection in Europe. The extensive set of obligations is reinforced by means of considerable sanctions in the event of breaches. CropEnergies has analysed the obligations and risks triggered by the EU-GDPR and, continuing its existing data protection culture, is taking the necessary technical and organisational measures to guarantee the protection and security of personal data, particularly those of employees, customers, suppliers and other business partners in accordance with applicable data protection legislation.

Anti-trust law risks

Anti-trust law risks may arise if governing bodies or employees of the CropEnergies Group violate laws and internal rules, which may result in fines, claims for damages and image damage.

A competition directive is in force as a group-wide framework for the prevention of breaches of anti-trust law. The objective of this directive is to prevent employees from breaching anti-trust laws and to provide practical support in the application of relevant rules and regulations. This includes the obligation of all employees to comply with anti-trust legislation. To avoid breaches of anti-trust law, training courses are conducted across the group and repeated at regular intervals.

Corruption risks

Corruption risks may arise if governing bodies or employees of the CropEnergies Group violate laws, internal rules or regulatory standards recognised by CropEnergies such that the company suffers damage to its assets or image. To ensure legally compliant and socio-ethical behaviour in the CropEnergies Group, CropEnergies has adopted a corresponding directive, to which every employee must adhere.

In connection with compliance risks, CropEnergies operates an electronic whistleblower system, which enables employees and third parties to report any breaches of statutory obligations that occur within the company securely to corporate management. All reports will be investigated.

Financial risks

Liquidity risks

A liquidity risk consists in the funds needed to meet payment obligations not being made available or not being made available in time. The liquidity of the CropEnergies Group is managed on a day-by-day basis and optimised by means of national or transnational cash pools. Risks arising as a result of fluctuations in cash flows are identified early on and are managed within the framework of the liquidity planning, which is an integral part of the corporate planning process. Thanks to binding internal and external credit lines, CropEnergies can draw on ample cash resources in the short term where necessary.

Exchange rate and interest rate risks

CropEnergies is exposed to a small extent to risks as a result of changes in exchange rates and interest rates. Exchange rate risks can arise both from operating activities and from foreign currency financing outside or within the group. As of 28 February 2019, CropEnergies was debt-free.

At CropEnergies, raw materials are mainly purchased, and end products mainly sold, in euro. Currency risks arise only when purchasing raw alcohol in US dollars and selling industrial alcohol. These risks are hedged by means of derivative instruments. The use of these hedging instruments takes place within defined limits and rules, and is subject to a constant control process. Risks as a result of changes in interest rates can be limited through a mix of fixed and variable rate loans, but there was no utilisation of loans as of 28 February 2019. However, negative interest may be charged on sight deposits held by banks.

Detailed information on currency, interest rate and price risks as well as liquidity and credit risks can be found in the notes to the consolidated financial statements in item (29) “Risk management within the CropEnergies Group".

Non-financial corporate risks

CropEnergies runs the risk, in principle, that its own activity may have an impact on environment, employees and social matters. The same applies to the business relationships linked to the activity. To reduce non-financial risks and to prevent negative impacts, CropEnergies has taken extensive measures, in relation, for instance, to environmental protection, safety-at-work and quality assurance.

Overall risk

The main risks for the future development of the CropEnergies Group include, in particular, procurement and sales risks, risks associated with structural sales market changes as well as risks from changes in the legal and political framework. CropEnergies’ earnings are particularly affected by the high price volatility of the raw materials used and by the selling prices for ethanol.

Phases of declining ethanol prices and/or increasing raw material prices may give rise to losses if margins do not cover the fixed costs. Phases in which variable costs can no longer be covered may necessitate a temporary closure of plants.

As there is no strong correlation between raw material and ethanol markets and they are also extremely volatile, forecasting earnings performance is made more difficult. This can be reduced by price hedging only to a limited extent, as the low liquidity of price hedging instruments restricts their economically viable use.

In sum, the Crop Energies Group’s overall risk has declined in comparison with the previous year due to the fact that the “Renewable Energy Directive” has been adopted for the period after 2020.

No risks posing a threat to the company’s continued existence are discernible at the present time.

Opportunities

The order of the opportunities described below corresponds to their importance for CropEnergies.

Further development of the company and its profitability are largely influenced by the development of selling prices for ethanol, food and animal feed products and the costs of the raw materials used.

Opportunities are presented by lower raw material prices and/or by higher prices for ethanol. Additionally, CropEnergies benefits from higher proceeds from the sale of high-grade food and animal feed products, which reduce its net raw material costs, and from its energy-optimised production.

CropEnergies’ medium-term expectation is that the resolutions of the Paris climate summit will also ensure further market growth in relation to renewable energies in the transport sector. Otherwise, it will not be possible to achieve the target of limiting global warming to 2 °C and lowering the consumption of fossil fuels. The 2030 climate and energy package adopted by the EU in December 2018 offers a chance that sustainably produced renewable fuels can contribute to climate protection on Europe’s roads even after 2020. In addition, the proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. This may give rise to opportunities for growth for CropEnergies.

Overall opportunities

The group’s overall opportunities have increased year over year.

Accounting-related internal control and risk management system

Main features

The accounting-related internal control system in the CropEnergies Group comprises policies, processes and measures to ensure the effectiveness, cost efficiency and regularity of the financial reporting and compliance with the relevant legal provisions. The internal control system of the CropEnergies Group consists of a control system and a monitoring system.

IFRS Reporting Guideline

The accounting and valuation principles of the CropEnergies Group, together with the rules on financial reporting according to the International Financial Reporting Standards (IFRS), define the standard accounting and valuation policies applied by the national and international subsidiaries included in the consolidated financial statements of CropEnergies. Only the IFRS adopted by the European Commission for application within the EU at the time the financial statements are prepared and whose application is mandatory during the financial year concerned are applied.

Internal control system in relation to the accounting process

Through the established organisational, control and monitoring structures, the internal control system enables the complete recording, preparation and appraisal of company-related matters including their presentation in the group financial reporting.

Process-integrated and process-independent controls form the two constituents of the internal monitoring system of the CropEnergies Group. Besides the "dual verification principle", machine IT process controls and automated validation and plausibility checks are an integral part of the process-dependent controls.

At the group level, the specific control activities to ensure the regularity and reliability of the group financial reporting include the analysis and, where necessary, adjustment of the separate financial statements presented by the group companies while taking into account the reports prepared by the independent auditors and the annual accounts discussions held for this purpose. In addition, there are comprehensive group guidelines on accounting and valuation. Furthermore, the processing and aggregation of data for the preparation of the management report and the notes to the financial statements are also performed at the group level.

The measures of the internal control system designed to ensure the regularity and reliability of the group financial reporting assure that transactions are recorded in their entirety and promptly in compliance with the requirements of the law and the articles of association. In addition, it is ensured that inventories are properly carried out and assets as well as liabilities are correctly recognised, measured and reported in the consolidated financial statements.

The separation of functions and responsibilities for administration, execution, settlement and authorisation is designed to prevent criminal acts. The internal control system also guarantees the replication of changes in the economic and legal environment of the CropEnergies Group as well as the application of new or amended statutory regulations on the group financial reporting.

Internal audit

The supervisory board has delegated supervision of the effectiveness of the internal control and risk management system to the audit committee. As a process-independent audit body, the Internal Auditing department of the Südzucker Group is integrated in the internal monitoring system of the CropEnergies Group. It guarantees, in the course of its monitoring activities, the functionality and effectiveness of the system by carrying out regular system audits.

External audit

The independent auditor examines the system for the early identification of risks, integrated into the risk management system, in terms of its fundamental suitability for identifying, at an early stage, risks that endanger the future of the company as a going concern. Furthermore, the auditor reports to the supervisory board about significant weaknesses identified in the system for internal control and the early detection of risks.

CORPORATE GOVERNANCE*

In the following, we report on the company's corporate management in accordance with § 289f (1) HGB and corporate governance in accordance with paragraph 3.10 of the German Corporate Governance Code. The declaration on corporate management and the corporate governance report are published on the CropEnergies website at www.cropenergies.com.

Role of the executive board and supervisory board

As a German stock corporation, CropEnergies AG has a dual management system comprising an executive board and a supervisory board. Both boards have autonomous powers and collaborate in a close and confidential manner in managing and monitoring the company.

Executive board
The executive board of CropEnergies AG currently comprises three members. As the executive body, it manages the affairs of the company with the aim of creating sustainable added value on its own responsibility and in the interests of the company. The members of the executive board share joint responsibility for overall management. The division of the duties and responsibilities of the executive board was last changed on 1 June 2018, based on its rules of procedure, as amended on 14 January 2016.

Supervisory board
The supervisory board appoints, monitors and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the rules of procedure of both the executive board and the supervisory board stipulate that decisions are subject to approval by the supervisory board. The executive board keeps the supervisory board regularly, promptly and extensively informed in writing as well as at its regular meetings about the planning and development of the business operations, and the position of the group including risk management and compliance.

The chairman of the supervisory board coordinates the activities of the supervisory board, conducts its meetings and represents the interests of the supervisory board externally. The supervisory board convenes without the executive board if necessary. In the case of significant events, an extraordinary meeting of the supervisory board is convened where necessary. In order to discharge its duties, the supervisory board can summon auditors, legal consultants and other internal and external consultants at its own discretion. The supervisory board passes resolutions on the structure of the compensation system for the executive board together with the key contractual components and reviews it on a regular basis. The supervisory board has drawn up its own rules of procedure for its work; these are in force, as amended on 13 November 2017.

Composition of the supervisory board
The supervisory board of CropEnergies AG, which comprises six members, is solely composed of shareholder representatives pursuant to § 96 (1) and § 101 (1) AktG. Each term of office of the shareholder representatives newly elected by the annual general meeting on 18 July 2017 runs for the period until adjournment of the annual general meeting that decides on approval for the 2021/22 financial year (i.e., until the annual general meeting in 2022). All members of the supervisory board are familiar with the sector in which CropEnergies operates. Franz-Josef Möllenberg is the financial expert on the supervisory board and the audit committee, i.e., a member who has expertise in the areas of accounting and auditing.

* The following declaration on corporate management and the corporate governance report have not been checked by an auditor, with the exception of the compensation report.

The supervisory board's diversity concept

Regarding its composition, the supervisory board is particularly guided, pursuant to a resolution passed at its meeting on 13 November 2017 (taking into account the sector, the company's size and the scale of the international activities), by the following objectives and expertise profile for the committee as a whole (supervisory board's diversity concept):

- Every member of the supervisory board should have adequate entrepreneurial and/or company experience and ensure that sufficient time is available to carry out duties and responsibilities.
- Every member of the supervisory board should have the reliability and personal integrity required to perform the supervisory board's monitoring responsibilities.
- At least two members of the supervisory board should be "independent" within the meaning of paragraph 5.4.2 of the German Corporate Governance Code.
- The supervisory board should not have more than two former members of the executive board.
- The supervisory board should have at least two members with international experience or particular expertise in a market outside Germany that is important to the company.
- At least one member of the supervisory board should have expertise in the area of accounting or auditing (financial expert).
- The supervisory board seeks an appropriate degree of female representation. Through the resolution at its meeting on 16 May 2017 – for the period until 15 May 2022 – the supervisory board has not set a concrete quota as the decision regarding its composition is based primarily on the suitability of the available candidates, not on their gender.
- No candidates over 70 years of age should be nominated for election or re-election to the supervisory board unless this is advisable in the company's interest.

A regular limit of length of membership on the supervisory board is not specified, for reasons of continuity and long-standing expertise in the supervisory board.

When making nominations for the election of supervisory board members, the supervisory board will continue to be primarily guided by the personal aptitude of candidates, their specialist knowledge and experience, integrity and independence as well as their motivation and capability.

The following should be noted with regard to the status of the implementation of the supervisory board's diversity concept:

On 18 July 2017, the annual general meeting elected shareholder representatives to the supervisory board, endorsing the supervisory board's nominations. The supervisory board considers that it again has at least two independent members (pursuant to paragraph 5.4.2 of the German Corporate Governance Code, anyone who has a business or personal relationship with the company, its governing bodies, a controlling shareholder or one of its affiliated companies, which could be grounds for a major and lasting conflict of interest is, in particular, deemed to be "non-independent"). At least two members embody the criterion of "internationality" to a special degree. The supervisory board currently has no female members.

The executive board's diversity concept

At its meeting on 13 November 2017, the supervisory board decided, for the time being, not to specify a diversity concept for the executive board's composition in respect of criteria such as age, gender, educational or professional background, also in view of the longer appointments still in place.

Supervisory board committees

With the audit committee and nomination committee, the supervisory board has formed committees from among its members which prepare and supplement its activities. The committees consist of four members in each case. The duties of the two committees are based on the supervisory board rules of procedure as amended on 13 November 2017 and those for the audit committee of 3 May 2012. The current composition of the committees is presented under item (36) "Supervisory board" in the notes to the consolidated financial statements.

The chairman of the supervisory board is not at the same time chairman of the audit committee.

Shareholders and general meeting

The shareholders of CropEnergies AG exercise their voting and control rights at the annual general meeting held at least once a year. The annual general meeting takes place in the first eight months of the financial year and decides on all matters as per the statutory requirements with binding effect for all shareholders and the company. Each CropEnergies share confers the same rights.

Every shareholder who meets the prerequisites for attending the annual general meeting as well as for exercising voting rights and registers in time is entitled to attend the annual general meeting. Shareholders who are unable to attend in person have the option of having their voting rights exercised by a financial institution, a shareholder association, proxies used by CropEnergies AG who are bound by the instructions of the shareholders, or some other representative of their choice. Shareholders also have the option of submitting their vote in advance of the annual general meeting via the Internet or giving instructions to CropEnergies AG's proxies via the Internet.

Annual general meeting 2019

The invitation to the annual general meeting, which is due to be held in Mannheim on 16 July 2019, together with all the reports and information required for passing resolutions will be published in accordance with the provisions of German company law and made available on the CropEnergies AG website under "Investor Relations".

Risk management

The conscientious handling of business risks is one of the principles of good corporate governance. Group-wide and company-specific reporting and control systems are available to the executive board and management of CropEnergies, enabling them to identify, analyse and manage these risks. The systems are continuously further developed, and adjusted to the changing framework conditions. The executive board keeps the supervisory board regularly informed about current risks and their development. The audit committee is especially concerned with monitoring the financial reporting process, the effectiveness of the internal control system, risk management and the internal auditing system as well as the auditing of the financial statements. Risk management at CropEnergies is outlined in the risk and opportunities report on pages 58–66.

Corporate governance report

Good corporate governance implies the responsible management and control of corporate enterprises oriented towards long-term value creation. The aim of corporate governance is to promote the trust of shareholders and investors, the financial markets, business partners, employees and the general public in the company, thereby also increasing the value of the company on a sustainable, long-term basis. The executive and supervisory boards of CropEnergies AG are committed to the principles of good corporate governance. CropEnergies fulfils the most stringent transparency requirements on German stock exchanges. Accordingly, the CropEnergies share has been listed in the Prime Standard since 2006. Compliance with the German Corporate Governance Code underlines the commitment to transparent corporate management.

CropEnergies regards the current version of the German Corporate Governance Code dated 7 February 2017 as largely balanced, practical and of a high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles.

Declaration of conformity for 2018
As with declarations of conformity issued in previous years, the declaration of conformity for 2018 is published on the CropEnergies website at www.cropenergies.com on the Investor Relations/Corporate Governance pages:

It has the following wording:

"The executive board and the supervisory board of CropEnergies AG, Mannheim, passed a resolution on 12 November 2018 to issue the following declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG:

CropEnergies AG complied with the 'recommendations of the Government Commission of the German Corporate Governance Code' in the Code's current version of 7 February 2017 with the following exceptions and will comply with the recommendations in future:

Paragraph 4.1.3
(Compliance, whistleblower system):
In April 2018, CropEnergies AG's compliance system was enhanced by an electronic whistleblower system, which enables employees and third parties to report any breaches of statutory obligations that occur within the company securely to corporate management. As the technical implementation was carried out during the declaration period 2018, a divergence from paragraph 4.1.3. sentence 3 is notified as a precaution.

Paragraph 4.2.2
(Vertical comparison of executive board compensation):
The supervisory board is charged with assessing the appropriateness of the executive board's compensation. In so doing, it takes into consideration the company's salary and wage structure. The supervisory board is convinced that the formal procedure recommended in paragraph 4.2.2, subsection 2, sentence 3 is superfluous, as it would not improve the quality of its decisions.

Paragraph 4.2.3 subsections 4 and 5
(Severance payment cap in executive board contracts):
The executive board contracts do not provide for a severance payment cap. We see no need for this in the future either, especially as there are considerable legal reservations about such contractual clauses.

Paragraphs 4.2.4 and 4.2.5
(Individualised executive board compensation):
The annual general meeting of CropEnergies AG last passed a resolution on 12 July 2016 to waive individual disclosure of executive board compensation for a period of five years. The company therefore does not disclose executive board members' individual compensation in its compensation report.

Paragraph 5.3.2 sentence 3
(Autonomy of the audit committee chairman)
Thomas Kölbl is chairman of the audit committee. He is simultaneously a member of the executive board of Südzucker AG, which holds a majority interest in CropEnergies AG. In our view, it makes sense that a majority shareholder is appropriately represented on the supervisory board of a company and

its committees. It is our conviction that it is in the interests of the company and all its shareholders for Mr Kölbl to exercise this office as audit committee chairman.

Paragraph 5.4.1, subsection 2
(Objectives for the composition of the supervisory board):
A regular limit of length of membership on the supervisory board is not specified. This facilitates continuity and the preservation of long-standing expertise in the supervisory board in the interests of the company.

Paragraph 5.4.6
(Supervisory board compensation):
Our company's articles of association make provision for performance-related supervisory board compensation oriented to dividends (cf. paragraph 5.4.6, subsection 2, sentence 2). Convergence with the interests of the shareholders in particular speaks for this structure.

We disclose the supervisory board's compensation as a total, divided according to fixed compensation and performance-related components (cf. paragraph 5.4.6, subsection 3). In our opinion, the associated encroachment on privacy associated with the disclosure of compensation on an individual basis is disproportionate to the benefits of such practice. The corporate governance report, notes and management report therefore do not contain any individualised information on supervisory board compensation."

Gender quota
The Stock Corporation Act makes provision for listed companies to define target figures for supervisory board, executive board and the two management levels below executive board. CropEnergies AG is affected by this, but is not affected by the introduction of a fixed gender quota of 30% in the supervisory board; this applies to listed companies that are also equally represented. CropEnergies is not a co-determined company.

At its meeting on 16 May 2017, the supervisory board, taking all relevant criteria and particularly the status quo into account, determined the first target for the proportion of women in the supervisory board up to 15 May 2022 and the executive board up to 29 April 2020 to be the "retention of zero %". At its meeting on 15 May 2017, the executive board decided as a target specification that the proportion of women at management level below the executive board (owing to its flat hierarchies, CropEnergies AG has only one management level below the executive board) should be retained at 20% until 14 May 2022.

Code of conduct and guiding principles
CropEnergies has prepared a code of conduct and guiding principles. These are published on the CropEnergies website at www.cropenergies.com under "Company".

Compensation report
In the compensation report, CropEnergies discloses the level and structure of the compensation paid to the executive board (paragraph 4.2.5 of the Code) and the supervisory board (paragraph 5.4.6 of the Code). CropEnergies AG waives individualised disclosure of executive board and supervisory board compensation as the associated encroachment on privacy is out of reasonable proportion to the benefits. The shareholders of CropEnergies AG last passed a resolution not to disclose individualised information on executive board compensation for a period of five years, by a large majority, at the annual general meeting on 12 July 2016 (opting out). The decision to waive individualised disclosure of supervisory board and executive board compensation was reflected in the declaration of conformity.

The compensation of the executive board of CropEnergies AG is determined by the supervisory board and is reviewed at regular intervals. The compensation is oriented to the company's long-term performance and consists of

1. a fixed annual salary,

2. ariable annual compensation, depending on
   a) the achievement of agreed targets and
   b) the operating profit generated by the CropEnergies Group based on performance over several years (the basis, in each case, being the CropEnergies Group's average operating profit for the past three financial years).

3. non-monetary benefits mainly in the form of a company car for business and private use and contributions to social insurance, and

4. a company pension scheme, based on a percentage of the fixed annual salary.

There are no share-based compensation components or stock option plans.

The total compensation for the executive board is disclosed in the notes at item (35) "Related party transactions".

The compensation of the supervisory board is set out in § 12 of the articles of association of CropEnergies AG. Each member of the supervisory board receives a fixed compensation of € 20,000, payable at the end of the financial year, and variable compensation at the rate of € 1,000 for each € 0.01, or part thereof, by which the dividend paid per share exceeds € 0.20, in addition to the reimbursement of their out-of-pocket expenses and the value-added tax they incur for their supervisory board activities. The chairman receives double and his deputy one-and-a-half times this compensation. The fixed compensation increases by 25% for each membership of a supervisory board committee; the rate of increase is 50% for the chairman of a committee. This presupposes that the relevant committee has convened in the financial year.

The compensation for activities undertaken by the supervisory board members is disclosed in the notes at item (35) "Related party transactions".

Financial loss liability insurance

The company has taken out financial loss liability insurance with a deductible which incorporates cover for the activities of the members of the executive board and the supervisory board (D&O insurance). § 93 (2) AktG stipulates that the deductible for executive board members must amount to at least 10% of the loss up to at least the level of one-and-a-half times the fixed annual compensation. CropEnergies has agreed such a deductible with the members of the executive board. Regarding a deductible for supervisory board members, the German Corporate Governance Code recommends a similar ruling. CropEnergies complies with this recommendation.

Holdings of company shares by members of the executive board and supervisory board; reportable dealings in securities

No member of the executive board or the supervisory board holds shares of CropEnergies AG or related financial instruments directly or indirectly representing 1% or more of the share capital. Furthermore, the aggregate holdings of all executive board and supervisory board members are less than 1% of the shares issued by the company.

Members of the executive board and the supervisory board did not disclose any reportable dealings in securities to CropEnergies AG in the 2018/19 financial year.

Compliance

For CropEnergies, compliance, in other words adherence to statutory provisions and company-internal directives, is the basis of good corporate management. Its objective is to ensure the lawful conduct of the company, its corporate bodies and employees in respect of the obligations and prohibitions imposed by laws and rules. The aim is to protect employees from infringing or violating laws and rules, and to support them in applying legal requirements and company guidelines correctly and appropriately. As a member of the Südzucker Group, CropEnergies has adopted the latter's code of conduct and the compliance corporate values and principles contained therein in an appropriate form. The corporate standards existing within the Südzucker Group have been codified in these principles. The objective is to ensure that the principles are enforced throughout CropEnergies utilising the existing reporting procedures and information flows.

Focuses of the compliance corporate values and principles that apply across the group are anti-trust law compliance, corruption prevention, data protection, environmental protection and capital market compliance (especially insider rules and ad hoc disclosures). The integrity of employees and conformity with the law invariably form the basis for good compliance.

Compliance business values and principles and code of conduct

CropEnergies aims to compete successfully through innovation, quality, reliability and fairness. This entails complying with internal rules, as well as statutory regulations. In addition to group-wide directives, compliance in the company is enshrined in the code of conduct and in the compliance business values and principles. The compliance business values and principles highlight key issues that are very important in day-to-day practice. They are published on CropEnergies' website at http://www.cropenergies.com/de/investorrelations/Corporate_Governance/Compliance_Unternehmensgrundsaetze/, and the code of conduct at http://www.cropenergies.com/de/Unternehmen/Verhaltenskodex/.

CropEnergies applies the laws currently in force and expects no less from its employees and business partners.

The code of conduct and the compliance business values and principles are implemented in a manner that is standard across the group and binding on all subsidiaries.

Compliance management system

CropEnergies has incorporated the corporate standards existing in the CropEnergies Group into its compliance management system and linked the various compliance-relevant departments and fields of activity. The compliance management system and its principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting) aim to ensure the lawful conduct of the company, its executive bodies and its employees.

"Knowledge"

Employees are provided with the necessary information sources, training and advisory support to avoid breaching laws and rules. All superiors must organise their areas of responsibility in such a way that compliance with the code of conduct, the compliance business values and principles, the in-house directives and the statutory regulations is guaranteed. After all, only risk-aware employees can recognise risks and successfully avoid or at least reduce them.

The Compliance Officer and the compliance delegates guarantee the prompt flow of information. They are responsible, among other things, for training and the investigation of compliance cases.

"Compliance"

All employees are obliged to report any breaches of the code of conduct, the compliance business values and principles, the company's internal directives and statutory requirements immediately to the Compliance Officer, the compliance delegates or the executive board. Employees and third parties can report any breaches of statutory obligations that occur within the company securely via an electronic whistleblower system. Access to the whistleblower system is published at http://www.cropenergies.com/de/investorrelations/Corporate_Governance/Hinweisgebersystem/. Violations of external and internal provisions are not tolerated; any indication of misconduct is investigated.

The executive board reports on a regular basis to CropEnergies AG's supervisory board and the audit committee of the supervisory board about compliance issues.

"Improvement"

Compliance activities and the compliance organisation were also refined in the past 2018/19 financial year.

Takeover-related disclosures

The following information is provided by way of explanatory disclosures pursuant to §§ 289a (1), 315a (1) HGB and an explanatory report pursuant to § 176 (1) sentence 1 AktG; they are part of the audited group management report. These disclosures relate, among other things, to aspects that may play a role in the acquisition of company control, as well as the executive board's powers to change the capital structure.

Composition of the subscribed capital, voting rights and transfer of shares

The subscribed capital of the company as of 28 February 2019 is € 87,250,000 and is divided into 87,250,000 no-par-value bearer shares, each representing a proportional amount of € 1 of the share capital *(§ 315a [1] No. 1 HGB).*

The company does not hold any of its own shares as of the reporting date.

Each share confers the same rights and grants one vote at the annual general meeting. Restrictions on the voting right of the shares may result from the provisions of the Stock Corporation Act. Under certain circumstances, the shareholders may be barred from voting (§ 136 AktG). Furthermore, the company has no voting right on its own shares (§ 71 b AktG). CropEnergies is not aware of any contractual restrictions on the voting rights or on the transfer of the shares *(§ 315a [1] No. 2 HGB).*

Capital interests exceeding 10%

The company is aware of the following direct and indirect interests in the share capital of CropEnergies AG exceeding 10% of the voting rights.

As of 28 February 2019, Südzucker AG, Mannheim (Südzucker) and Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Stuttgart (SZVG) directly hold 69.2% and 5.2%, respectively, of the share capital. In accordance with § 22 (1) No. 1 WpHG, the interests held by Südzucker are attributable to SZVG. SZVG therefore directly and indirectly holds a total of 74.4% of voting rights *(§ 315a [1] No. 3 HGB).*

Shares conferring special rights, voting right control in the case of employee shares

There are no CropEnergies shares conferring special rights *(§ 315a [1] No. 4 HGB).* There is also no kind of voting right control from the participation of employees in the company's capital *(§ 315a [1] No. 5 HGB).*

Appointment and removal of executive board members

Pursuant to § 84 and § 85 AktG, the members of the executive board are appointed and/or removed by the supervisory board. Pursuant to § 6 (1) of the articles of association, the executive board must comprise at least two individuals. In all other respects, the supervisory board determines the number of executive board members. The supervisory board can appoint a chairman as well as a deputy chairman to the executive board. The members of the executive board were appointed for a term of five years in each case.

Amendments to the articles of association

Pursuant to § 179 (1) AktG, amendments to the articles of association require a resolution to be passed by the general meeting. The articles of association of CropEnergies AG make use of the option to deviate therefrom pursuant to § 179 (2) AktG and provide that resolutions, unless mandatory provisions of stock corporation law or the articles of association determine otherwise, can be passed by simple majority vote and, if a capital majority is required, by simple capital majority. The authority to make amendments merely relating to the wording has been delegated to the supervisory board *(§ 315a [1] No. 6 HGB).*

Executive board authorisation, particularly regarding share issue and share buy-back

The annual general meeting on 14 July 2015 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire own shares up to a maximum of 10% of the share capital in the period up to 13 July 2020. Own shares may be acquired either via the stock exchange or by way of a public offer to all shareholders. Own shares may also be acquired and deducted from unappropriated profit or other revenue reserves. Among other things, the executive board is authorised, with the consent of the supervisory board, to sell the own shares acquired to third parties, with the exclusion of shareholders' pre-emptive subscription rights, for the purpose of business combinations or the acquisition of companies, parts of companies or equity interests in companies, or to service bonds with conversion and/or option rights. The authorisation to acquire own shares has not been exercised to date *(§ 315a [1] No. 7 HGB)*.

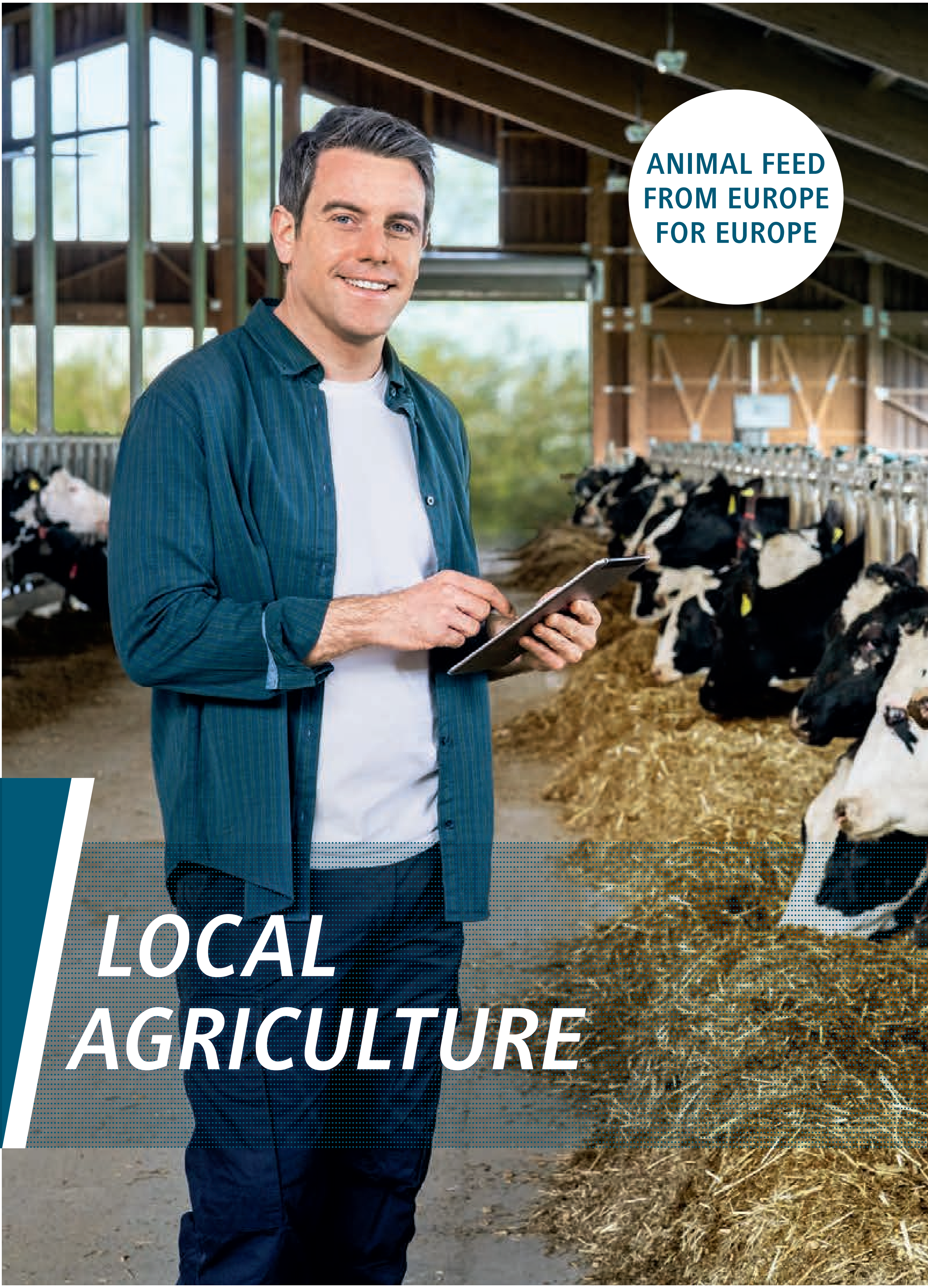
The annual general meeting of 12 July 2016 authorised the executive board, with the consent of the supervisory board, to increase the share capital of the company by 11 July 2021 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind and to exclude the pre-emptive subscription right of the shareholders in certain instances. The authorisation was not exercised in the 2018/19 financial year.

Change of control and compensation agreements

Südzucker AG has entered into an agreement in respect of a syndicated line of credit totalling € 600 million with a bank consortium. CropEnergies AG has joined this line of credit with a sub-credit line of € 100 million. In the event of a change of control within the meaning of the agreement, each member of the bank consortium has the right, under certain conditions, to terminate its share of the line of credit and its corresponding share of outstanding loans and to demand their repayment (including interest).

In other respects, no material agreements that are conditional on a change of control due to a takeover bid have been entered into, nor any compensation agreements with members of the executive board or in favour of employees in the event of a change of control *(§ 315a [1] No. 9 HGB)*.

Disclosures on executive board and supervisory board compensation can be found in the compensation report on page 71–72.



LOCAL AGRICULTURE

SUSTAINABLE AGRICULTURE

SECURES RURAL JOBS

GOOD INGREDIENTS, GOOD FEED

BECAUSE SUSTAINABILITY MATTERS

The European ethanol industry uses local raw materials to produce high-quality protein food and animal feed products. Sustainability has top priority. All raw materials used are utilized completely. And famers appreciate the resulting protein as an ideal alternative to imported soy.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

1 March 2018 to 28 February 2019

€ thousands	Note	2018/19	2017/18
Income statement			
Revenues	(6)	**778,612**	**881,963**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	4,078	834
Other operating income	(8)	17,120	3,299
Cost of materials	(9)	-617,127	-677,070
Personnel expenses	(10)	-34,680	-35,297
Depreciation	(16), (17)	-39,268	-39,161
Other operating expenses	(11)	-65,837	-63,724
Income from companies consolidated at equity	(18)	189	-75
Income from operations	(12)	**43,087**	**70,769**
Financial income	(13)	549	373
Financial expenses	(13)	-1,088	-1,317
Earnings before income taxes		**42,548**	**69,825**
Taxes on income	(14)	-21,285	-19,016
Net earnings for the year		**21,263**	**50,809**
Earnings per share, diluted/undiluted (€)	(31)	**0.24**	**0.58**

Table of other comprehensive income			
Net earnings for the year		**21,263**	**50,809**
Mark-to-market gains and losses*		-1,446	-4,468
Foreign currency differences from consolidation		1,337	-1,800
Income and expenses to be reclassified in future in the profit and loss account		**-109**	**-6,268**
Remeasurement of defined benefit plans and similar obligations*		-764	1,535
Income and expenses not to be reclassified in future in the profit and loss account		**-764**	**1,535**
Income and expenses recognised in shareholders' equity		**-873**	**-4,733**
Total comprehensive income		**20,390**	**46,076**

** After deferred taxes*

Cash flow statement

1 March 2018 to 28 February 2019

€ thousands	Note	2018/19	2017/18
Net earnings for the year		21,263	50,809
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	39,268	39,161
Change in non-current provisions and deferred tax liabilities		-777	-157
Other income not affecting cash		-660	-204
Gross cash flow		59,094	89,609
Loss on disposal of non-current assets		205	1,113
Decrease (-) / Increase (+) in current provisions		-7,661	4,111
Increase (-) / Decrease (+) in inventories, receivables and other current assets		-13,555	6,682
Decrease in liabilities (excluding financial liabilities)		-3,642	-9,735
Change in working capital		-24,858	1,058
I. Net cash flow from operating activities		**34,441**	**91,780**
Investments in property, plant and equipment and intangible assets	(16), (17)	-13,222	-19,502
Investments in acquisitions		0	-500
Cash received on disposal of non-current assets		62	262
Investment subsidies received		0	15
II. Cash flow from investing activities		**-13,160**	**-19,725**
Dividends paid		-21,813	-26,175
Payment of financial receivables		-34,000	0
Receipt of financial liabilities		80	12,467
Repayment of financial liabilities		-80	-35,751
III. Cash flow from financial activities		**-55,813**	**-49,459**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**-34,532**	**22,596**
Change in cash and cash equivalents due to exchange rate changes		471	279
Decrease (-) / Increase (+) in cash and cash equivalents		**-34,061**	**22,875**
Cash and cash equivalents at the beginning of the year		36,874	13,999
Cash and cash equivalents at the end of the year		**2,813**	**36,874**

€ thousands	Note	2018/19	2017/18
Interest expense	(32)	224	561
Tax payments	(32)	22,176	20,086

Additional comments on the cash flow statement can be found under item (32) of the notes.

Balance sheet

28 February 2019

ASSETS

€ thousands	Note	28/02/2019	28/02/2018
Intangible assets	(16)	8,864	9,409
Property, plant and equipment	(17)	368,600	392,987
Shares in companies consolidated at equity	(18)	2,071	1,882
Receivables and other assets	(28)	39	40
Deferred tax assets	(14)	3,096	2,512
Non-current assets		**382,670**	**406,830**
Inventories	(19)	78,728	66,002
Current financial receivables	(25), (26), (28)	34,000	0
Trade receivables and other assets	(20), (27), (28)	79,983	75,279
Current tax receivables	(14)	7,554	7,308
Cash and cash equivalents	(25), (26), (28)	2,813	36,874
Current assets		**203,078**	**185,463**
Total assets		**585,748**	**592,293**

LIABILITIES AND SHAREHOLDERS’ EQUITY

€ thousands	Note	28/02/2019	28/02/2018
Subscribed capital		87,250	87,250
Capital reserves		197,847	197,847
Other reserves and other comprehensive income		163,614	160,581
Shareholders’ equity	(21)	**448,711**	**445,678**
Provisions for pensions and similar obligations	(22)	24,227	21,667
Other provisions	(23)	2,514	2,486
Non-current financial liabilities	(25), (26), (28)	0	0
Other liabilities	(28)	85	238
Deferred tax liabilities	(14)	21,669	22,587
Non-current liabilities		**48,495**	**46,978**
Other provisions	(23)	9,138	16,799
Current financial liabilities	(25), (26), (28)	0	0
Trade payables and other liabilities	(24), (27), (28)	65,583	70,656
Current tax liabilities	(14)	13,821	12,182
Current liabilities		**88,542**	**99,637**
Total liabilities and shareholders’ equity		**585,748**	**592,293**

Development of shareholders' equity

1 March 2018 to 28 February 2019

€ thousands	Subscribed capital	Capital reserves	Other reserves and other comprehensive income: Other reserves	Cash flow hedges	Cumulative foreign currency differences	Total	Total consolidated shareholders' equity
1 March 2017	87,250	197,847	138,984	632	1,064	140,680	425,777
Net earnings for the year			50,809			50,809	50,809
Mark-to-market gains and losses on cash flow hedging instruments*				-4,468			
Foreign currency differences from consolidation					-1,800		
Remeasurement of defined benefit plans and similar obligations*			1,535				
Income and expenses recognised in shareholders' equity			1,535	-4,468	-1,800	-4,733	-4,733
Total comprehensive income			52,344	-4,468	-1,800	46,076	46,076
Dividends paid			-26,175			-26,175	-26,175
28 February 2018	87,250	197,847	165,153	-3,836	-736	160,581	445,678
1 March 2018 (published)	87,250	197,847	165,153	-3,836	-736	160,581	445,678
Adjustment of the first-time adoption IFRS 9			-10			-10	-10
1 March 2018	87,250	197,847	165,143	-3,836	-736	160,571	445,668
Net earnings for the year			21,263			21,263	21,263
Mark-to-market gains and losses on cash flow hedging instruments*				-1,446			
Foreign currency differences from consolidation					1,337		
Remeasurement of defined benefit plans and similar obligations*			-764				
Income and expenses recognised in shareholder's equity			-764	-1,446	1,337	-873	-873
Total comprehensive income			20,499	-1,446	1,337	20,390	20,390
In the acquisition costs of non-financial assets reclassified hedges				4,466		4,466	4,466
Dividends paid			-21,813			-21,813	-21,813
28 February 2019	87,250	197,847	163,829	-816	601	163,614	448,711

** After deferred taxes*
The changes in shareholders' equity are explained under item (21) of the notes.

Notes to the consolidated financial statements

General notes

(1) Principles of preparation of the consolidated financial statements

CropEnergies AG has its headquartered office and domicile at Maximilianstraße 10 in 68165 Mannheim, Germany. The company is registered in the commercial register at the district court of Mannheim under the number HRB 700509. Pursuant to § 2 of its articles of association of 16 November 2016, the object of the company is to acquire, hold and administer ownership interests in and establish other undertakings which are engaged, directly or indirectly, in the manufacture and distribution of bioethanol (agricultural alcohol), other biofuels and similar products which are produced from grain or other raw materials including the manufacture and distribution of co-products. CropEnergies AG is majority-owned by Südzucker AG.

The consolidated financial statements relate to CropEnergies AG and its subsidiaries. CropEnergies has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, taking into account the interpretations of the IFRS Interpretations Committee (IFRS IC), as applicable in the EU. In addition, account was taken of the requirements of German commercial law pursuant to § 315e (1) of the German Commercial Code (HGB). All the IFRSs issued by the IASB valid at the time the present consolidated financial statements were prepared and applied by CropEnergies AG have been adopted by the European Commission for application within the EU.

The consolidated financial statements as of 28 February 2019 were released by the executive board on 24 April 2019 and assigned an unqualified opinion by the independent auditing company PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The statements were reviewed by the audit committee on 7 May 2019 and reviewed and approved by the supervisory board at its meeting on 13 May 2019. The publication date is 15 May 2019.

CropEnergies prepares and publishes the consolidated financial statements in euro. Unless stated otherwise, all amounts are in thousand euros (€ thousand). The prior-year figures are stated in brackets. Percentages and figures may give rise to rounding differences.

In addition to the statement of comprehensive income, which comprises the income statement and a statement of income and expenses recognised in shareholders' equity, the financial statements include the cash flow statement, the balance sheet and the statement of changes in shareholders' equity. The disclosures in the notes also include a segment report.

In order to improve the clarity of the presentation, various items of the balance sheet and the statement of comprehensive income have been grouped together in summarised form. These items are reported separately and explained in the notes. The income statement, which forms part of the statement of comprehensive income, is prepared on the basis of the nature of expense method.

The consolidated financial statements are generally drawn up on the basis of historical acquisition and production costs unless stated otherwise in item (5) "Accounting principles".

IFRSs and IFRICs adopted for the first time: The following standards were mandatory for the first time in the 2018/19 financial year.

Standard		Passed by IASB	Adopted by the EU
IAS 40	Investment Property (amendment)	08/12/2016	14/03/2018
IFRS 2	Share-Based Payment	20/06/2016	26/02/2018
IFRS 4	Insurance Contracts	12/09/2016	03/11/2017
IFRS 9 (2014)	Financial instruments	24/07/2014	22/11/2016
IFRS 9 (amended 2017)	Financial Instruments (amendment)	12/10/2017	22/03/2018
IFRS 15	Revenue from Contracts with Customers	28/05/2014	22/09/2016
IFRS 15 (amended 2016)	Revenue from Contracts with Customers (amendment)	12/04/2016	31/10/2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	08/12/2016	28/03/2018

With effect from 1 March 2018, application of standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) became mandatory.

In accordance with the transitional provisions of IFRS 9, aggregate transitional effects were recognised, as of 1 March 2018, in other reserves, which are reflected in the development of shareholders' equity. The new rules for recognising credit risks from receivables depending on their days outstanding gave rise to a small additional impairment requirement of € 10 thousand, which was recognized directly in equity in other reserves as of 1 March 2018.

Reconciliation of the valuation categories from IAS 39 to IFRS 9

	28 February 2018	1 March 2018	28 February 2018		1 March 2018
€ thousands	Valuation category according to IAS 39	Valuation category according to IFRS 9	Book value	Changes	Book value
Financial assets					
Trade receivables	Loans and receivables	At amortized cost	54,958	-10	54,948
Other assets	Loans and receivables	At amortized cost	8,628	0	8,628
Cash and cash equivalents	Loans and receivables	At amortized cost	36,874	0	36,874
Derivatives held for trading (positive market value)	FAHfT*	At fair value through profit or loss	48	0	48
Cash flow hedge derivatives (positive market value)	n/a (Hedge Accounting)	n/a (Hedge Accounting)	104	0	104
			100,612	-10	100,602
Financial liabilities					
Trade payables	Other financial liabilities	At amortized cost	55,489	0	55,489
Other liabilities	Other financial liabilities	At amortized cost	610	0	610
Derivatives held for trading (negative market value)	FLHfT**	At fair value through profit or loss	427	0	427
Cash flow hedge derivatives (negative market value)	n/a (Hedge Accounting)	n/a (Hedge Accounting)	2,986	0	2,986
			59,512	0	59,512

** FAHfT = Financial assets held for trading*
*** FLHfT = Financial liabilities held for trading*

The new rules contained in IFRS 15 focus on a five-step model for determining the amount and timing of revenue recognition. The first-time application did not give rise to any changes in relation to the amount and timing of revenue recognition.

The other amendments had no material impact on the presentation of CropEnergies' assets, liabilities, financial position and profit or loss, or the disclosures in the notes.

IFRSs and IFRICs to be adopted in future: The summary below lists the standards and interpretations which are applicable as from the 2019/20 financial year or later and those that have been published by the IASB, but not yet recognised by the EU. Where the standards have not yet been recognised by the EU, the anticipated adoption date is indicated. CropEnergies has not opted for early adoption of any of the new or revised standards mentioned. The indications in respect of content are based on whether the regulations are relevant to CropEnergies and, if so, in what form; where regulations that apply in future are not relevant to CropEnergies, no indications in respect of content are provided.

Standard / Interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Content and, if relevant, expected impact on CropEnergies
Conceptual Framework (amendment)		29/03/2018	2020/21	No	The amendment is not relevant to CropEnergies.
IAS 1	Presentation of Financial Statements (amendment)	31/10/2018	2020/21	No	The amendment has specified the definition of "material".
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	31/10/2018	2020/21	No	The amendment refers to the definition of "material" in IAS 1.
IAS 19 (amended 2018)	Employee Benefits	07/02/2018	2019/20	No	In the event of an amendment, curtailment or settlement of a defined-benefit pension plan, it is now mandatory that the current service cost and the net interest for the remaining financial year be re-determined using the current actuarial assumptions used for the required re-measurement of the net defined benefit liability (asset). In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Insofar as no corresponding circumstances exist, the amendments are not relevant to CropEnergies.
IAS 28 (amended 2017)	Investments in Associates (amendment)	12/10/2017	2019/20	08/02/2019	The amendment clarifies that IFRS 9 (Financial Instruments) is to be applied to long-term interests in associates or joint ventures, provided that they form part of the net investment and are not consolidated at equity. The amendment is not relevant to CropEnergies.
IFRS 3	Business Combinations (amendment)	22/10/2018	2020/21	No	The amendment has adjusted the definition of a business as distinguished from an acquisition of a group of assets. The amendments may become relevant to business combinations from the 2020/21 financial year.
IFRS 9 (amended 2017)	Financial Instruments (amendment)	12/10/2017	2019/20	22/03/2018	The amendment lays down that certain financial instruments containing symmetric termination and compensation clauses (prepayment features with negative compensation) that would otherwise be measured through profit or loss can qualify for amortised cost measurement. The amendment is not relevant to CropEnergies.

Standard / Interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Content and, if relevant, expected impact on CropEnergies
IFRS 16	Leases	13/01/2016	2019/20	31/10/2017	IFRS 16 provides new specifications on how to recognise, measure and present leases. In future, there will be only one lessee accounting model, requiring the lessee to present the right of use as an asset and the obligation as a liability in the balance sheet. Initial recognition is carried out by means of the modified retrospective approach, under which the lease liability and the asset are accounted for at the present value of the outstanding lease payments considering the current maturity-adequate marginal capitalisation rate. This standard is not used for intangible assets. CropEnergies will avail itself of the non-capitalisation option for low-value assets and short-term leases. CropEnergies mainly uses leases in the areas of logistics, land use and production. According to the current status, an increase in the rights of use of € 10 million and in the financial liability of € 10 million is expected. Essentially, this equals the cash equivalents of operating leasing-related payment obligations reported under number (30) as of 28 February 2019. For the 2019/20 financial year, this will result in an expected depreciation of rights of use amounting to € 3.5 million as well as interest expenses of € 0.5 million from liabilities. The rights of use will be presented in the balance sheet together with the acquired property, plant and equipment.
IFRS 17	Insurance Contracts	18/05/2017	2021/22	No	The standard is not relevant to CropEnergies.
Miscellaneous	Annual Improvements of IFRS – 2015–2017 Cycle	12/12/2017	2019/20	No	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
IFRIC 23	Uncertainty over Income Tax Treatments	07/06/2017	2019/20	23/10/2018	IFRIC 23 clarifies the accounting for uncertainties with regard to income taxes. An entity is required to use judgement to determine whether to consider tax treatments individually or collectively. The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
Miscellaneous	Conceptual Framework (itself not part of the EU endorsement process, but changes to the references within the various IFRS)	29/03/2018	2020/21	n/a	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.

(2) Consolidated companies

The separate financial statements of CropEnergies AG and the entities which it controls (subsidiary companies) are included in the consolidated financial statements according to the principles of full consolidation. Under IFRS 10 (Consolidated Financial Statements), control exists if a company is exposed, or has rights, to positive or negative returns from its involvement with another entity. It must also have the ability to affect these variable returns by controlling the entity's activities. Control can exist due to voting rights or prevailing circumstances, due, among other things, to contractual arrangements. Accordingly, the following subsidiary companies are consolidated:

- CropEnergies Bioethanol GmbH, Zeitz*
- CropEnergies Beteiligungs GmbH, Mannheim*
- BioWanze SA, Brussels (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SA, Paris (France)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)
- CropEnergies Inc., Houston (USA), in liquidation

A detailed presentation of the equity interests can be found in the list of subsidiaries and equity interests on page 130.

CropEneriges AG is included in the IFRS consolidated financial statements of Südzucker AG, Mannheim (HRB No. 42 at the district court of Mannheim), published in the German Federal Gazette, which constitutes the largest consolidated group.

The joint venture

- CT Biocarbonic GmbH, Zeitz,

in which CropEnergies has a 50% interest and which is under joint management, was consolidated at equity in the consolidated financial statements. CT Biocarbonic GmbH's contribution to earnings is thereby included only in earnings from entities consolidated at equity. The contributions from entities consolidated at equity increase or decline annually by the share of earnings from CT Biocarbonic GmbH:

€ thousands	28/02/2019	28/02/2018
Non-current assets	7,312	7,790
Inventories	*70*	*56*
Receivables and other assets	*472*	*486*
Cash and cash equivalents	*512*	*237*
Current assets	1,054	779
Total assets	**8,366**	**8,569**
Shareholders' equity	**4,128**	**3,750**
Non-current liabilities	995	1,668
Current liabilities	3,243	3,151
Total liabilities	**4,238**	**4,819**
Income	3,655	2,751
– Expenses	-3,277	-2,901
= Net earnings (loss) for the year	378	-150

** Exemption from the duty to disclose pursuant to § 264 (3) HGB*

CT Biocarbonic GmbH is a strategic joint venture established for the production and sale of food-grade liquefied CO_2. The book value of the shares of CT Biocarbonic GmbH amounts to € 2.1 (1.9) million. This corresponds to half of the CT Biocarbonic GmbH equity, respectively.

(3) Consolidation methods

According to IFRS, all business combinations are to be accounted for using the purchase method. The purchase price for the acquired subsidiary company is allocated to the assets acquired and the liabilities and contingent liabilities assumed. The relevant basis are the values at the time at which the power to control the subsidiary company can be obtained. The eligible assets and the liabilities and contingent liabilities assumed are recognised fully at their fair values irrespective of ownership interest. Intangible assets are required to be reported separately from goodwill if they are separable from the entity and result from a contractual or other right. Remaining differences are capitalised as goodwill.

The investment in CT Biocarbonic GmbH has been included in the consolidated financial statements using the equity method as of its date of acquisition or when the conditions for the application of IFRS 11 (Joint Arrangements) or IAS 28 (Investments in Associates) were satisfied. CropEnergies has a 50% stake in CT Biocarbonic GmbH and the company is jointly managed. The company is initially recognised at cost and subsequently according to the amortised interest in net assets. This increases or decreases the carrying amounts annually by the share in profit or loss, dividend distributions and other changes in shareholders' equity. Investments accounted for using the equity method are written down if the recoverable amount falls below the carrying amount.

Intercompany sales, expenses and income as well as all receivables and liabilities or provisions between the consolidated companies are eliminated. Intercompany gains or losses are eliminated from fixed assets and inventories from intra-group supplies.

(4) Currency translation

Transactions in foreign currency are translated into the functional currency (the currency of the primary economic environment in which the entity operates) at the rates of exchange at the time of the transaction. Currency gains and losses arising from the settlement of such transactions as well as from the translation, at the closing rate, of monetary assets and liabilities are recognised in the income statement.

The annual financial statements of CropEnergies Inc., Houston, are prepared in US dollars (USD), those of Ensus UK Ltd, Yarm, in British pounds (GBP) and those of Ryssen Chile SpA, Lampa, Santiago de Chile, in Chilean pesos (CLP). As CropEnergies reports in euro (the parent company's functional currency), the assets and liabilities are translated at ECB reference rates or other published reference rates on the reporting date (closing rate). In the case of foreign exchange gains and losses resulting from the valuation of receivables and liabilities in connection with group funding operations, translation is at the average rate of exchange. However, if application of the average rate of exchange for the year produces untrue results, translation takes place at an adjusted average rate of exchange. The other expenses and income are reported at the average rate of exchange for the year.

The movement in the exchange rates of the currencies on which the currency translation is based was as follows (equivalent value for € 1):

		1 € = Local currency			
Country	Currency code	Year-end rate 28/02/2019	Average rate 2018/19	Year-end rate 28/02/2018	Average rate 2017/18
Chile	CLP	741.43	760.29	724.80	739.58
Great Britain	GBP	0.86	0.88	0.88	0.88
USA	USD	1.14	1.17	1.22	1.16

Year-over-year differences arising from the currency translation of assets and liabilities and translation differences between the balance sheet and the income statement are not recognised through profit or loss, but are reported in the statement of comprehensive income separately as consolidation-related currency differences under income and expenses recognised in shareholders' equity.

Intra-group loans for long-term financing of subsidiaries primarily represent a part of net investment in these foreign operations; the resulting currency translation differences from the reference date valuation are recognised directly in shareholders' equity and reported in the statement of comprehensive income as a component of income and expenses recognised in shareholders' equity in the item "Currency differences".

(5) Accounting principles

In preparing the consolidated financial statements of the group companies, the relevant accounting and valuation principles under IFRS must be applied uniformly to like transactions and other events in similar circumstances. Accounting and valuation principles are explained only if the relevant standards make provision for options in respect of accounting and valuation or if the principles are further specified. In particular, there is no repetition of the texts of the respective standards or reproduction of basic rules.

Acquired goodwill is reported under **intangible assets**. Goodwill and intangible assets with an indefinite useful life are not amortised as scheduled, but are subjected to an impairment test (impairment-only approach) once every year and if there are indications of impairment (triggering events). The procedure for this impairment test is presented in the balance sheet disclosures.

Property, plant and equipment is valuated at acquisition or production cost, less straight-line depreciation and impairment. In the year of acquisition, the asset values of property, plant and equipment are written down on a pro rata temporis basis. Government grants and subsidies are deducted from acquisition cost.

Property, plant and equipment and intangible assets with a finite useful life are depreciated as scheduled on the basis of the following expected useful lives:

	Expected useful lives
Intangible assets	3 to 5 years
Buildings	10 to 25 years
Technical plant and machinery	5 to 15 years
Office furniture and equipment	3 to 10 years

Inventories are measured at acquisition or production cost and, in the case of food and animal feed products, at net realisable value. The average cost method or the FIFO method (first in – first out) is applied, as this corresponds to the actual order in which the inventories are consumed. Production cost includes the production-related full costs measured on the basis of normal capacity. Specifically, production cost includes the direct costs as well as fixed and variable production overheads (material and manufacturing overhead costs) including depreciation on production facilities. Included in particular are the costs incurred at the specific production cost centres. Financing costs are not included. If necessary, the lower realisable net selling value less costs still to be incurred (net realisable value) is applied. This net realisable value is the estimated revenues realisable in the normal course of business from the sale of the product less the variable selling costs required to sell it. Write-downs on work in progress and finished goods are reported under the item "Change in inventories". Write-downs are reversed if and to the extent that the net realisable value of the previously impaired inventories increases.

Trade receivables without a significant financing component are measured at their transaction price upon initial recognition. The **other financial assets** are measured at their market value plus transaction costs at the time of accrual and subsequently at amortised acquisition costs on the basis of the effective interest method.

Adequate specific valuation allowances are recognised on separate impairment accounts for default and other risks associated with the receivables. The nominal values less necessary valuation allowances thereby correspond to the fair values. Unrecoverable receivables are derecognised on a case-by-case basis. With the introduction of IFRS 9 value allowances for trade receivables not only include single asset value allowances for registered credit risks, such as customer bankruptcy or default of more than 90 days without reliable information on collateral, but also provisions for impairment related to future expected credit defaults. Impairments accounting for expected future credit defaults are determined based on past credit default rates while considering the number of days payment of trade receivables is overdue.

CO_2 emission rights are recognised in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO_2 emission rights allocated or acquired at no charge for each calendar year are intangible assets, which are classified as other current assets. They are measured at acquisition cost, which is zero in the case of emission rights that are allocated at no cost.

If actual emissions exceed the allocated certificates, a provision for CO_2 emissions is recognised and expensed. The provision is measured on the basis of the acquisition cost of purchased certificates or the market value of emission certificates on the respective measurement date.

In the case of defined-benefit pension plans, the **provisions for pensions and similar obligations** are measured on the basis of the projected unit credit method according to IAS 19 (Employee Benefits). This method not only incorporates the pension benefits and the accumulated future pension benefits known as of the reporting date but also takes account of future salary and pension adjustments. The calculation is based on actuarial valuations taking biometric data into account.

Payments for defined-contribution pension plans are expensed as they fall due and are reported under personnel expenses. Payments for state pension plans are accounted for in the same way as the payments for defined-contribution pension plans. The group has no other payment obligations beyond the payment of the contributions.

Other provisions also cover risks arising from legal disputes and proceedings if the probability of occurrence is more than 50% and reliable estimation is possible. In order to determine or estimate the amount of provisions, use is made of the claims applicable in the individual case, the assessment of the facts as well as the results of similar processes and independent legal opinions.

Reported **income taxes** comprise taxes levied on taxable income in the individual countries and changes to deferred tax assets and liabilities. Current income taxes are reported as the amount of tax expected to be paid or reimbursed based on the statutory provisions that are applicable or have been adopted on the reporting date. Initial and subsequent measurement take place completely in the tax expense. The income tax liabilities from the past financial year are reported under current tax liabilities and receivables from advance payments under current tax assets. Non-current tax liabilities mainly comprise income tax for prior-year periods that have not yet been conclusively audited. The compounding or discounting of tax liabilities is recognised in the income statement in the item "Taxes on income". Tax items that may still change, due, for example, to tax audits, have been estimated on the basis of the expected tax payment or refund.

Deferred taxes are calculated on temporary differences in the values of assets and liabilities between IFRS and the tax accounting as well as on loss carry-forwards to the extent that they can be used for tax purposes. Deferred tax assets and deferred tax liabilities are reported as separate items. Deferred tax claims are set off against deferred tax obligations if the income taxes are levied by the same tax authority and there is a legally enforceable right to set-off. A resulting excess of deferred tax assets is recognised only to the extent that taxable income is likely to be available, against which deferred taxes can be offset. Assessment of the recoverability of deferred tax assets is subject to company-specific forecasts about, among other things, the future earnings situation of the group company in question.

Deferred tax liabilities that arise as a result of temporary differences in connection with investments in subsidiaries and entities consolidated at equity are recognised unless the timing of the reversal of the temporary differences can be controlled by the group and the temporary differences are unlikely to reverse as a result of this controlling influence within the foreseeable future.

Deferred taxes were calculated in accordance with IAS 12 (Income Taxes), taking into account the respective national income tax rates that are applicable or have been substantially enacted as of the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability settled. Deferred tax assets and liabilities associated with income and expenses recognised in shareholders' equity are treated identically.

Trade payables and other financial liabilities are recognised, on initial measurement, at their market value less transaction costs and subsequently at amortised acquisition cost on the basis of the effective interest method.

Financial assets are subdivided into the following categories: a) "financial assets measured at fair value" and b) "at amortised costs". **Financial liabilities** are classified upon initial recognition in the categories: a) "at amortised cost" and b) "financial liabilities recognised at fair value".

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets upon their initial recognition and reviews the classification at each reporting date. Similarly to the procedure for financial assets, the classification of financial liabilities also depends on their respective purpose. Recognition is carried out at day of trading.

Derivative financial instruments are recognised as assets or liabilities and, irrespective of their purpose, measured at fair value. Recognition takes place as of the day of trading. Changes in fair value are recognised through profit or loss unless there is a hedge accounting relationship between the derivative financial instruments and the hedged item. In this case, recognition of changes in the fair value depends on the type of hedging relationship. Derivative financial instruments for hedging price risks which are not designated in a hedge accounting relationship are presented under derivatives held for trading. In the case of derivatives held for trading, changes in the fair values of the hedging transactions are recognised in the income statement.

Cash flow hedge derivatives are used to hedge the risk of fluctuation in the future cash flows associated with a recognised asset, a reported debt or a planned transaction that has a high probability of occurring. If a cash flow hedge derivative exists, the unrealised gains and losses of the hedging transaction are initially recognised under other comprehensive income. They are not included in the income statement until the hedged item is recognised through profit or loss.

As the derivative financial instruments used are mainly forward transactions traded on the stock exchange, corresponding collateral needs to be deposited for them. The forward transactions and the collateral are recognised gross on the balance sheet. Initial margins to be paid are recognised under "Other assets". Variation margins to be paid or received during the term of the derivative financial instruments are recognised under "Other assets" or "Other liabilities". The utilisation of the credit line made available for this is recognised under "Liabilities to banks".

If a service has been fulfilled, **revenues** are recognised with the transaction prices assigned to the service. Revenues are reported without rebates and discounts, without turnover tax and after eliminating intra-group sales. Revenues are recognised once the client has assumed control of the asset.

Discretionary decisions have to be taken when applying the accounting policies. This applies especially with regard to the following issues: a decision needs to be made as to whether to treat certain contracts as derivatives or to account for them as so-called in-house consumption contracts from executory contracts.

The preparation of the consolidated financial statements according to IFRS requires **assumptions** and **estimations** to be made. These assessments by management can affect the value of the assets and liabilities reported as well as income and expenses, and the recognition of contingent liabilities.

In the case of provisions for pensions and similar obligations, the discount rate assumed is also an important variable. The discount rate for pension obligations is determined on the basis of the yields of prime fixed-rate industrial bonds observable on the financial markets as of the reporting date. Analytically derived assumptions are also made about pensionable age, life expectancy, staff turnover, and future salary and pension increases. With regard to the impact of changes to individual actuarial assumptions on the amount of defined-benefit pension obligations, reference is made to the disclosures on the sensitivity analysis under item (22) "Provisions for pensions and similar obligations". Assumptions and estimations also relate to the recognition and measurement of other provisions.

The assessment of goodwill impairments and the production plant in Wilton is based on future cash flow forecasts and the application of a discount rate that is adjusted to the industry and the company-specific risk.

The prices for ethanol, grain as well as food and animal feed products are key influencing factors in the CropEnergies Group's planning, with the prices for ethanol and grain being particularly volatile.

Also the determination of the useful lives of depreciable fixed assets, the net realisable value and inventories is based on estimations.

Deferred tax assets are recognised if future tax benefits are likely to be realised. The actual taxable earnings situation in subsequent periods, and hence the actual extent to which deferred tax assets can be utilised, may differ from the assessment at the time the deferred taxes were capitalised. Income taxes may be subject to uncertainties with regard to the probability and amount of the expected tax payment or refund. This requires the company to make an estimation. The planning horizon generally amounts to 5 years.

Further details on the assumptions and estimations underlying these consolidated financial statements can be found in the notes on the individual items of the financial statements.

All assumptions and estimations are based on the circumstances and assessments on the balance sheet date. The assessment of probable business development also took account of assumptions regarding the group's future operating environment that were considered realistic at that time. Should the framework conditions change contrary to the assumptions made, the actual amounts may differ from the estimates. If this is the case, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted.

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Notes on the income statement

(6) Revenues

€ thousands	2018/19	2017/18
Ethanol	575,588	685,351
Food and animal feed products	189,264	190,134
Other revenues	13,760	6,478
	778,612	**881,963**

Revenues for ethanol, food and animal feed products declined by € 110.6 million to € 764.9 million. The main factor in the decline in revenues was the break in production at the Wilton site. Consequently, sales quantities were also below the prior-year figures. The ethanol prices obtained were extremely volatile in the 2018/19 financial year. Overall, the average for the year was below that achieved in the previous year. By contrast, CropEnergies was able to obtain consistently higher prices for food and animal feed products.

Other revenues mainly relate to revenues from the sale of energy.

(7) Change in inventories and other capitalised internal costs

This item includes internal costs capitalised amounting to € 80 (136) thousand.

(8) Other operating income

The other operating income of € 17.1 (3.3) million mostly comprises revenue from the reversal of a provision for a disputed excise duty liability of €10.1 (0) million, subsidies of € 2.2 (0) million, currency gains of € 1.6 (1.7) million as well as sales commission and recharged logistics costs of € 0.8 (1.0) million.

(9) Cost of materials

€ thousands	2018/19	2017/18
Cost of raw materials, consumables and supplies and of purchased merchandise	598,626	654,753
Cost of purchased services	18,501	22,317
	617,127	**677,070**

The cost of materials declined owing to the 16% fall in ethanol production to € 617.1 (677.1) million. Higher specific costs for raw materials and energy resulted in the materials expense ratio increasing to 78.9% (76.7%) of overall performance.

(10) Personnel expenses

€ thousands	2018/19	2017/18
Wages and salaries	26,217	26,397
Social security, pension and welfare expenses	8,463	8,900
	34,680	**35,297**

Number of employees (full-time equivalents)

	2018/19	2017/18
Number of employees by region		
Germany	165	168
Other European countries	261	239
Other countries	7	7
	433	**414**
Number of employees by category		
Wages earners	219	198
Salary earners	214	216
	433	**414**

The number of employees (full-time equivalents) employed as of 28 February 2019 stood at 433 (414). The annual average number of employees (full-time equivalents) employed stood at 422 (410).

Personnel expenses declined to € 34.7 (35.3) million. The personnel expense ratio (as a percentage of overall performance) increased slightly to 4.4% (4.0%).

(11) Other operating expenses

€ thousands	2018/19	2017/18
Selling and advertising expenses	26,381	27,857
Operating and administrative expenses	16,307	15,019
Other expenses	23,149	20,848
	65,837	**63,724**

Selling and advertising expenses declined to € 26.4 (27.9) million and mainly consisted of logistics costs for supplying customers. Operating and administrative costs amounted to € 16.3 (15.0) million.

The other expenses mainly comprised the cost of shared services provided by the Südzucker Group of € 5.5 (5.2) million, rental and leasing expenses of € 3.1 (2.3) million, other taxes of € 2.3 (2.4) million, currency losses of € 1.5 (1.7) million as well as logistics costs of € 0.4 (0.6) million paid in advance.

Research and development costs are included in the other expenses.

(12) Income from operations

€ thousands	2018/19	2017/18
Income from operations	**43,087**	**70,769**
of which operating profit	32,783	71,660
of which restructuring costs and special items	10,115	-816
of which income from companies consolidated at equity	189	-75

Income from operations, amounting to € 43.1 (70.8) million, comprises operating profit, net restructuring costs and special items, as well as earnings from entities consolidated at equity. Net restructuring costs and special items were almost entirely accounted for by the reversal of a provision for a disputed excise duty liability recognised as a special item in the 2016/17 financial year.

The operating margin decreased to 4.2% (8.1%) of revenues.

(13) Financial income and expenses

€ thousands	2018/19	2017/18
Interest income	39	53
Other financial income	510	320
Financial income	**549**	**373**
Interest expense	-793	-1,078
Other financial expense	-295	-239
Financial expense	**-1,088**	**-1,317**
Net financial result	**-539**	**-944**

The net financial result improved by € 0.4 million year over year to € -0.5 million, mainly due to lower interest expenses. The net financial result includes interest expenses of € 0.5 (0.5) million from compounding the provisions for pensions and similar obligations.

(14) Taxes on income

Applying the statutory income tax rate of the parent company, CropEnergies AG, and the German corporate income tax rate of 15.0% plus the solidarity surcharge of 5.5% and municipal trade tax for the 2018/19 financial year gives rise to a theoretical tax rate of 30.10% (30.10%).

€ thousands	2018/19	2017/18
Earnings before taxes on income	42,548	69,825
Theoretical tax rate	*30.10%*	*30.10%*
Theoretical tax expense	**12,807**	**21,017**
Change in theoretical tax expense as a result of:		
Foreign tax rate differentials	0	-181
Different tax rates	2,580	516
Tax reduction for tax-free income	-768	-922
Tax increase for non-deductible expenses	2,777	1,157
Trade tax adjustment	3	9
Taxes for prior years	-450	-807
Tax effects from loss carry-forwards and temporary differences	4,530	-1,958
Other	-194	185
Taxes on income	**21,285**	**19,016**
Effective tax rate	**50%**	**27%**

The effects from current taxes from previous years amounting to € -0.5 (-0.8) million mainly relate to the impact of tax audits of the German companies.

The tax effects for loss carry-forwards and temporary differences of € 4.5 (-2.0) million are mainly due to unused loss carry-forwards to current earnings in respect of Ensus.

The non-deductible expenses of € 2.8 million mainly concern dividend payments.

The impact from diverging tax rates amounting to € 2.6 (0.5) million result from the annual results of the foreign companies, which are measured using the tax rates applicable in the respective country of domicile.

No deferred tax liabilities were recognised on temporary differences in connection with shares in subsidiaries of € 0.3 (0.5) million, as the timing of the reversal of the temporary differences can be determined by CropEnergies, and CropEnergies is also unlikely to initiate this reversal in the foreseeable future.

Taxes on income in the 2018/19 financial year consist of current tax expenses of € 23.6 (20.4) million and deferred taxes of € -2.3 (-1.4) million.

The deferred taxes result from the individual balance sheet items as follows:

€ thousands	Deferred tax assets		Deferred tax liabilities	
28 February	**2019**	**2018**	**2019**	**2018**
Property, plant and equipment	845	837	21,946	23,038
Inventories	0	52	26	0
Other assets	368	368	149	414
Tax-free reserves	0	0	639	646
Provisions	3,129	3,024	540	525
Liabilities	912	750	527	483
	5,254	5,031	23,827	25,106
Offsets	-2,158	-2,519	-2,158	-2,519
Balance sheet	**3,096**	**2,512**	**21,669**	**22,587**

Of the deferred tax assets amounting to € 5.3 (5.0) million before netting, € 4.1 (4.0) million are non-current. Of the deferred tax liabilities amounting to € 23.8 (25.1) million before netting, € 22.6 (23.7) million are non-current.

Deferred taxes were not recognised for loss carry-forwards and temporary differences amounting to € 56.7 (50.7) million. Of the loss carry-forwards, an estimated € 0.4 (0.4) million will expire within 20 years; € 56.3 (50.3) million are usable without temporal restriction. In addition, deferred taxes recognised directly in equity resulted from the mark-to-market valuation of hedging transactions and from the remeasurement of defined-benefit pension commitments and similar obligations as follows:

€ thousands	2018/19			2017/18		
	Before tax effects	Tax effects	After tax effects	Before tax effects	Tax effects	After tax effects
Income and expenses to be reclassified in future in the profit and loss account						
Mark-to-market gains and losses	-2,261	815	-1,446	-6,215	1,747	-4,468
Foreign currency differences from consolidation	1,337	0	1,337	-1,800	0	-1,800
	-924	**815**	**-109**	**-8,015**	**1,747**	**-6,268**
Income and expenses not to be reclassified in future in the profit and loss account						
Remeasurement of defined benefit plans and similar obligations	-1,082	318	-764	2,292	-757	1,535
	-2,006	**1,133**	**-873**	**-5,723**	**990**	**-4,733**
Net earnings for the year			21,263			50,809
Total comprehensive income			**20,390**			**46,076**

Of the tax assets of € 7.6 million, € 5.9 million arise in Germany, € 0.9 million in the United Kingdom, € 0.4 million in France, € 0.3 million in Belgium and € 0.1 million in Chile. Tax liabilities amount to € 13.8 million, € 12.5 million of which stem from the German companies and € 1.3 million from the French companies.

(15) Research and development costs

The focus of the research and development activities carried out by the CropEnergies Group was on technological support for processes in existing production facilities, their optimisation and further improvements in food and animal feed products. In addition, a contribution was made to the shaping of standards, new concepts for the production of ethanol were developed and analytical methods with regard to the production of neutral alcohol implemented.

Research and development costs amounted to € 1.7 (1.6) million. These costs are fully expensed in the income statement in the year in which they are incurred and are recognised as other operating expenses. Development costs for new products were not capitalised.

Notes on the balance sheet

(16) Intangible assets

The goodwill resulting from the first-time consolidation of acquisitions reported under intangible assets is not amortised as scheduled. Concessions, commercial IP and similar rights mainly consist of acquired software that has a finite useful life.

2018/19 € thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2018	6,095	9,230	15,325
Other changes	0	0	0
Change due to currency translation	0	-11	-11
Additions	0	156	156
Transfers	0	2	2
Disposals	0	0	0
28 February 2019	6,095	9,377	15,472
Depreciation			
1 March 2018	0	-5,916	-5,916
Change due to currency translation	0	7	7
Depreciation for the year	0	-699	-699
Disposals	0	0	0
28 February 2019	0	-6,608	-6,608
Net book value at 28 February 2019	**6,095**	**2,769**	**8,864**

2017/18 € thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2017	5,595	9,060	14,655
Other changes	500	0	500
Change due to currency translation	0	-35	-35
Additions	0	173	173
Transfers	0	32	32
28 February 2018	6,095	9,230	15,325
Depreciation			
1 March 2017	0	-5,173	-5,173
Change due to currency translation	0	20	20
Depreciation for the year	0	-763	-763
Disposals	0	0	0
28 February 2018	0	-5,916	-5,916
Net book value at 28 February 2018	**6,095**	**3,314**	**9,409**

When carrying out impairment tests, goodwill must be allocated to cash-generating units (CGUs) or groups of cash-generating units. As part of impairment tests, the corresponding book values of the CGUs are regularly compared with their value in use (guiding value concept at CropEnergies) in order to identify a possible impairment.

CropEnergies has defined its CGUs in accordance with internal reporting. In the CropEnergies Group, the only CGU bearing goodwill is Ryssen France (including the companies Ryssen und COFA). The goodwill amounts to € 6.1 (6.1) million.

To determine the recoverable amount, CropEnergies first calculates the value in use. The value in use is the present value of the future cash flows that can probably be produced from a cash-generating unit. The value in use is determined on the basis of a going concern valuation model (discounted cash flow method). Cash flow forecasts based on the 5-year planning approved by the executive board or passed by the supervisory board and valid at the time of conducting the impairment test are used for this purpose. The planning is based on experience as well as expectations regarding macroeconomic framework data and market developments, particularly in respect of ethanol.

The cost of capital has to be calculated as the weighted average of the cost of equity and the cost of borrowing. The cost of equity is derived from the returns expected by CropEnergies' shareholders; the borrowing costs used are derived from the long-term refinancing conditions of CropEnergies' capital market environment. As of 31 August 2018, the correspondingly determined discount rate was 7.9% (7.8%) before taxes and 5.7% (5.7%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGUs, CropEnergies uses a constant growth rate of 1.5% (1.5%). This growth rate for discounting the perpetuity is below the growth rate calculated in the detailed planning period and serves largely to compensate a general inflation rate. The cash flows are calculated less the capital expenditures required to achieve the assumed corporate development. These reinvestment rates are based on past experience regarding the need for replacement purchases of property, plant and equipment.

In the 2018/19 financial year, no write-downs of goodwill were necessary in the light of the annual impairment test or other circumstances, as the value in use of the CGUs was above book value. Even if the discount rate (after taxes) had been 1.5 percentage points higher, no write-downs of goodwill would have been necessary. Ryssen processes and trades in alcohol; in this respect, fluctuating ethanol prices have a similar effect on both revenues and material costs and hence only a limited effect on the company's operating profit. Even if the operating profit of Ryssen were to halve in the long term, no write-downs of goodwill would be necessary.

The goodwill impairment test is based on forward-looking assumptions. Judging from today's vantage point, changes in the assumptions (mainly market prices for raw materials and end products and the capital cost) cannot cause the book values of the CGUs to exceed their recoverable amount (value in use) so that they would need to be adjusted in the following financial year. To date, fluctuations of market prices for raw materials and end products in this order of magnitude have been neither observable nor probable in empirical terms.

(17) Property, plant and equipment

2018/19 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2018	146,520	544,968	20,494	3,782	715,764
Change due to currency translation	179	1,704	14	35	1,932
Additions	291	6,204	524	6,047	13,066
Transfers	6	1,070	75	-1,153	-2
Disposals	-5	-613	-170	0	-788
28 February 2019	146,991	553,333	20,937	8,711	729,972
Depreciation					
1 March 2018	-44,483	-265,798	-12,496	0	-322,777
Change due to currency translation	-6	-532	-9	0	-547
Depreciation for the year	-4,986	-31,909	-1,674	0	-38,569
Impairment losses	0	0	0	0	0
Disposals	2	359	160	0	521
28 February 2019	-49,473	-297,880	-14,019	0	-361,372
Net book value at 28 February 2019	**97,518**	**255,453**	**6,918**	**8,711**	**368,600**

2017/18 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2017	144,196	528,143	20,775	11,184	704,298
Change due to currency translation	-217	-1,958	-12	-10	-2,197
Additions	687	14,486	877	3,279	19,329
Transfers	1,854	8,785	0	-10,671	-32
Disposals	0	-4,488	-1,146	0	-5,634
28 February 2018	146,520	544,968	20,494	3,782	715,764
Depreciation					
1 March 2017	-39,557	-237,869	-11,624	0	-289,050
Change due to currency translation	4	416	7	0	427
Depreciation for the year	-4,930	-31,519	-1,631	0	-38,080
Impairment losses	0	-318	0	0	-318
Disposals	0	3,492	752	0	4,244
28 February 2018	-44,483	-265,798	-12,496	0	-322,777
Net book value at 28 February 2018	**102,037**	**279,170**	**7,998**	**3,782**	**392,987**

There were no devaluations to the respective value in use in the 2018/19 financial year.

The additions in the 2018/19 financial year do not include any investment subsidies that would have reduced the acquisition cost.

The item “Assets under construction” does not include any borrowing costs to be capitalised in accordance with IAS 23 (Borrowing Costs).

(18) Shares in companies consolidated at equity

2018/19 € thousands	Companies consolidated at equity
1 March 2018	**1,882**
Share of profits	189
28 February 2019	**2,071**

2017/18 € thousands	companies consolidated at equity
1 March 2017	**1,957**
Share of profits	-75
28 February 2018	**1,882**

The contributions from entities consolidated at equity changed by the share of earnings from CT Biocarbonic GmbH:

(19) Inventories

€ thousands	28/02/2019	28/02/2018
Raw materials and supplies	24,139	17,501
Work in progress	2,996	4,286
Finished goods and merchandise	51,593	44,215
	78,728	**66,002**

There was a mainly volume-related increase of € 12.7 million in inventories to € 78.7 million. There were no impairments to work in progress, finished goods and merchandise in the current financial year.

(20) Trade receivables and other assets

€ thousands	28/02/2019	28/02/2018
Trade receivables	55,845	54,958
Other assets	24,138	20,321
	79,983	**75,279**

Trade receivables and other assets increased slightly by € 0.9 million to € 55.8 million. Their book value is derived as follows:

€ thousands	28/02/2019	28/02/2018
Total trade receivables	56,988	55,987
Allowance for doubtful receivables	-1,143	-1,029
Book value	**55,845**	**54,958**

The valuation allowances for trade receivables have developed as follows:

€ thousands	2018/19	2017/18
Allowance for doubtful receivables at 1 March	**1,029**	**1,201**
Additions	150	15
Utilised	0	-56
Released	-36	-131
Allowance for doubtful receivables at 28 February	**1,143**	**1,029**

The initial application of IFRS 9 resulted in an impairment requirement of € 10 thousand which was recognised as an adjustment to the initial inventory at the beginning of the 2018/19 financial year. The historical default rate was well below 1%.

The following table gives details of the maturity structure of the outstanding trade receivables:

€ thousands	28/02/2019	28/02/2018
Receivables not yet due and not doubtful	52,511	52,915
Past due receivables but not doubtful		
less than 10 days	58	761
between 11 and 30 days	2,902	1,121
between 31 and 90 days	221	155
more than 90 days	153	6
Book value	55,845	54,958
Valuation allowances for doubtful receivables	1,143	1,029
Total trade receivables	**56,988**	**55,987**

In the case of the trade receivables that are not impaired and not yet due, there are no indications that the debtors cannot meet their payment obligations.

Other assets, amounting to € 24.1 (20.3) million, mainly consist of other taxes of € 10.1 (8.5) million, receivables in the form of ring-fenced credits for hedges of € 6.2 (6.8) million, purchased CO_2 emission rights of € 4.1 (0) million, receivables from advance payments of € 1.5 (3.1) million, other receivables of € 1.7 (1.7) million and positive mark-to-market values of derivative hedging instruments of € 0.5 (0.2) million.

(21) Shareholders' equity

Subscribed capital I CropEnergies AG's subscribed capital (share capital) is unchanged at € 87,250,000. It is divided into 87,250,000 no-par-value bearer shares, each representing a proportional amount of € 1.00 of the share capital. The share capital is fully paid in.

Capital reserves I The capital reserve relates to CropEnergies AG and was unchanged at € 197.8 (197.8) million as of the balance sheet date. This reserve includes external flows of funds required to be included according to Section 272 of the German Commercial Code (HGB), which resulted from the share premium from capital increases under consideration of IFRS-required reductions and associated costs – including taxes to be paid.

Other reserves and other comprehensive income I The other reserves and other comprehensive income consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar obligations recognised directly in equity, consolidation-related currency translation effects and the restructured hedges contained in the amortised cost of non-financial assets. The "cash flow hedges" item contains the changes in the mark-to-market values – including deferred taxes – of wheat and currency derivatives including accruals amounting to € -1.4 (-4.5) million. Almost all the amounts reported under wheat and currency derivatives are recognised through profit or loss in the next financial year. In the current financial year, the amount written back to the cost of materials was € -4.5 (6.7) million.

Together with revenue reserves and other comprehensive income of € 163.6 (160.6) million, shareholders' equity amounts to € 448.7 (445.7) million.

The annual general meeting on 14 July 2015 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire own shares up to a maximum of 10% of the share capital in the period up to 13 July 2020. Own shares may be acquired either via the stock exchange or by way of a public offer to all shareholders. Own shares may also be acquired and deducted from unappropriated profit or other revenue reserves. Among other things, the executive board is authorised, with the consent of the supervisory board, to sell the own shares acquired to third parties, with the exclusion of shareholders' pre-emptive subscription rights, for the purpose of business combinations or the acquisition of companies, parts of companies or equity interests in companies, or to service bonds with conversion and/or option rights. The authorisation to acquire own shares has not been exercised to date.

The annual general meeting of 12 July 2016 authorised the executive board, with the consent of the supervisory board, to increase the share capital of the company by 11 July 2021 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind and to exclude the pre-emptive subscription right of the shareholders in certain instances. The authorisation was not exercised in the 2018/19 financial year.

(22) Provisions for pensions and similar obligations

Defined-contribution pension plans

In the context of defined-contribution pension plans, CropEnergies pays into state or private pension insurance schemes on the basis of statutory regulations, contractual agreements or on a voluntary basis. The current premium payments are reported as expense under personnel expenses. They amounted to € 1.9 (2.4) million within the group. By paying the contributions, the company has no further payment obligations; no provision is therefore recognised.

Defined-benefit pension plans

The company pension scheme at CropEnergies is mainly based on direct defined-benefit commitments. As a general rule, the pensions are calculated on the basis of the time served with the company and the relevant salary or wage base. Obligations similar to pensions exist at French companies. They are measured in accordance with actuarial principles, taking the future cost trend into account.

The CropEnergies Group's reported net obligation consists of the present value of the defined-benefit obligations financed by provisions and the partly or wholly funded future defined-benefit obligations less the fair value of the plan assets.

€ thousands	28/02/2019	28/02/2018
Defined benefit obligation for direct pension benefits	27,200	24,517
Fair value of plan assets	-2,973	-2,850
Provisions for pensions and similar obligations (net defined benefit obligation)	**24,227**	**21,667**
Discount rate in %	2.20	2.36

The pension scheme for employees of the CropEnergies Group mainly comprises the following pension plans:

Germany

As far as employees in Germany are concerned, there are employer-financed commitments via company pensions, the level of which is determined by basic salary and length of service. Direct benefit commitments in respect of provision for retirement and dependants in the form of a fixed percentage of the pension assessment basis oriented to fixed salaries applies to members of the executive board. In respect of the pension plans for active members of the executive board, please refer to the disclosures in the compensation report as part of the corporate governance report in the management report and to item (35) "Related party transactions" in these notes. The pension obligations of CropEnergies AG and CropEnergies Bioethanol GmbH of € 21.7 (19.4) million are financed by provisions, with the present values of € 21.8 (19.5) million being offset by a plan asset of € 0.1 (0.1) million.

Belgium

Funded pension plans, in which the present value of future benefit obligations totalling € 5.0 (4.7) million is offset by plan assets totalling € 2.9 (2.8) million, exist for employees in Belgium. The commitments via company pensions are determined by the level of the basic salary and length of service. Payment takes place as periodic pension payments and non-recurring payments.

France

Provisions for obligations similar to pensions cover pension commitments that must be recognised by law in France. They include a non-recurring payment in the event of termination of the employment relationship due to retirement or death, but not in the event of termination by the employee. The amount of the non-recurring payment is regularly determined from the fixed salary last drawn and is linked to the length of service. The net liability amounted to € 0.4 (0.4) million.

Net liability of defined-benefit obligations

The net liability of the defined-benefit obligations has developed as follows:

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
1 March 2018	**24,517**	**-2,850**	**21,667**
Expenses for company pension plans (Income statement)			
Current service cost	1,442		1,442
Past service cost	0		0
Interest expense / income	569	-62	507
	2,011	**-62**	**1,949**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-94	-94
Losses (+) and gains (-) from changes of demographical assumptions	271		271
Losses (+) and gains (-) from changes in financial assumptions	994		994
Losses (+) and gains (-) on experience adjustments	-90		-90
	1,175	**-94**	**1,081**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-297	-297
Participants contributions to plan assets	24	-24	0
Benefit payments	-311	289	-22
Transference	-181		-181
Other	-35	65	30
	-503	**33**	**-470**
28 February 2019	**27,200**	**-2,973**	**24,227**

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
1 March 2017	**25,227**	**-2,779**	**22,448**
Expenses for company pension plans (Income statement)			
Current service cost	1,697		1,697
Past service cost	-211		-211
Interest expense / income	523	-61	462
	2,009	**-61**	**1,948**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-31	-31
Losses (+) and gains (-) from changes in financial assumptions	-1,683		-1,683
Losses (+) and gains (-) on experience adjustments	-578		-578
	-2,261	**-31**	**-2,292**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-352	-352
Participants contributions to plan assets	23	-23	0
Benefit payments	-357	336	-21
Transference	-83		-83
Other	-41	60	19
	-458	**21**	**-437**
28 February 2018	**24,517**	**-2,850**	**21,667**

Expenses for company pension scheme

The net interest expense is recognised in the net financial result. The cost of the pension rights acquired in the financial year is recognised in personnel expenses.

Remeasurement recognised in shareholders' equity
The remeasurement of the pension obligation recognised directly in shareholders' equity amounted to € -1.1 (2.3) million and resulted from adjustment of the discount rate, experience adjustments and changes in demographic assumptions resulting from the initial application of the Heubeck 2018 G table.

The experience adjustments reflect the effects on existing pension obligations arising from the discrepancy between the actual portfolio growth and the assumptions made at the beginning of the financial year. The measurement of the pension obligations includes, in particular, the development of wage and salary increases, pension adjustments, staff turnover and biometric data such as disablement and deaths.

Assumptions
The provisions for pensions and similar obligations are measured on an actuarial basis according to the projected unit credit method pursuant to IAS 19 (Employee Benefits), taking future development into consideration.

The present value of the future benefit obligations and the plan assets that are related in specific cases have been calculated on the basis of the following actuarial parameters:

in %	28/02/2019	28/02/2018
Discount rate	2.20	2.36
Salary growth	2.50	2.50
Pension growth	1.50	1.50

Pension provisions were calculated on the basis of an interest rate of 2.25% (2.40%) in Germany and an interest rate of 2.00% (2.20%) in other countries. These interest rates are based on the return from premium corporate bonds, the duration of which corresponds to the average weighted duration of the obligation.

Generally accepted and updated country-specific mortality tables – such as the Heubeck 2018 G table in Germany – served in each case as the basis for biometric calculations.

Sensitivity analysis

The sensitivity analysis presented below takes the changes in an assumption into account in each case, with the other assumptions remaining unchanged in relation to the original calculation. Possible correlation effects between the individual assumptions are not considered.

28 February 2019			
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	24,180	-11.1%
	Decrease by 0.50 percentage point	30,771	13.1%
Salary growth	Increase by 0.25 percentage point	28,026	3.0%
	Decrease by 0.25 percentage point	26,508	-2.5%
Pension growth	Increase by 0.25 percentage point	27,968	2.8%
	Decrease by 0.25 percentage point	26,467	-2.7%
Life expectancy	Increase by one year	27,968	2.8%
	Decrease by one year	26,417	-2.9%

28 February 2018			
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	21,811	-11.0%
	Decrease by 0.50 percentage point	27,716	13.0%
Salary growth	Increase by 0.25 percentage point	25,276	3.1%
	Decrease by 0.25 percentage point	23,868	-2.6%
Pension growth	Increase by 0.25 percentage point	25,194	2.8%
	Decrease by 0.25 percentage point	23,871	-2.6%
Life expectancy	Increase by one year	25,170	2.7%
	Decrease by one year	23,849	-2.7%

Plan assets

The primary investment objective for the plan assets is to provide full coverage of the payment obligations resulting from the corresponding pension commitments. The plan assets consist exclusively of insurance contracts, with a guaranteed minimum return being expected. There was no listing on an active market.

As of the balance sheet date, the plan assets of € 3.0 (2.9) million were invested in insurance contracts.

Risks

The CropEnergies Group is exposed to various risks in connection with defined-benefit pension plans. In addition to general actuarial risks such as interest rate risk, there are risks associated with divergence from actuarial assumptions, such as wage and salary trends, pension trends, pension age, chronological age and staff turnover. There are capital market risks or credit rating and investment risks associated with plan assets. Further risks exist owing to changes in inflation rates.

The return on plan assets is assumed to be at the level of the discount rate. If the actual return on plan assets is below the discount rate applied, the net obligation from the pension plans increases. The net obligation level is significantly affected by the discount rate, with the currently low interest rate level entailing a relatively high obligation. A decline in returns from corporate bonds would result in a further increase in defined-benefit obligations, which could be offset only to a limited extent by a positive development in the market values of the corporate bonds contained in the plan assets.

Possible inflation risks, which may result in an increase in defined-benefit obligations, exist indirectly with a salary rise due to inflation in the active phase as well as with pension adjustments due to inflation.

Future payments

The weighted duration of pension obligations is around 24 (24) years. Employer contributions to plan assets amounting to € 0.3 (0.2) million are expected in the 2019/20 financial year.

Pension and one-off payments in the amounts below are expected over the next ten years:

Future pension and single payments	€ thousands
2019/20	538
2020/21	283
2021/22	527
2022/23	447
2023/24	382
2024/25 to 2028/29	4,128
	6,305

(23) Development of other provisions

2018/19 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2018	**1,335**	**17,950**	**19,285**
Change due to currency translation	0	5	5
Addition	401	5,599	6,000
Utilised	-276	-795	-1,071
Released	-87	-12,480	-12,567
28 February 2019	**1,373**	**10,279**	**11,652**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 1.0 (0.9) million, for severance payments of € 0.1 (0.2) million and for phased early retirement schemes of € 0.1 (0.2) million. Of the total of € 1.4 million, € 0.2 million is expected to be utilised in the 2019/20 financial year.

The provisions for uncertain liabilities amounting to € 10.3 (18.0) million mainly relate to CO_2 emission rights of € 4.9 (2.9) million, excise duties of € 3.3 (2.4) million and litigation risks of € 0.9 (0.9) million. Material legal disputes did not occur, however.

The addition to the provisions for uncertain liabilities within the financial year mainly relates to CO_2 emission rights of € 4.3 million. The reversal results from a provision for a disputed excise duty liability of € 10.1 million recognised in the 2016/17 financial year.

Of the total amount of provisions of € 10.3 million, € 8.9 million are expected to be utilised in the 2019/20 financial year and the remaining amount over the next five years. The additions to the provisions include compounding costs of € 23 (20) thousand.

(24) Trade payables and other liabilities

€ thousands	28/02/2019	28/02/2018
Trade payables	49,153	55,489
Other liabilities	16,430	15,167
	65,583	**70,656**

Trade payables declined by € 6.3 million to € 49.2 million.

Other liabilities, amounting to € 16.4 (15.2) million, mainly comprise liabilities in respect of personnel expenses of € 7.0 (7.4) million, liabilities in respect of other taxes of € 4.8 (3.7) million, negative mark-to-market values of derivative hedging instruments of € 2.9 (3.4) million and other liabilities of € 1.7 (0.7) million.

(25) Financial receivables / liabilities

€ thousands	28/02/2019	28/02/2018
Financial receivables	34,000	0
Cash and cash equivalents	2,813	36,874
Net financial assets	**36,813**	**36,874**

The net financial position as of 28 February 2019 shows net financial assets of € 36.8 (36.9) million. The net financial assets consist exclusively of cash and cash equivalents and current financial receivables from Südzucker AG.

Financial liabilities were completely reduced in the previous year.

On the balance sheet date, no encumbrances or other liens were assigned to creditors.

Financial management

Capital management within the CropEnergies Group comprises control of cash, equity and debt positions. CropEnergies' aim is a balance sheet structure with a high level of equity, which secures the company's growth strategy, taking reasonable capital costs into account and with above-average creditworthiness.

The CropEnergies Group's financing is based on the ability to generate consistently positive cash flows, stable relations with the shareholder groups backing the company, access to the capital markets and reliable banking relationships. The communication with capital market participants pursues a policy of financial transparency based on a reporting system which defines both the corporate planning and the reporting processes, using the same valuation and disclosure principles.

If necessary, CropEnergies avails itself of a borrowing structure optimised in terms of maturity and interest terms. For interim funding, flexible access to short-term liquidity is an important element of the financing structure.

CropEnergies pursues a conservative financing policy aimed at safeguarding the profitability, liquidity and stability of the company, which is flanked by strict financial management (cash and liquidity management) and integrated risk management. The financing policy is based on the following objectives:

- a strong capital structure with a sustainable equity funding base through the shareholder groups backing the company,
- debt funding instruments that allow flexible utilisation while assuring a balanced maturity profile,
- access to sufficient short-term liquidity at all times and
- controlling of financial risks through integrated risk management.

The management of the capital structure takes place on a long-term basis, focusing on both dynamic and static indicators. The key parameters here are the debt ratio (ratio of net financial debt to cash flow), the debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage of total assets).

(26) Lending and borrowing activities (primary financial instruments)

The CropEnergies Group has entered into the following material credit agreements:

CropEnergies AG has direct and flexible access, with a sub-credit line of € 100 million, to a € 600 million syndicated bank credit facility arranged by Südzucker AG. The syndicated bank credit facility matures in November 2020. The interest rate is based on the euro zone's short-term interbank rate plus a (drawdown) margin. The credit line was not drawn as of 28 February 2019.

CT Biocarbonic GmbH, in which CropEnergies has a 50% stake, took out a fixed-interest-rate bank loan in a total amount of € 6.1 million in the 2009/10 financial year. After scheduled repayments, the remaining principal sum of the loan was € 0.7 million as of 28 February 2019. Of this amount, € 0.7 million are reported as current financial liabilities. The loan bears interest at the rate of 3.75% p.a. and is due to be repaid by 30 December 2019. This financial liability is presented in the annual financial statements according to the principles of at equity measurement. Furthermore, loan receivables of € 1.5 (1.5) million are due from the joint venture. The loan is long term and bears interest at the rate of 2.25% p.a.

The CropEnergies Group's cash and cash equivalents of € 2.8 (36.9) million consist of short-term bank deposits with banks of prime credit standing. The group also has current financial receivables of € 34.0 (0) million.

(27) Derivative financial instruments

a) Use of derivative financial instruments

The CropEnergies Group uses derivative instruments to a limited extent to hedge risks arising from its operating business. The use of these instruments is regulated within the framework of the risk management system by internal guidelines that set limits based on the hedged items, define authorisation procedures, restrict the use of derivative instruments for speculative purposes, minimise credit risks, and regulate the internal reporting and the separation of functions. Compliance with these guidelines and the due and proper execution and valuation of the transactions are regularly supervised, whereby it is ensured that the respective functions are strictly separated.

Currency risks can arise both from operating activities and from foreign currency financing outside or within the group. Derivative hedging instruments are used to a limited extent to cover these risks. Raw materials were largely sourced, and products largely sold, in euro.

Interest rate risks mainly relate to financial liabilities. To the extent that interest rate risks cannot be excluded through fixed-rate arrangements, CropEnergies has the option to use derivative hedging instruments to counter the risk of fluctuating interest rates.

Raw material price risks can arise mainly in connection with the procurement of commodities such as grain. Where price risks cannot be excluded through physical supply contracts, CropEnergies uses derivative financial instruments, such as wheat futures and options, where possible and expedient, to limit these risks.

Product price risks can arise as a result of fluctuating ethanol prices. CropEnergies uses derivative hedges to hedge price change risks in respect of supply agreements with fluctuating ethanol prices.

b) Market values of derivative financial instruments

The nominal values, market values and credit risks of the derivative instruments within the CropEnergies Group are as follows:

€ thousands	Nominal value		Market value	
28 February	**2019**	2018	**2019**	2018
Cash flow hedge derivatives				
Wheat futures	45,815	73,909	-1,693	-2,889
Ethanol derivatives	38,034	0	-554	0
Currency derivatives	2,461	793	-1	7
Total cash flow hedge derivatives	**86,310**	**74,702**	**-2,248**	**-2,882**

€ thousands	Nominal value		Market value	
28 February	**2019**	2018	**2019**	2018
Derivatives held for trading				
Ethanol derivatives	0	13,850	0	-377
Currency derivatives	657	573	-2	-2
Wheat options	18,750	0	-138	0
Total derivatives held for trading	**19,407**	**14,423**	**-140**	**-379**

All derivatives have maturities of less than one year.

The *nominal value* of a derivative hedge is the arithmetical base on which payments are calculated. The hedged item and risk are not the nominal value, only the changes in price or interest rate based thereon.

Market value represents the amount that CropEnergies would have to pay or receive if the hedge were liquidated on the reporting date. As only marketable, tradable financial instruments are used to hedge price risks related to grain purchases and ethanol sales, the market value is determined on the basis of market quotations.

On the balance sheet date, the volume of wheat futures amounted to € 45.8 (73.9) million with a market value of € -1.7 (-2.9) million.

Sensitivity: If wheat prices had been 10% higher or lower on the reporting date, the market value, reflected in shareholders' equity and to some extent in deferred taxes, would have increased or decreased by € 4.4 million.

Exchange-traded options were entered into in order to hedge risks arising from the volatility of wheat prices in the 2018/19 financial year. If the premiums for the wheat option contracts entered into had been 10% higher or lower on the reporting date, the market value reflected in the income statement would have decreased or increased by € 14 thousand.

Price risks from purchase and sales contracts resulting from a variable ethanol price are hedged, as far as possible and expedient, by ethanol derivatives. On the balance sheet date, the volume of ethanol derivatives amounted to € 38.0 (13.9) million with a market value of € -0.6 (-0.4) million. As only marketable, tradable financial instruments are used to hedge ethanol sales, the market value is determined on the basis of market quotations.

Sensitivity: If ethanol prices had been 10% higher or lower on the reporting date, the market value, reflected in the income statement and to some extent in deferred taxes, would have increased or decreased by € -2.9 million.

The total volume of currency derivatives was € 3.1 (1.4) million, with a market value of € -3 (5) thousand. Currency derivatives are measured on the basis of reference rates, taking into account forward premiums and discounts.

Sensitivity: If the relevant exchange rates had been 10% higher or lower on the reporting date, the market value, recognised in shareholders' equity and, to some extent, in deferred taxes, would have changed by € -0.1 and € 0.2 million, respectively.

Credit risks can arise from positive market values of derivatives. Credit risks are minimised by entering into derivative transactions through commodity futures exchanges with daily marking to market or with banks or customers of prime credit standing.

All changes in the value of derivative transactions undertaken to hedge future cash flows (cash flow hedges) are initially recognised in the revaluation reserve without effect on profit or loss and are recognised through profit or loss only when the cash flow is realised. Their market value as of 28 February 2019 was € -2.2 (-2.9) million. For that reason, partially only one price component of the hedged basic transaction is designated in the balance sheet under hedging while the value changes from the designated basic transaction and hedging transaction balance out completely.

(28) Additional disclosures on financial instruments

Book and fair values of financial instruments

The following table shows the book values and fair values of the financial assets and liabilities according to IFRS 9 (Financial Instruments). According to the definition of IFRS 13 (Measurement of Fair Value), fair value is the price received for the sale of an asset or paid for the transfer of a debt, on the valuation date, in the context of a proper transaction between market participants.

	Valuation category according to IFRS 9	28 February 2019		28 February 2018	
€ thousands		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Financial assets					
Current financial receivables	At amortized cost	34,000	34,000	0	0
Trade receivables	At amortized cost	55,845	55,845	54,958	54,958
Other assets	At amortized cost	7,996	7,996	8,628	8,628
Cash and cash equivalents	At amortized cost	2,813	2,813	36,874	36,874
Derivatives held for trading (positive market value)	At fair value through profit or loss	139	139	48	48
Cash flow hedge derivatives (positive market value)	n/a (Hedge Accounting)	393	393	104	104
		101,186	101,186	100,612	100,612
Financial liabilities					
Trade payables	At amortized cost	49,153	49,153	55,489	55,489
Other liabilities	At amortized cost	1,692	1,692	610	610
Derivatives held for trading (negative market value)	At fair value through profit or loss	279	279	427	427
Cash flow hedge derivatives (negative market value)	n/a (Hedge Accounting)	2,641	2,641	2,986	2,986
		53,765	53,765	59,512	59,512

Sum totals of valuation categories € thousands	Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Assets valuated at amortized costs	100,654	100,654	100,460	100,460
Assets valuated at fair value through profit or loss	139	139	48	48
Liabilities valuated at fair value through profit or loss	279	279	427	427
Liabilities valuated at amortized costs	50,845	50,845	56,099	56,099

	Net result profit (+) / loss (-) according to valuation category IFRS 9	
€ thousands	**2018/19**	**2017/18**
Assets valuated at amortized costs	2,288	2,007
Assets and liabilities valuated at fair value through profit or loss	-1,304	-2,387
Liabilities valuated at amortized costs	-2,556	-3,047

Net income according to IFRS 7 comprises interest, effects from exchange rate changes and valuation allowances on receivables as well as income from derivatives held for trading.

The total interest result from financial instruments not measured at fair value was € 0.8 (1.0) million. This consists of interest income of € 0.0 (0.1) million and interest expenses of € 0.8 (1.1) million.

Inefficiencies which may result from non-equal maturities of basic and hedging transactions did not occur.

In the table below, the financial assets and liabilities calculated at fair value are classified by measurement level (fair value hierarchy) and are defined as follows according to IFRS 13:

Measurement level 1 comprises financial instruments traded on active markets, whose listed prices are taken over unchanged into the measurement. This is the case for wheat futures and options as well as ethanol derivatives. Measurement level 2 applies when measurement is based on methods whose influencing factors are derived directly or indirectly from observable market data. At CropEnergies, this applies to currency derivatives, and financial liabilities in the previous year. The measurement of level 3 derivatives is based on methods involving at least one significant influencing factor that cannot be observed. CropEnergies does not use any level 3 derivatives. In the 2018/19 financial year, no reclassifications were made between the respective measurement levels.

	Fair Value Hierarchy							
€ thousands	28 February 2019	Level 1	Level 2	Level 3	28 February 2018	Level 1	Level 2	Level 3
Positive market values – Cash flow hedge derivatives	393	392	1	0	104	97	7	0
Positive market values – Derivatives held for trading	139	139	0	0	48	48	0	0
Financial assets	**532**	**531**	**1**	**0**	**152**	**145**	**7**	**0**
Negative market values – Cash flow hedge derivatives	2,641	2,638	3	0	2,986	2,986	0	0
Negative market values – Derivatives held for trading	279	277	2	0	427	425	2	0
Financial liabilities	**2,920**	**2,915**	**5**	**0**	**3,413**	**3,411**	**2**	**0**

Impairments on financial instruments were only necessary in trade receivables and amounted to € 1.1 (1.0) million.

The mark-to-market values of derivatives contracted on futures markets are calculated on the basis of the closing prices as of the reporting date. The fair values of derivative financial instruments for which no market prices are available, as they are not listed on markets, are calculated using recognised actuarial models and market information available to the public. The mark-to-market values of the currency derivatives are calculated based on discounted cash flows expected in the future, taking into account forward rates for currencies and raw materials (market comparison procedure).

In the 2018/19 financial year, CropEnergies incurred expenses of € 0.5 (0.5) million for guarantee and commitment provisions.

The fair values of the financial instruments were measured on the basis of the market information available on the reporting date and the methods and assumptions set out below:

Owing to their short maturities, it is assumed in the case of trade receivables, other receivables and cash items that fair values correspond to the book values.

The same applies to trade payables and other current liabilities.

The positive and negative mark-to-market values arising from derivatives relate to cash flow hedge derivatives and derivatives held for trading. They are reported under other receivables or other liabilities.

(29) Risk management in the CropEnergies Group

The CropEnergies Group is exposed to market price risks arising from changes in end product, raw material and energy prices. In addition, there are financial risks such as currency, interest rate, credit and liquidity risks.

Credit risks I The CropEnergies Group's trade receivables are mostly in relation to customers in the oil, food and animal feed industries. The resulting credit risk is limited through credit sale insurance to 10% of the respective total outstanding receivables and is controlled on the basis of internal guidelines and limits.

Valuation allowances based on the actual default risk are recognised where necessary for any remaining risk in respect of trade receivables. In accordance with internal group requirements, an allowance account is used, in principle, to adjust the carrying amounts of receivables. The maximum risk position arising from trade receivables corresponds to the book value of these receivables. The book values of past-due trade receivables and the residual doubtful trade receivables are stated in item (20) in the notes.

The maximum credit risk of other receivables and assets corresponds to the book value of these instruments and, in the assessment of CropEnergies, is not significant.

Liquidity risk I Liquidity risk denotes the risk that an enterprise may not be able to meet its financial obligations on time or sufficiently. The liquidity of the CropEnergies Group is monitored on a daily basis and optimised by means of national or transnational cash pools.

The CropEnergies Group generates liquidity from its operating business and – where necessary – through recourse to external finance. The funds serve to finance investments, acquisitions and working capital.

Additionally, to assure the CropEnergies Group's solvency at all times and to increase its financial flexibility, a liquidity reserve is maintained in the form of cash and cash equivalents but especially in the form of free credit lines.

CropEnergies AG has direct and flexible access, with a sub-credit line of € 100 million, to a € 600 million syndicated bank credit facility arranged by Südzucker AG.

The following table shows the maturities of the liabilities as of 28 February. All cash outflows are undiscounted.

€ thousands 28 February 2019	Book value	Contractually agreed outflow of payments					
Financial liabilities		total	less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years
Liabilities from								
Trade payables	49,153	49,153	49,153	0	0	0	0	0
Other liabilities	1,692	1,692	1,692	0	0	0	0	0
Derivatives held for trading (negative market value)	279	279	279	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	2,641	2,641	2,641	0	0	0	0	0
	53,765	**53,765**	**53,765**	**0**	**0**	**0**	**0**	**0**

€ thousands 28 February 2018	Book value	Contractually agreed outflow of payments						
Financial liabilities		total	less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years
Liabilities from								
Trade payables	55,489	55,489	55,489	0	0	0	0	0
Other liabilities	610	610	610	0	0	0	0	0
Derivatives held for trading (negative market value)	427	427	427	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	2,986	2,986	2,986	0	0	0	0	0
	59,512	**59,512**	**59,512**	**0**	**0**	**0**	**0**	**0**

The cash outflows for the discharge of liabilities are based on the earliest due date. Financial liabilities were completely reduced in the previous year. The interest payments on financial instruments with variable interest rates are calculated on the basis of the interest rates applicable as of the reporting date. A net settlement agreement exists for all derivative contracts apart from currency derivatives.

Currency risk I Currency risks can arise from transactions in foreign currency and are hedged on a limited scale through derivative instruments. The use of these hedging instruments takes place within defined limits and rules, and is subject to a constant control process. Raw materials are largely sourced, and products largely sold, in euro and, to a small extent, in British pounds and US dollars.

Where financial receivables or liabilities are denominated in foreign currency, they are exposed to the risk of currency depreciation or appreciation until they are discharged. However, the volume of financial receivables and liabilities denominated in foreign currencies due to external companies is of minor importance for the CropEnergies Group.

CropEnergies can however also be exposed to indirect currency risks from fluctuations in the market value of the euro versus the US dollar and the Brazilian real. However, such indirect effects on the world market prices for raw materials, energy and ethanol cannot be quantified.

Interest rate risk I CropEnergies is exposed to the risk of interest rate changes in the euro zone, with the interest rate risk relating mainly to financial liabilities. As at 28 February 2019, CropEnergies has no financial liabilities.

Market price risk I The CropEnergies Group is exposed to market price risks with regard to end products. CropEnergies controls these risks through the arrangement of sales contracts and their term as well as through derivative instruments. The use of these hedging instruments takes place within defined limits and rules, and is subject to a comprehensive control process.

Other disclosures

(30) Contingent liabilities and other financial commitments

On the reporting date, there were open purchase order commitments of € 19.2 (4.5) million for capital expenditures and € 121.3 (160.8) million for raw materials. The commitments for capital expenditures mainly relate to optimisation projects in relation to the ethanol plants. The commitments for raw materials mostly relate to purchase orders for grain, raw alcohol and starch-based raw materials. There was a purchase order commitment of € 20.3 (15.8) million in relation to the companies of the Südzucker Group.

The obligations resulting from operating leases mainly concern rental contracts for office premises, machines, storage sites, tank wagons, and office equipment. The minimum non-discounted rental payments amount to € 15.4 (13.6) million with the following due date breakdown.

€ thousands	28/02/2019	28/02/2018
Due within the next year	5,549	3,744
Due within 1 to 5 years	4,889	4,729
Due in more than 5 years	5,003	5,138
	15,441	**13,611**

Of the total amount of € 15.4 (13.6) million, € 0.1 (0.1) million relate to Südzucker AG.

For a long-term loan of CT Biocarbonic GmbH, CropEnergies AG has, within the framework of granting a loan, assumed a joint liability over 50% of the loan sum granted. As of the reporting date, the total loan of CT Biocarbonic GmbH is still valued at € 0.7 million. At the present time, recourse to this liability from these obligations is not expected because CT Biocarbonic GmbH is able to settle its obligations.

CropEnergies may be liable to possible obligations arising from various claims or proceedings that are pending or could be filed. Estimates about future expenses in this respect are inevitably subject to uncertainties. If a loss is probable and the amount can be reliably estimated, CropEnergies recognises provisions for these risks. To our knowledge at the present time, there are no claims or proceedings that could have a material impact on the CropEnergies Group's financial position.

Otherwise, there were no contingent liabilities or other financial commitments as of the reporting date.

(31) Earnings per share

Consolidated net earnings for the year amounted to € 21.3 (50.8) million. Throughout the 2018/19 financial year, the number of CropEnergies shares stood at 87.25 million. The calculation of earnings per share (IAS 33) is therefore based on a time-weighted average of 87.25 (87.25) million shares. This generates earnings per share of € 0.24 (0.58), with diluted earnings being the same as undiluted earnings.

(32) Disclosures on the cash flow statement

The cash flow statement, which was prepared in accordance with the provisions of IAS 7 (Cash Flow Statements), presents the change in the CropEnergies Group's net cash position from the three areas of operating activities, investing activities and financing activities.

As a result of the reduction in EBITDA to € 72.1 (110.8) million, cash flow also declined to € 59.1 (89.6) million. Including the change in net working capital, cash flow from operating activities amounted to € 34.4 (91.8) million.

The cash outflows for tax payments amounted to € 22.2 (20.1) million and are attributable to operating activities. In addition, there were interest expenses of € 0.2 (0.6) million, likewise attributable to operating activities. The capital expenditures of € 13.2 (19.5) million for property, plant and equipment and intangible assets were mainly accounted for by investment in property, plant and equipment. The investments particularly served to develop, and make improvements in, the production plants.

As of 28 February 2019, cash and cash equivalents amounted to € 2.8 (36.9) million.

The total cash outflow from financing activities consists of short-term financial resources of € 34.0 (0) million and the dividend distribution of € 21.8 (26.2) million which took place in July 2018.

(33) Group auditor's fees

For services performed by the Group's independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, expenses of € 129 (129) thousand were incurred in the 2018/19 financial year for the auditing of the consolidated financial statements and for the auditing of the separate financial statements of CropEnergies AG and its German subsidiary, CropEnergies Bioethanol GmbH.

In addition, the independent auditor performed miscellaneous attestation services in the current financial year amounting to € 5 (12) thousand. There were neither tax consultancy services nor other consultancy services in the reporting year.

(34) Declaration of conformity pursuant to § 161 AktG

The executive and supervisory boards of CropEnergies AG issued the declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG, on 12 November 2018. It is available permanently to CropEnergies AG shareholders on the company's website at www.cropenergies.com under "Investor Relations".

(35) Related party transactions

"Related parties" for the purposes of IAS 24 (Related Party Disclosures) are Südzucker AG as majority shareholder, its executive and supervisory boards together with their close family members, and its subsidiaries (Südzucker Group), the joint venture CT Biocarbonic GmbH, and the members of the executive board and supervisory board of CropEnergies AG together with their close family members. Furthermore, there is Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), Stuttgart, whose own holdings of Südzucker shares plus the shares held in trust for its members represent a majority stake in Südzucker AG.

Südzucker AG I The transactions with Südzucker AG involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 18.5 (41.0) million. In addition, services worth € 3.5 (3.4) million, research & development work worth € 1.5 (1.2) million as well as other services worth € 1.1 (1.1) million were provided.

Set against this, the CropEnergies Group received € 3.4 (2.0) million from Südzucker AG for supplies of goods, € 0.3 (0.1) million by way of service revenues and € 0.2 (0.2) million for other services. The CropEnergies Group incurred net interest expense of € 0.3 (0.6) million on intercompany lendings and borrowings.

On the balance sheet date, there were receivables of € 0.5 (0.5) million outstanding from Südzucker AG and liabilities of € 4.3 (2.3) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial receivables from Südzucker AG amounted to € 34.0 (0.0) million.

Affiliated companies of Südzucker AG I The transactions with the affiliated companies of Südzucker AG involved supplies, especially raw materials and traded commodities, amounting to € 56.9 (61.8) million. In addition, services worth € 0.7 (0.8) million were provided.

Set against this, the CropEnergies Group received € 83.9 (71.4) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 0.7 (0.5) million and compensation payments of € 0.4 (0.5) million.

On the balance sheet date there were receivables of € 11.0 (11.7) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 10.4 (8.8) million outstanding to Südzucker AG in respect of the aforesaid related party transactions.

The related party transactions with Südzucker AG and its affiliated companies were settled at usual market prices and interest rates; performance and consideration were commensurate, so no party was placed at a disadvantage. No significant transactions were conducted with related persons.

CT Biocarbonic GmbH I Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 1.7 (1.3) million. Furthermore, loan receivables of € 1.5 (1.5) million are due from CT Biocarbonic GmbH on the reference date.

Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG I There were no transactions or outstanding balances with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) on the reference date.

Executive board I The executive board received total compensation for the 2018/19 financial year of € 1,222 (1,236) thousand, with the fixed annual salary accounting for € 666 (666) thousand. € 492 (507) thousand was paid as variable compensation. € 64 (63) thousand was paid in the form of non-monetary benefits and social insurance contributions.

Pension provisions for active executive board members amounted to € 6.2 (5.8) million. € 0.4 million was added in the 2018/19 financial year (previous year: release of € 0.2 million). Pension provisions of € 0.8 million exist for former executive board members.

Supervisory board I Assuming that the annual general meeting approves the proposed dividend on 16 July 2019, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 175 (250) thousand for the 2018/19 financial year, with the fixed compensation accounting for € 175 (200) thousand. In addition, out-of-pocket expenses amounting to € 8 (8) thousand were reimbursed.

The description of the compensation systems for the executive and supervisory boards is part of the management report and can be found in the declaration on corporate management / corporate governance report on pages 70 – 72.

(36) Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG

Positions held in national supervisory boards stipulated by law
- *K+S Aktiengesellschaft, Kassel*

Group positions
- *AGRANA Stärke GmbH, Vienna (Austria)*
- *AGRANA Zucker GmbH, Vienna (Austria)*
- *ED&F MAN Holdings Limited, London (United Kingdom)*
- *Freiberger Holding GmbH, Berlin*
- *PortionPack Europe Holding B. V., Oud-Beijerland (Netherlands), (Chairman)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SAS, Paris (France)*
- *Südzucker Polska SA, Wroclaw (Poland)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the executive board of the Association Süddeutscher Zuckerrübenanbauer e. V.

Other positions held in national supervisory boards stipulated by law
- *Südzucker AG, Mannheim (Chairman)*
- *GoodMills Deutschland GmbH, Hamburg*

Positions held in comparable national and foreign supervisory bodies
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (2nd Deputy Chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SAS, Paris (France)*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), Stuttgart (Chairman)*
- *Vereinigte Hagelversicherung VVaG, Gießen*
- *Z & S Zucker und Stärke Holding AG, Vienna (Austria)*

Dr. Wolfgang Heer

Ludwigshafen am Rhein
Chairman of the executive board of Südzucker *AG*

Group positions
- *AGRANA Beteiligungs-AG, Vienna (Austria), (1st Deputy Chairman)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (Chairman)*
- *ED&F MAN Holdings Limited, London (United Kingdom)*
- *Freiberger Holding GmbH, Berlin (Chairman)*
- *PortionPack Europe Holding B. V., Oud-Beijerland (Netherlands)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SAS, Paris (France)*
- *Südzucker Polska SA, Wroclaw (Poland), (Deputy Chairman)*
- *Z & S Zucker und Stärke Holding AG, Vienna (Austria), (1st Deputy Chairman)*

Franz-Josef Möllenberg

Rellingen
Former chairman of the Gewerkschaft Nahrung-Genuss-Gaststätten (Union)

Other positions held in national supervisory boards stipulated by law
- *Südzucker AG, Mannheim (1st Deputy Chairman)*

Ökonomierat Norbert Schindler

Bobenheim am Berg
President of the Chamber of Agriculture of Rhineland-Palatinate

Positions held in comparable national and foreign supervisory bodies
- *Sparkasse Rhein-Haardt, Bad Dürkheim*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Stuttgart*

(37) Supervisory board committees

Audit committee
Thomas Kölbl *(Chairman)*
Dr. Wolfgang Heer
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

Nomination committee
Thomas Kölbl *(Chairman)*
Dr. Wolfgang Heer
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

(38) Executive board

Joachim Lutz (CEO)
Mannheim
First appointed: 4 May 2006
Executive board spokesman since 30 April 2015
Appointed until: 3 May 2021

Michael Friedmann (CSO)
Mannheim
First appointed: 30 April 2015
Appointed until: 29 April 2020

Dr. Stephan Meeder (CFO)
Mannheim
First appointed: 30 April 2015
Appointed until: 29 April 2020

(39) List of subsidiaries and equity interests

Company	Location	Country	Direct holding	Indirect holding	Total holding
CropEnergies Bioethanol GmbH	Zeitz	Germany	15%	85%	100%
CropEnergies Beteiligungs GmbH	Mannheim	Germany	100%		100%
BioWanze SA	Brussels	Belgium	100%		100%
Ryssen Alcools SAS	Loon-Plage	France		100%	100%
Ryssen Chile SpA	Lampa, Santiago de Chile	Chile		100%	100%
Compagnie Financière de l'Artois SA	Paris	France	100%		100%
Ensus UK Ltd	Yarm	United Kingdom		100%	100%
CropEnergies Inc.	Houston	USA		100%	100%
CT Biocarbonic GmbH	Zeitz	Germany		50%	50%

(40) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 21.3 (50.8) million. After an allocation of € 7.6 million to the revenue reserves, the unappropriated profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, amounted to € 13.1 million.

The executive board and supervisory board will propose to the annual general meeting on 16 July 2019 that, from the unappropriated profit of CropEnergies AG, € 13.1 million, equivalent to a dividend of € 0.15 per share, be distributed.

(41) Report on events after the balance sheet date

After the end of the financial year, no significant changes have arisen with regard to the economic environment or the situation in our industry. There are no other events of particular importance to be reported for the CropEnergies Group.

(42) Segment report

According to IFRS 8 (Operating Segments), information has to be disclosed on those segments that the company has created for internal reporting and control purposes (so-called management approach). The CropEnergies AG with its German subsidiaries and the foreign subsidiaries each form their own operating segment. In a second step, the operating segments are summarised into one segment subject to reporting in accordance with IFRS 8.12-14, as the CropEnergies Group produces only one homogeneous main product (ethanol). Similar end products that can be commercially distributed independently are produced in related or identical production processes. The planning and control of the CropEnergies Group's operating activities are performed by the executive board as the chief decision-maker mainly on the basis of the operating profit. Management uses these two financial indicators to control the individual operating units (including the superordinate holding companies in each case).

CropEnergies uses ROCE (return on capital employed, the ratio of operating profit to capital employed) as an indicator to determine whether the operating segments have the same economic characteristics and a similar long-term revenue development. The ROCE of the operating segments has a similar long-term range.

The operating segments are also comparable in terms of the nature of the products and production processes, customer types, sales methods and regulatory framework.

The operating segments can therefore be combined into one reporting segment in accordance with IFRS 8. Business transactions between the operating segments were carried out at usual market prices and eliminated.

€ million	28/02/2019	28/02/2018
Total assets	585.7	592.3
Capital Employed	462.3	457.8
Inventories	78.7	66.0
Total liabilities	-137.0	-146.6
Net financial position	36.8	36.9
Expenditures on property, plant and equipment and intangible assets	13.2	19.5
Number of employees	433	414

€ million	28/02/2019	28/02/2018
Carrying amount fixed and intangible assets		
Germany	123.3	131.1
Other countries	254.2	271.3
	377.5	**402.4**
Third-party revenues	**2018/19**	**2017/18**
Germany	250.3	277.2
Other countries	528.3	604.8
	778.6	**882.0**
Expenditures on property, plant and equipment and intangible assets*		
Germany	6.6	7.6
Other countries	6.6	11.9
	13.2	**19.5**

**Including assets under construction*

Statement of comprehensive income

1 March 2018 to 28 February 2019

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**999,685**	**-221,073**	**778,612**
Change in work in progress and finished goods inventories and internal costs capitalised	3,089	989	4,078
Other operating income	20,071	-2,951	17,120
Cost of materials	-833,928	216,801	-617,127
Personnel expenses	-34,680	0	-34,680
Depreciation	-39,992	724	-39,268
Other operating expenses	-69,333	3,496	-65,837
Income from companies consolidated at equity	0	189	189
Income from operations	**44,912**	**-1,825**	**43,087**
Financial result	-645	106	-539
Earnings before income taxes	**44,267**	**-1,719**	**42,548**
Taxes on income	-21,618	333	-21,285
Net earnings for the year	**22,649**	**-1,386**	**21,263**

1 March 2017 to 28 February 2018

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**1,080,158**	**-198,195**	**881,963**
Change in work in progress and finished goods inventories and internal costs capitalised	-199	1,033	834
Other operating income	6,084	-2,785	3,299
Cost of materials	-872,273	195,203	-677,070
Personnel expenses	-35,297	0	-35,297
Depreciation	-39,861	700	-39,161
Other operating expenses	-66,933	3,209	-63,724
Income from companies consolidated at equity	0	-75	-75
Income from operations	**71,679**	**-910**	**70,769**
Financial result	-1,108	164	-944
Earnings before income taxes	**70,571**	**-746**	**69,825**
Taxes on income	-19,271	255	-19,016
Net earnings for the year	**51,300**	**-491**	**50,809**

The result from operating activities amounting to € 43.1 (70.8) million less the results from restructuring and special items as well as the result at equity equal an operating profit of € 32.8 (71.7) million. It comprises the segment subject to reporting amounting to € 34.8 (72.5) million and consolidation of € -2.0 (-0.8) million.

The breakdown of segment assets and capital investments by region is based on the countries in which the companies of the CropEnergies Group have their registered office and domicile. Third-party revenues are broken down on the basis of delivery destination.

In the 2018/19 financial year, the CropEnergies Group derived 12.2% and 10.3% (14.0%), respectively, of its consolidated revenues from two customers (one customer).

RESPONSIBILITY STATEMENT

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

Mannheim, 24 April 2019

THE EXECUTIVE BOARD

Joachim Lutz	Michael Friedmann	Dr. Stephan Meeder
CEO	CSO	CFO

INDEPENDENT AUDITOR'S REPORT

To CropEnergies AG, Mannheim

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of CropEnergies AG, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at February 28, 2019, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from March 1, 2018 to February 28, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of CropEnergies AG for the financial year from March 1, 2018 to February 28, 2019. We have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at February 28, 2019, and of its financial performance for the financial year from March 1, 2018 to February 28, 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from March 1, 2018 to February 28, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

❶ Financial instruments – hedge accounting

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ Financial instruments – hedge accounting

① The companies of the CropEnergies Group use derivative financial instruments. These include in particular wheat futures for the purpose of hedging commodity price risks arising in the ordinary course of business. Commodities price risks result primarily from the procurement of agricultural commodities such as wheat, to the extent it is not possible to rule out risks of changing prices through the use of physical settlement agreements. The total notional volume of outstanding wheat futures as of February 28, 2019 amounted to EUR 45.8 million. The negative fair value of the derivative financial instruments used as wheat price hedges amounts to EUR 1.7 million as of the balance sheet date. If the financial instruments used by the CropEnergies Group are effective hedges of future cash flows in the context of hedge accounting in accordance with the requirements of IFRS 9, the effective portion of the changes in fair value are recognized directly in equity over the duration of the hedging relationship until the maturity of the hedged cash flows. The hedging relationships were fully effective in the fiscal year, so that no ineffectiveness was recorded.

In addition, wheat options are also used to hedge against commodity price risks that are not designated in an accounting hedging relationship. These transactions were of minor significance in the past financial year.

On the ethanol market, purchase agreements are entered into with customers, with the sales price indexed to a variable ethanol price. The companies of the CropEnergies Group have therefore concluded derivative financial instruments (ethanol futures) with a notional volume totaling EUR 38.0 million to hedge against price fluctuations arising from the sale of ethanol. The negative fair value of the derivative financial instruments used as ethanol price hedges amounts to EUR 0.9 million are offset by positive fair values of € 0.4 million as of the balance sheet date. Given that the ethanol futures are designated as a hedging relationship, the market fluctuations are recognized directly in equity.

From our point of view, these matters were of particular significance for our audit due to the high complexity and number of transactions as well as the extensive accounting and reporting requirements under IFRS 9.

② As a part of our audit and together with the support of our internal specialists from Corporate Treasury Solutions, we, among other things, assessed the internal control system established by the Company in the area of the commodities derivatives used. We obtained bank confirmations in order to assess the completeness of and to examine the fair values of the outstanding transactions. We verified the market data used to determine the fair values on the basis of external sources. We assessed the hedge documentation and effectiveness tests, among other things, to verify that the requirements of IAS 39 for designation as a hedging relationship were duly met. In addition, we examined the hedge accounting, particularly in relation to the effects on equity and earnings. We verified that the conditions for applying hedge accounting and the estimates and assumptions made by the executive directors were sufficiently substantiated and documented. A further component of the audit was the recognition in the balance sheet of derivative financial instruments not designated as hedges.

③ The Company's disclosures on the accounting treatment of hedging relationships are contained in sections (5) "Accounting principles", (20) "Trade receivables and other assets", (27) "Derivative financial instruments", and (28) "Additional disclosures on financial instruments" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate Governance" of the group management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code (except for compensation report)
- The section "sustainability report" of the group management report

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.]

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on

the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on July 17, 2018. We were engaged by the supervisory board on July 17, 2018. We have been the group auditor of the CropEnergies AG, Mannheim, without interruption since the financial year 2006/2007.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Conrad.

Mannheim, 24 April 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad	ppa. Martin Knoll
Auditor	Auditor

GLOSSARY

Alcohol I ➔ Ethanol.

Bioethanol I ➔ Ethanol.

Biofuels I Fuels obtained from biomass (e.g., ➔ Ethanol, biodiesel, biogas, vegetable oil).

Biofuel Sustainability Regulation (Biokraft-NachV) I Regulation that entered into force in Germany on 2 November 2009 concerning requirements for the sustainable production of ➔ Biofuels. The aim of the regulation is to ensure that only ➔ Biofuels produced in conformity with mandatory sustainability standards benefit from tax incentives or can be credited to the biofuel targets. The regulation implements the ➔ Sustainability criteria of the European Union for the biofuel sector in Germany.

Blending (with petrol) I Adding ➔ Ethanol to petrol. In Europe, the standard concerning petrol is the EN 228 standard that has allowed the addition of 10 vol.-% ➔ Ethanol or 22 vol.-% ETBE since the end of 2012. Different ethanol blending rates apply around the world for conventional petrol (e.g., 18–27.5 vol.-% in Brazil; 10–15 vol.-% in the USA).

Carbon dioxide (CO_2) I End product of the burning of any carbon-containing material and base product for the creation of vegetable biomass through photosynthesis. When biomass is burned, only the amount of CO_2 previously absorbed during growth is released. CO_2 is the principal ➔ Greenhouse gas. CO_2 can be used in the food and packaging industries.

CDS (Concentrated Distillers' Solubles) I Liquid animal feed from ➔ Stillage which is produced in the production of ➔ Ethanol from grain and is then thickened.

Cellulose I Structural substance of plants, main component of cell walls. Cellulose is a polysaccharide consisting of several thousand ß-glucose components. It can be broken down by mineral acids, enzymes or fungi ("wood saccharification", "wood alcohol production"). Processes for the production of ➔ Ethanol from cellulose are currently under development.

CO_2 I ➔ Carbon dioxide.

D&O Insurance (Directors and Officers Insurance, also Board or Senior Officer Liability Insurance) I Liability insurance which a company takes out to protect its boards and senior officers against claims for damages for financial losses.

DDGS (Distillers' Dried Grains with Solubles) I Dry stillage. DDGS is the dried ➔ Stillage produced in the production of ethanol from grains and is used as a valuable protein animal feed.

Dehydration I Term used for the so-called "drying" of ➔ Alcohol. In this last step of ➔ Ethanol production, virtually all the remaining water is removed from the ➔ Alcohol, thus achieving a purity level of over 99%.

Distillation I Separation of liquids which consist of different ingredients by means of controlled heating, e.g., fractional distillation of crude oil (petroleum) or separation of ➔ Alcohol and water. This separation process is based on the various boiling points of the compound ingredients.

E5 I Fuel for petrol engines with up to 5 vol.-% ➔ Ethanol.

E10 I Fuel for petrol engines with up to 10 vol.-% ➔ Ethanol.

E20 I Fuel for petrol engines with up to 20 vol.-% ➔ Ethanol. Most newer models could run on this fuel without any problems.

E85 I Fuel for flexible fuel vehicles (➔ FFVs). E85 is an ethanol-petrol mixture with an ethanol content of approximately 85%. In Germany, it is regulated by the DIN 51625 standard.

Enzyme I Archaic: ferment. A biochemical catalyst that helps to break down or change a substrate without being consumed itself. Enzymes consist of protein.

Ethanol I Also known as bioethanol, ethyl alcohol. Belongs to the group of alcohols, and is synonymous with ➔ Alcohol in the narrower sense. Ethanol is the main product of alcohol ➔ Fermentation, and is the principal component of spirits and alcoholic beverages. Ethanol is used as a fuel additive and as a fuel on its own, but also in the chemical and pharmaceutical industry. CropEnergies produces E. from renewable raw materials. Raw materials can be biomass containing sugar, starch or cellulose. CropEnergies uses grains, sugar syrups, raw alcohol and residues.

Fermentation I Biotechnical procedure for manufacturing a desired product; in the course of the procedure, organic material is converted by microorganisms such as bacteria, fungi or unicellular organisms or their enzymes. During the production of ➔ Ethanol, the sugar contained in the mash is converted by yeast into ➔ Alcohol.

Fraud I Fraud refers to any intentional action, acquiescence or omission for the purpose of personal enrichment that is likely to have a negative impact on company success or cause damage to third parties. CropEnergies' compliance management and corporate principles stipulate that such cases must be prevented or detected and processed.

Fuel Quality Directive I European Parliament and Council Directive 98/70/EC of 13 October 1998 which sets minimum standards for the quality and labelling of the quality specifications of fuels. With this directive, the European Parliament and Council have adopted an amendment proposed by the European Commission to reduce air pollution and ➔ Greenhouse gas emissions from fuels. This also opened the way for the EU-wide introduction of ➔ E10 fuel.

Gallon I Measure of volume (dry or liquid measure) for which there are several definitions. The US liquid gallon customary for measuring liquids in the USA is equivalent to around 3.785 litres.

Gluten I A tenacious elastic protein contained in cereal grains. It is used in the production of food products (particularly bakery goods) and special animal feeds. Gluten is of central importance for the baking properties of flour.

GMP+ I Guidelines for quality assurance of the production processes and environment, among other things, in the production of food and animal feed products.

Grain year I Period of twelve months for statistical purposes for collecting data (e.g., acreage, crop yields) for each type of grain. It begins with the start of the harvesting season. In Europe, the grain year for wheat runs from 1 July to 30 June.

Greenhouse gases I Besides methane, nitrous oxide and fluorocarbons, ➔ Carbon dioxide is the main anthropogenous greenhouse gas. The increasing concentration of greenhouse gases in the atmosphere is responsible for global warming.

HACCP (Hazard Analysis Critical Control Point) I A systematic preventive approach in worldwide use for analysing hazards and monitoring critical control points in the production of food and animal feed to ensure health safety.

IFS (International Food Standard) certification I Certification and auditing of systems for guaranteeing the safety and quality of food in the production process. The certification is performed by accredited certification bodies.

Inside information in accordance with Article 17 of MAR I The "Market Abuse Regulation" (MAR) prescribed by the EU aims to prevent insider dealing and market manipulation. Article 17 makes it an obligation to publish market-relevant information so that other market participants are not disadvantaged in relation to company insiders. Listed companies such as CropEnergies AG need to publish this information on an ad hoc basis, i.e., as soon as possible.

ProtiGrain® I Brand name for the ➔ DDGS produced by CropEnergies. It is marketed as high-grade protein animal feed.

ProtiWanze® I Brand name for the ➔ CDS produced by CropEnergies in Wanze. It is a liquid animal feed with a high protein content.

Rectification I A step in the ethanol production process in which the ➔ Alcohol is purified and residues are removed.

Renewable Energy Directive I Directive 2009/28/EC of the European Parliament and Council of 23 April 2009 for promoting the use of energy from renewable sources. Among other things, this sets a mandatory target quota for ➔ Renewable energies of 10% of the total fuel consumption in the transportation sector by 2020. The directive also contains rules on the sustainable production of ➔ Biofuels. Economic operators are required to establish independent verification procedures (e.g., certification systems) to prove compliance with the legally stipulated requirements. The last amendment was made by means of the 2015/1513 directive ("iLUC Directive") of 9 September 2015.

Scope I Classification of the greenhouse gas (GHG) emissions arising during production. Direct (scope 1) GHG emissions come from sources which are the property of or managed by the reporting company (e.g., own power stations). Indirect (scope 2) GHG emissions result from the generation of electric or thermal energy which the reporting company has purchased from third parties for its own use.

Severance payment cap I The upper limit on the amount of compensation that a member of the executive board receives if his contract is prematurely terminated.

Stillage I Residues of non-fermentable substances produced during distillation. Its content of protein, nitrogen compounds, fat and other substances make grain stillage a valuable animal feed for livestock.

Sustainability certification I Serves to monitor and audit the entire cultivation, supply and production chain for ➔ Biofuels to ensure compliance with the EU requirements of the ➔ Biofuel Sustainability Regulation through independent certification systems and bodies recognised and overseen by the EU Commission or national supervisory authorities (e.g., the Federal Institute for Agriculture and Food [BLE] in Germany). This certification also covers power generation from liquid biomass.

Sustainability criteria I Criteria that ➔ Biofuels used for the purposes of meeting the targets of the ➔ Renewable Energy Directive and ➔ Biofuels benefiting from national support programmes are required to satisfy as proof of their ecological sustainability. Examples are a minimum reduction of ➔ Greenhouse gas emissions and the protection of areas of high biological diversity. Social sustainability criteria were also taken into account in the drafting of the ➔ Renewable Energy Directive.

Volume percent (volume concentration) I Written as vol.-% or v/v. In the case of ➔ Ethanol, designation for the ➔ Alcohol content of a fluid based on the volume at 20°C.

Weight percent I Measure of the percentage of the mass of one component relative to the total mass of a mixture (abbreviated: wt.-%).

FORWARD-LOOKING STATEMENTS AND FORECASTS

This annual report contains forward-looking statements. These statements are based on current estimations and forecasts of the executive board and information currently available to it. The forward-looking statements are not guarantees of the future developments and results mentioned therein. Rather, the future developments and results depend on a number of factors, entail various risks and imponderables and are based on assumptions that may not prove to be accurate. The risk and opportunities report in this annual report provides an overview of the risks.

CropEnergies accepts no obligation to update the forward-looking statements made in this annual report.

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Financial calendar

Statement for the 1st quarter of 2019/20	10 July 2019
Annual general meeting 2019	16 July 2019
1st half-yearly report 2019/20	9 October 2019
Statement for the 1st to 3rd quarters of 2019/20	13 January 2020
Annual report press and analysts' conference financial year 2019/20	13 May 2020

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