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Forward-looking statements and forecasts

This 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" on pages 60 to 68 of the 2019/20 Annual Report provides an overview of the risks. We do not accept any obligation to update the forward-looking statements made in this report.

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INTERIM REPORT

Financial Year 2020/21
1st half
1 March to 31 August 2020

Mannheim, 7 October 2020

SÜDZUCKER GROUP

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

CropEnergies AG's financial year differs from the calendar year. The periods referred to are thus defined as follows:

2nd quarter: 1 June – 31 August

1st half: 1 March – 31 August

The interim 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 interim report is definitive and takes precedence over this translation.

Contents

Highlights 1st half 2020/21

■ Revenues decline to € 399.2 (447.6) million	€ -48 million
■ EBITDA grows to € 70.4 (64.9) million	€ +6 million
■ Operating profit rises to € 50.7 (43.7) million	€ +7 million
■ Net earnings in the 1st half reach € 39.4 (31.8) million	€ +8 million
■ Ethanol production declines to 463,000 (478,000) m³	-3%
■ Net financial assets amount to € 92 million (as of 29 February 2020: € 107 million)	

Outlook for the 2020/21 financial year

- Revenues are expected to range between € 850 and € 900 million.
- Operating profit is expected to range between € 110 and € 140 million.
- This is equivalent to an EBITDA of between € 150 and € 180 million.

Interim management report

Operating environment

Current framework in the EU

In the EU, the "Renewable Energy Directive" and the "Fuel Quality Directive" are setting the course for more climate protection in the transport sector. The proportion of renewable energies is set to be 10% in 2020. In addition, renewable fuels contribute to reducing greenhouse gas emissions associated with fuel consumption. Reductions of 6 wt.-% compared with the base value of 94.1 g CO_{2eq}/MJ are to be achieved in 2020. Based on a litre of petrol, around 3 kg CO_{2eq} of greenhouse gases are emitted, whereas ethanol from sustainable European production only emits 0.5 kg CO_{2eq}/litre on average.

"Renewable Energy Directive" after 2020

With regard to the period after 2020, the recast "Renewable Energy Directive" provides for the proportion of renewable energies in the transport sector to increase to at least 14% in the year 2030. The contribution of renewable fuels from arable crops should be able to remain up to one percentage point above the level reached in 2020. Sustainably produced renewable fuels will therefore continue to be fundamental to more climate protection in the transport sector. 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, can be counted multiple times towards the transport target in road transport. In the context of the European green Deal, the European Commission is seeking to reduce the greenhouse gas emissions target for 2030 from 40% to 55%. In this context, it is also examining the extent to which the "Renewable Energy Directive" is able to contribute to this. Together with the European ethanol association, ePURE, CropEnergies is advocating an increase in the transport target from 14% to 20%. In addition, greenhouse gas emissions will only be reduced if fossil energy sources remain in the ground. This requires a significant increase in the physical share of renewable fuels. The European ethanol industry therefore rejects virtual multiple counting as provided for in the "Renewable Energy Directive".

"Climate Protection Regulation"

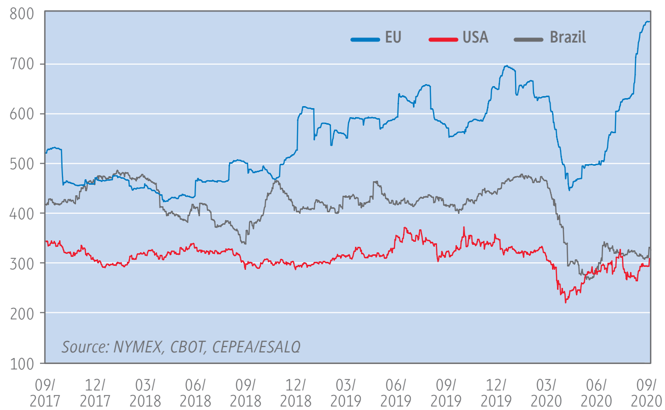
By means of the "Climate Protection Regulation", the EU is seeking to lower greenhouse gas emissions in those sectors not covered by EU emissions trading by 30% by the year 2030. This "non-ETS area" includes not only buildings, agriculture, waste management and smaller industrial installations, but also transport, in particular. National reduction targets have been defined owing to regional differences within the EU. Emissions in Germany, for example, are to be reduced by 38% by the year 2030.

In order to achieve the target, effective measures for limiting emissions at national level have to be implemented. In Germany, climate protection targets are enshrined in law in the Klimaschutzgesetz (Climate Protection Act – KSG). A reduction in greenhouse gas emissions to no more than 95 million tonnes CO_{2eq} by 2030 is planned for the transport sector. This is equivalent to a reduction of more than 60 million tonnes or around 40% compared with 2019. A national emissions trading system for pricing CO_2 emissions of fossil fuels is to contribute to reducing greenhouse gas emissions from 2021 onwards. The CO_2 price is initially expected to rise from € 25/tonne in 2021 to € 55/tonne in 2025. The German ethanol industry welcomes the pricing of fossil CO_2 emissions and, as an accompanying measure, proposes raising the greenhouse gas reduction quota for fuels gradually from 6 wt.-% in 2020 to 16 wt.-% by 2030. This would ensure that less carbon-intensive fuels are used and that the fuel sector thereby also makes its contribution to achieving the 2030 climate targets.

Ethanol markets

The development of international ethanol markets in the 1st half of 2020/21 was shaped to a significant extent by the impact of the COVID-19 pandemic. To contain the coronavirus, governments across the world had initially adopted extensive mobility restrictions, which had a massive impact on fuel demand. Once the measures were partially eased in the 2nd quarter, a recovery in fuel demand was discernible but, in many parts, this recovery is still below the level prior to the COVID-19 pandemic.

International ethanol prices (€/m³)



In the **USA**, the one-month futures contract for ethanol on the Chicago Board of Trade (CBOT) increased from the equivalent of around € 275/m^3 at the beginning of June 2020 to € 305/m^3 at the end of August 2020. While it has again been possible, in the wake of the price recovery, to increase the weekly production of fuel ethanol gradually since May 2020, it was still around 10% below the previous year's level even at the end of August. Overall, production is expected to decline to 54.8 (61.3) million m^3 and domestic consumption to 49.8 (56.5) million m^3 in 2020. Exports, at 6.4 (6.4) million m^3, are expected to remain at the previous year's level.

In **Brazil**, ethanol prices hovered around the equivalent of € 300/m^3 and were therefore significantly below the level prior to the COVID-19 pandemic. The low price level is also due to the weak real, which has lost around a quarter of its value since the beginning of March. Ethanol production in Brazil is expected to stand at 30.2 (35.6) million m³ in the 2020/21 sugar year. Domestic consumption is expected to decline to 30 (34.7) million m³. Owing to the balanced supply situation, no significant net exports or changes in stocks are expected for the year as a whole.

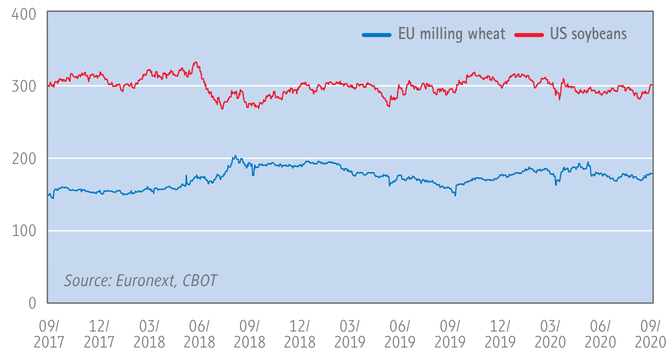
In **Europe**, ethanol prices showed a significant price increase of around € 510/m³ at the beginning of June to around € 785/m³ at the end of August. On 20 August 2020, spot prices even marked an interim all-time high of € 811/m³. Production in the EU-27 and the UK is expected to decline to 7.2 (7.5) million m³ and domestic consumption to 7.7 (8.3) million m³ in 2020. The decline is expected to affect fuel ethanol primarily, while ethanol for industrial purposes is expected to show a significant increase. This is due, in particular, to the increased demand for ethanol as a raw material for disinfectants. Imports in the EU-27, at 1.2 (1.2) million m³, are expected to be slightly below the previous year's level.

Grain and protein markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to continue to increase to 2,230 (2,181) million tonnes in 2020/21. Given anticipated grain consumption of 2,222 (2,181) million tonnes, an increase in stocks to 630 (622) million tonnes is expected. The European Commission expects the grain harvest in the EU-27 to fall to 277 (294) million tonnes in 2020/21. Consumption is expected to remain unchanged at 261 (261) million tonnes. The EU-27 wheat harvest, in particular, at 120 (138) million tonnes, is expected to be significantly smaller in 2020/21 than in the previous year. According to the IGC, the decline in the UK is expected to be even more significant. At only 11 (16) million tonnes, around 35% less wheat than in the previous year is expected to be harvested.

European wheat prices on the Euronext in Paris closed at around € 188/tonne at the end of August 2020, which meant that there was little or no change compared with around € 187/tonne at the beginning of June 2020. Although a good initial harvest in large parts of Europe was initially linked to a decline in price of around € 10/tonne, this development was cancelled out by the end of the 2nd quarter of 2020/21 due to persistently dry weather conditions.

International agricultural prices (€/t)



Animal feed products, with a share of more than 60%, continue to account for the majority of domestic grain consumption. The starch content of merely around 4% of the EU grain harvest, on the other hand, is used for the production of fuel ethanol. The other components of the processed grain, particularly proteins, are refined into valuable food and animal feed products, thereby reducing dependence on soy imports from North and South America.

The global soybean harvest in 2020/21 is expected to increase significantly and, at 373 (339) million tonnes, achieve a new record. Consumption, however, is also expected to continue to rise at the same time and stand at 368 (354) million tonnes. Stocks, at 47 (44) million tonnes, will therefore only increase slightly. The one-month soybean futures contract on CBOT rose from around US$ 8.50/bushel* at the beginning of June 2020 to US$ 9.50/bushel. Owing to contrary exchange rate developments, the price increase in euros, at around € 15/tonne, to around € 295/tonne was, however, comparatively small. The rapeseed harvest in the EU-27, at 16 (15) million tonnes, is expected to be only slightly above the previous year's low level. European rapeseed meal prices fluctuated around the € 200/tonne mark in the 2nd quarter, finally closing at around € 210/tonne at the end of August.

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

Business development

Production of ethanol and food and animal feed products

In its modern biorefineries in Belgium, Germany, France and the United Kingdom, CropEnergies produces renewable ethanol and protein-rich food and animal feed products. Ethanol production, at 463,000 (478,000) m^3, was slightly below the previous year's level in the 1st half of the 2020/21 financial year. Production of food and animal feed products remained at the previous year's level. In Wanze, production was resumed after the coronavirus-related extension of the maintenance shutdown, with the plant subsequently being operated at high capacity utilisation. The Zeitz and Loon-Plage sites also focused, in the 2nd quarter, on increasing neutral alcohol production owing to the rise in demand for disinfectants.

Revenues and net earnings

€ thousands	2nd quarter		1st half year	
	2020/21	2019/20	2020/21	2019/20
Revenues	**228,523**	**244,855**	**399,178**	**447,590**
EBITDA*	**52,228**	**39,071**	**70,439**	**64,889**
EBITDA margin in %	*22.9%*	*16.0%*	*17.6%*	*14.5%*
Depreciation*	-9,663	-10,515	-19,758	-21,171
Operating profit	**42,565**	**28,556**	**50,681**	**43,718**
Operating margin in %	*18.6%*	*11.7%*	*12.7%*	*9.8%*
Restructuring costs and special items	900	0	900	0
Income from companies consolidated at equity	115	176	208	108
Income from operations	**43,580**	**28,732**	**51,789**	**43,826**
Financial result	-816	-138	1,515	-254
Earnings before income taxes	**42,764**	**28,594**	**53,304**	**43,572**
Taxes on income	-11,224	-7,420	-13,859	-11,764
Net earnings for the period	**31,540**	**21,174**	**39,445**	**31,808**
Earnings per share, diluted/undiluted (€)	**0.36**	**0.24**	**0.45**	**0.36**

*Without restructuring costs and special items

Business development: 2nd quarter

Despite higher ethanol prices than in the previous year, CropEnergies recorded a 7% decrease in revenues, at € 228.5 (244.9) million, in the 2nd quarter. This was due to lower sales volumes, particularly in the trading business, and lower sales prices for protein-containing food and animal feed products. The higher sales prices for sustainably produced ethanol, in conjunction with virtually unchanged raw material prices, resulted, however, in an increase in gross margin, which caused EBITDA to increase to € 52.2 (39.1) million.

In conjunction with a slightly lower depreciation of € 9.7 (10.5) million, operating profit improved to € 42.6 (28.6) million. Based on lower revenues, this gives rise to an operating margin of 18.6% (11.7%). A reversal of a provision as a result of the ending of a legal dispute led to a positive special item of € 0.9 million. Income from operations therefore amounts to € 43.6 (28.7) million.

A lower financial result of € -0.8 (-0.1) million gives rise to earnings before income taxes of € 42.8 (28.6) million. After taxes, net earnings of € 31.5 (21.2) million were therefore achieved in the 2nd quarter of 2020/21. Based on 87.25 million no-par-value shares, this corresponds to earnings per share of € 0.36 (0.24).

Business development: 1st half

CropEnergies recorded a decline in revenues to € 399.2 (447.6) million in the 1st half. This was also due to lower sales quantities and lower sales prices for the food and animal feed products sold. These were, however, offset by the higher ethanol sales prices obtained.

As it was possible to offset the lower sales prices for food and animal feed products by more favourable raw material prices, net raw material costs remained virtually unchanged. The improvement in ethanol sales prices, however, enabled EBITDA to be increased to € 70.4 (64.9) million. Given the fall in depreciation, operating profit improved to € 50.7 (43.7) million. This gives rise to an operating margin of 12.7% (9.8%). Income from operations reached € 51.8 (43.8) million.

Taking the financial result of € 1.5 (-0.3) million into account, earnings before income taxes rose to € 53.3 (43.6) million. After taxes, CropEnergies generated net earnings of € 39.4 (31.8) million in the reporting period. Based on 87.25 million no-par-value shares, that translates into earnings per share of € 0.45 (0.36).

Statement of changes in financial position

€ thousands	1st half year	
	2020/21	2019/20
Gross cash flow	**54,905**	**52,414**
Change in net working capital	-27,873	-8,492
Net cash flow from operating activities	**27,032**	**43,922**
Investments in property, plant and equipment and intangible assets	-14,295	-12,824
Decrease in financial liabilities	7,200	0
Cash received / paid of current financial investments	4	-5,997
Cash received on disposal of non-current assets	782	23
Cash flow from investing activities	**-6,309**	**-18,798**
Cash flow from financing activities	**-27,465**	**-16,020**
Change in cash and cash equivalents due to exchange rate changes	-138	498
Decrease (-) / Increase (+) in cash and cash equivalents	**-6,880**	**9,602**

As a result of the increase in EBITDA, gross cash flow also increased to € 54.9 (52.4) million. Including the change in net working capital, net cash flow from operating activities in the 1st half of 2020/21 amounted to € 27.0 (43.9) million.

The cash outflow from investing activities declined to € 6.3 (18.8) million, with € 14.3 (12.8) million being attributable to property, plant and equipment and intangible assets. The investments were used, in particular, to expand and improve the production plants, with cash payments occurring, in particular, for the completed project to increase mill capacity and animal feed production in Zeitz.

There was a decrease (previous year: increase) for current financial receivables amounting to € 7.2 (1.2) million. In the corresponding period in the previous year, the increase was presented as cash outflow from financing activities. Furthermore, there were cash receipts (previous year: cash payments) for short-term investments in fixed-interest securities of € 4 (5,997) thousand and cash receipts on disposal of non-current assets of € 782 (23) thousand.

A dividend of € 26.2 (13.1) million was paid in July 2020. Payments for lease liabilities of € 1.8 (1.9) million and the increase in other financial liabilities of € 0.5 (0.2) million gave rise to a net cash flow from financing activities of € 27.5 (16.0) million.

Balance sheet structure

€ thousands	31 August 2020	31 August 2019	Change	29 February 2020
Assets				
Non-current assets	379,163	383,089	-3,926	384,656
Current assets	311,768	227,698	84,070	284,972
Total assets	**690,931**	**610,787**	**80,144**	**669,628**
Liabilities and shareholders' equity				
Shareholders' equity	509,031	455,383	53,648	502,881
Non-current liabilities	61,284	59,467	1,817	65,494
Current liabilities	120,616	95,937	24,679	101,253
Total liabilities and shareholders' equity	**690,931**	**610,787**	**80,144**	**669,628**
Net financial assets	92,377	44,089	48,288	107,309
Equity ratio	73.7%	74.6%		75.1%

Non-current assets declined by € 3.9 million to € 379.2 million as of 31 August 2020, with fixed assets, in particular, decreasing by € 7.0 million to € 370.6 million as a result of scheduled depreciation – allowing for investments and right-of-use assets that had to be recognised under IFRS 16. This amount includes goodwill, which was unchanged at € 6.1 million. Deferred tax assets increased by € 2.8 million to € 6.0 million. Furthermore, the interest in entities consolidated at equity rose by € 0.3 million to € 2.5 million.

Current assets rose by € 84.1 million year over year to € 311.8 million, with current financial receivables rising by € 46.1 million to € 81.3 million. Trade receivables and other assets increased by € 31.1 million to € 135.9 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 4.0 (3.1) million and receivables in the form of ring-fenced credits for hedges of € 28.8 (15.6) million. Furthermore, the portfolio of fixed-interest securities increased by € 9.0 million to € 15.0 million. Cash and cash equivalents declined by € 5.9 million to € 6.5 million. Inventories rose by € 3.1 million to € 65.4 million and tax assets increased by € 0.7 million to € 7.7 million.

Non-current liabilities increased slightly by € 1.8 million to € 61.3 million, with non-current tax liabilities rising to € 2.0 (0) million. Provisions for pensions and similar obligations declined by € 1.0 million to € 31.8 million. Deferred tax liabilities rose by € 1.0 million to € 18.7 million, while other provisions declined by € 0.1 million to € 2.4 million. Furthermore, non-current lease liabilities of € 6.4 (6.5) million had to be recognised.

Current liabilities increased by € 24.7 million to € 120.6 million, with trade payables and other liabilities increasing by € 13.8 million to € 89.2 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 17.0 (9.0) million. Current tax liabilities increased by € 9.3 million to € 19.4 million. Furthermore, current lease liabilities of € 4.0 (3.1) million had to be recognised and other provisions increased by € 0.7 million to € 8.1 million.

The **net financial position** as of 31 August 2020 shows net **financial assets** of € 92.4 (44.1) million. The net financial assets consist of cash and cash equivalents, short-term investments in fixed-interest securities and current financial receivables less the liabilities from leases and other financial liabilities.

Shareholders' equity rose to € 509.0 (455.4) million; the equity ratio reached 73.7% (74.6%).

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Risk and opportunities report

CropEnergies uses an integrated system for the early detection and monitoring of group-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.

There are no risks posing a threat to the company's continued existence and there are none discernible at the present time.

For detailed information on the risk management system and the group's risks and opportunities, please refer to the "Risk and opportunities report" on pages 60 to 68 of the Annual Report for the 2019/20 financial year. Allowing for the previously explained developments in the market environment and at regulatory level, the disclosures provided there are still valid.

Outlook

CropEnergies increased operating profit to € 43 (29) million and EBITDA to € 52 (39) million in the 2nd quarter of 2020/21. Revenues amounted to € 229 (245) million. The very good result was mainly due to high demand for renewable ethanol and a sharp increase in ethanol prices.

Against this background, CropEnergies raised the forecast for the 2020/21 financial year on 15 September 2020, having assumed, at the beginning of the coronavirus crisis, that there would be a significant decline in revenues and operating profit. CropEnergies now expects revenues of between € 850 and € 900 (previous year: € 899) million and operating profit of between € 110 and € 140 (previous year: € 104) million. This is equivalent to an EBITDA of between € 150 and € 180 (previous year: € 146) million. This positive development is, however, conditional on continuation of the robust demand for ethanol and on there being no reimposition of significant mobility restrictions in the EU in the course of the financial year.

Interim financial statements

Statement of comprehensive income

€ thousands	2nd quarter		1st half year	
	2020/21	2019/20	2020/21	2019/20
Income statement				
Revenues	**228,523**	**244,855**	**399,178**	**447,590**
Change in work in progress and finished goods inventories and internal costs capitalised	-6,864	-8,334	-7,938	-13,219
Other operating income	3,373	742	7,800	1,805
Cost of materials	-145,915	-172,544	-277,185	-324,132
Personnel expenses	-9,976	-9,110	-20,020	-18,168
Depreciation	-9,663	-10,515	-19,758	-21,171
Other operating expenses	-16,013	-16,538	-30,496	-28,987
Income from companies consolidated at equity	115	176	208	108
Income from operations	**43,580**	**28,732**	**51,789**	**43,826**
Financial result	-816	-138	1,515	-254
Earnings before income taxes	**42,764**	**28,594**	**53,304**	**43,572**
Taxes on income	-11,224	-7,420	-13,859	-11,764
Net earnings for the period	**31,540**	**21,174**	**39,445**	**31,808**
Earnings per share, diluted/undiluted (€)	**0.36**	**0.24**	**0.45**	**0.36**
Table of other comprehensive income				
Net earnings for the period	**31,540**	**21,174**	**39,445**	**31,808**
Mark-to-market gains and losses*	-19,579	423	-7,669	-2,691
Revaluation not affecting income	-15,053	5,550	-9,232	5,130
Realisation resulting in a profit or loss	-4,526	-5,127	1,563	-7,821
Foreign currency differences from consolidation	482	-1,640	-4,660	-4,140
Income and expenses to be reclassified in future in the profit and loss account	**-19,097**	**-1,217**	**-12,329**	**-6,831**
Remeasurement of defined benefit plans and similar obligations*	-1,625	-3,753	2,924	-5,504
Income and expenses not to be reclassified in future in the profit and loss account	**-1,625**	**-3,753**	**2,924**	**-5,504**
Income and expenses recognised in shareholders' equity	**-20,722**	**-4,970**	**-9,405**	**-12,335**
Total comprehensive income	**10,818**	**16,204**	**30,040**	**19,473**

*After deferred taxes

Cash flow statement

€ thousands	1st half year	
	2020/21	2019/20
Net earnings for the period	39,445	31,808
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	19,758	21,171
Other items	-4,298	-565
Gross cash flow	**54,905**	**52,414**
Change in net working capital	-27,873	-8,492
I. Net cash flow from operating activities	**27,032**	**43,922**
Investments in property, plant and equipment and intangible assets	-14,295	-12,824
Decrease in financial liabilities	7,200	0
Cash received / paid of current financial investments	4	-5,997
Cash received on disposal of non-current assets	782	23
II. Cash flow from investing activities	**-6,309**	**-18,798**
Dividends paid	-26,175	-13,088
Increase in financial liabilities	0	-1,200
Repayment of lease liabilities	-1,844	-1,878
Other financial liabilities	554	146
III. Cash flow from financing activities	**-27,465**	**-16,020**
Change in cash and cash equivalents (Total of I., II. and III.)	**-6,742**	**9,104**
Change in cash and cash equivalents due to exchange rate changes	-138	498
Decrease (-) / Increase (+) in cash and cash equivalents	**-6,880**	**9,602**
Cash and cash equivalents at the beginning of the period	13,359	2,813
Cash and cash equivalents at the end of the period	**6,479**	**12,415**

€ thousands	1st half year	
	2020/21	2019/20
Interest expense	244	332
Tax payments	9,009	14,225

Balance sheet

€ thousands	31 August 2020	31 August 2019	Change	29 February 2020
Assets				
Intangible assets	8,137	8,567	-430	8,317
Property, plant and equipment	362,462	369,083	-6,621	369,299
Shares in companies consolidated at equity	2,476	2,179	297	2,268
Receivables and other assets	41	39	2	44
Deferred tax assets	6,047	3,221	2,826	4,728
Non-current assets	**379,163**	**383,089**	**-3,926**	**384,656**
Inventories	65,402	62,271	3,131	66,558
Current financial receivables	81,300	35,200	46,100	88,500
Trade receivables and other assets	135,861	104,777	31,084	94,564
Current tax receivables	7,737	7,038	699	6,999
Securities	14,989	5,997	8,992	14,992
Cash and cash equivalents	6,479	12,415	-5,936	13,359
Current assets	**311,768**	**227,698**	**84,070**	**284,972**
Total assets	**690,931**	**610,787**	**80,144**	**669,628**

Liabilities and shareholders' equity				
Subscribed capital	87,250	87,250	0	87,250
Capital reserves	197,847	197,847	0	197,847
Other reserves and other comprehensive income	223,934	170,286	53,648	217,784
Shareholders' equity	**509,031**	**455,383**	**53,648**	**502,881**
Provisions for pensions and similar obligations	31,821	32,838	-1,017	35,003
Other provisions	2,415	2,470	-55	3,385
Non-current financial liabilities	6,427	6,462	-35	6,326
Tax liabilities	1,956	0	1,956	1,957
Deferred tax liabilities	18,665	17,697	968	18,823
Non-current liabilities	**61,284**	**59,467**	**1,817**	**65,494**
Other provisions	8,057	7,366	691	11,049
Current financial liabilities	3,964	3,061	903	3,216
Trade payables and other liabilities	89,205	75,441	13,764	77,599
Tax liabilities	19,390	10,069	9,321	9,389
Current liabilities	**120,616**	**95,937**	**24,679**	**101,253**
Total liabilities and shareholders' equity	**690,931**	**610,787**	**80,144**	**669,628**

Development of shareholders' equity

€ 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 2019	**87,250**	**197,847**	**163,829**	**-816**	**601**	**163,614**	**448,711**
Net earnings for the period			**31,808**			**31,808**	**31,808**
Mark-to-market gains and losses on cash flow hedging instruments*				-2,691			
Foreign currency differences from consolidation					-4,140		
Remeasurement of defined benefit plans and similar obligations*			-5,504				
Income and expenses recognised in shareholders' equity			**-5,504**	**-2,691**	**-4,140**	**-12,335**	**-12,335**
Total comprehensive income			**26,304**	**-2,691**	**-4,140**	**19,473**	**19,473**
In the acquisition costs of non-financial assets reclassified hedges				**287**		**287**	**287**
Dividends paid			**-13,088**			**-13,088**	**-13,088**
31 August 2019	**87,250**	**197,847**	**177,045**	**-3,220**	**-3,539**	**170,286**	**455,383**
1 March 2020	**87,250**	**197,847**	**219,148**	**-2,749**	**1,385**	**217,784**	**502,881**
Net earnings for the period			**39,445**			**39,445**	**39,445**
Mark-to-market gains and losses on cash flow hedging instruments*				-7,669			
Foreign currency differences from consolidation					-4,660		
Remeasurement of defined benefit plans and similar obligations*			2,924				
Income and expenses recognised in shareholders' equity			**2,924**	**-7,669**	**-4,660**	**-9,405**	**-9,405**
Total comprehensive income			**42,369**	**-7,669**	**-4,660**	**30,040**	**30,040**
In the acquisition costs of non-financial assets reclassified hedges				**2,285**		**2,285**	**2,285**
Dividends paid			**-26,175**			**-26,175**	**-26,175**
31 August 2020	**87,250**	**197,847**	**235,342**	**-8,133**	**-3,275**	**223,934**	**509,031**

* After deferred taxes

Notes to the interim financial statements

Principles of preparation of the interim consolidated financial statements

The interim financial statements of the CropEnergies Group as of 31 August 2020 have been prepared according to the rules for interim financial reporting of IAS 34 (Interim Financial Reporting) in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). In accordance with IAS 34, the interim consolidated financial statements of CropEnergies AG as of 31 August 2020 are presented in a condensed form. The interim consolidated financial statements as of 31 August 2020 have not been reviewed. The executive board of CropEnergies AG prepared these interim financial statements on 28 September 2020.

As shown in the notes to the Annual Report for the 2019/20 financial year in item (1) "Principles of preparation of the consolidated financial statements" on pages 84 to 87, new or amended standards and interpretations were applicable for the first time to the interim reporting.

In other respects, the same accounting principles as used in the preparation of the consolidated annual financial statements as of 29 February 2020 have been applied. These principles are explained on pages 90 to 95 in the notes to the 2019/20 Annual Report. The Annual Report is available for viewing and downloading on the Internet at www.cropenergies.com/de/investorrelations/ or www.cropenergies.com/en/investorrelations/. The following additions are made to the disclosures provided there:

As of 31 August 2020, a discount rate of 1.60% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; as of 29 February 2020 and 31 August 2019, respectively, the discount rate was 1.16% and 1.15%.

Income taxes were calculated on the basis of country-specific income tax rates, taking into account income tax planning for the entire financial year. Irrespective of the annual tax rate calculation, significant special items are fully recognised in the respective quarter.

The biomass boiler installed in Wanze produces green electricity, which, according to the regulations in Wallonia for promoting sustainably generated energy, can be sold on the Belgian eco-electricity market until 2024. The green certificates allocated by the government for green electricity (green electricity certificates) are recognised as a reduction of the cost of materials in the amount of their sales proceeds. The corresponding sales proceeds amounted to € 7.8 (11.1) million in the reporting period.

In order to further reduce greenhouse gas emissions, a decision was taken to invest € 50 million in an additional biomass power plant, which is due to start operating in 2023. This step will enable the biorefinery in Wanze to produce in a climate-neutral manner. The green electricity certificates allocated for the generated eco-electricity can continue to be marketed within the trading system that has been set up. CropEnergies therefore expects sales proceeds to remain at their current level until at least the year 2038 if current capacity utilisation and electricity generation are retained.

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, 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 as a result of voting rights or prevailing circumstances, as a consequence of, among other things, contractual arrangements. Accordingly, the following subsidiary companies are consolidated:

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

The joint venture CT Biocarbonic GmbH, Zeitz, in which CropEnergies has a 50% stake and which is under joint management, is included 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.

Revenue, profit, investment and employees

€ thousands	1st half year	
	2020/21	2019/20
Revenues	**399,178**	**447,590**
EBITDA*	**70,439**	**64,889**
EBITDA margin in %	*17.6%*	*14.5%*
Depreciation*	-19,758	-21,171
Operating profit	**50,681**	**43,718**
Operating margin in %	*12.7%*	*9.8%*
Restructuring costs and special items	900	0
Income from companies consolidated at equity	208	108
Income from operations	**51,789**	**43,826**
Investments in property, plant and equipment and intangible assets	**14,295**	**12,824**
Employees	**455**	**442**

*Without restructuring costs and special items

Lower sales quantities and lower sales prices for the food and animal feed products sold were offset by the higher ethanol sales prices obtained. The improvement in ethanol sales prices enabled EBITDA to be increased to € 70.4 (64.9) million. Given the fall in depreciation, operating profit improved to € 50.7 (43.7) million. This gives rise to an operating margin of 12.7% (9.8%). Income from operations reached € 51.8 (43.8) million.

The capital expenditures amounting to € 14.3 (12.8) million were attributable almost entirely to property, plant and equipment. Of the total, € 7.9 million was invested at CropEnergies Bioethanol GmbH, € 5.7 million at BioWanze SA and € 0.5 million at Ensus UK Ltd.

As of the end of the first six months of the 2020/21 financial year, the number of employees (full-time equivalents) stood at 455 (442). Of this figure, 46 were employed at CropEnergies AG, 132 at CropEnergies Bioethanol GmbH, 121 at BioWanze SA, 47 at Ryssen Alcools SAS, 100 at Ensus UK Ltd and 9 at Ryssen Chile SpA.

Earnings per share

The net earnings of € 39.4 million in the 1st half of 2020/21 are fully attributable to the shareholders of CropEnergies AG. Earnings per share (IAS 33) are calculated on the basis of 87.25 (87.25) million shares. This produces earnings per share for the 1st half of 2020/21 of € 0.45 (0.36); there is no dilution of earnings per share.

Inventories

€ thousands	31 August	
	2020	2019
Raw materials and supplies	29,353	25,419
Work in progress	4,903	3,995
Finished goods and merchandise	31,146	32,857
	65,402	**62,271**

There was a price- and volume-related increase of € 3.1 million in inventories to € 65.4 million.

Trade receivables and other assets

€ thousands	31 August	
	2020	2019
Trade receivables	67,247	49,514
Receivables from affiliated companies	12,159	13,206
Other assets	56,455	42,057
	135,861	**104,777**

Trade receivables and receivables from affiliated companies increased by € 16.7 million to € 79.4 million.

Other assets, amounting to € 56.5 (42.1) million, mainly consist of receivables in the form of ring-fenced credits for hedges of € 28.8 (15.6) million, which witnessed a price- and volume-related increase. They also include VAT receivables of € 16.4 (11.3) million, positive mark-to-market values of derivative hedging instruments of € 4.0 (3.1) million and receivables from advance payments of € 3.9 (8.5) million.

Shareholders' equity

Shareholders' equity rose to € 509.0 (455.4) million. 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 hedging results reclassified in the acquisition costs of non-financial assets. The "cash flow hedges" item contains the changes in the mark-to-market values – including deferred taxes – of wheat, ethanol, gas and currency derivatives including accruals amounting to € -7.7 (-2.7) million. In the 1st half of 2020/21, the amount written back to revenues was € 1.6 (-7.8) million and that to the cost of materials was € 2.3 (0.3) million.

Trade payables and other liabilities

€ thousands	31 August	
	2020	2019
Trade payables	50,870	36,011
Payables to affiliated companies	2,139	13,063
Other liabilities	36,196	26,367
	89,205	**75,441**

Trade payables and liabilities to affiliated companies increased by € 3.9 million to € 53.0 million.

Other liabilities, amounting to € 36.2 (26.4) million, mainly comprise liabilities in the form of negative mark-to-market values of derivative hedging instruments of € 17.0 (9.0) million, liabilities in respect of other taxes amounting to € 10.6 (7.7) million and liabilities in respect of personnel expenses of € 6.2 (5.9) million.

Financial receivables / liabilities

€ thousands	31 August	
	2020	2019
Receivables from affiliated companies	81,300	35,200
Securities	14,989	5,997
Cash and cash equivalents	6,479	12,415
Liabilities from leases	-9,837	-9,377
Other financial liabilities	-554	-146
Net financial assets	**92,377**	**44,089**

As of 31 August 2020, there were net financial assets of € 92.4 (44.1) million. The net financial assets consisted of cash and cash equivalents of € 6.5 million, short-term investments in fixed-interest securities amounting to € 15.0 million and current financial receivables from affiliated companies amounting to € 81.3 million less liabilities from leases of € 9.8 million and other financial liabilities of € 0.6 million.

The current financial receivables from affiliated companies relate to Südzucker AG.

Financial instruments

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 gas swaps. 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.

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, financial receivables, other receivables, securities and cash items that fair values correspond to the book values.

The same applies to trade payables and other current liabilities.

Further details on calculating the fair values of the individual financial instruments as well as their allocation to measurement levels can be found in the notes to the consolidated financial statements of the Annual Report for the 2019/20 financial year in item (28) "Additional disclosures on financial instruments" on pages 120 to 123.

€ thousands	Fair Value Hierarchy							
	31 August 2020	Level 1	Level 2	Level 3	31 August 2019	Level 1	Level 2	Level 3
Positive market values – Cash flow hedge derivatives	3,933	3,933	0	0	3,068	3,031	37	0
Positive market values – Derivatives held for trading	45	45	0	0	44	44	0	0
Financial assets	**3,978**	**3,978**	**0**	**0**	**3,112**	**3,075**	**37**	**0**
Negative market values – Cash flow hedge derivatives	16,956	16,811	145	0	8,491	8,491	0	0
Negative market values – Derivatives held for trading	55	55	0	0	509	507	2	0
Financial liabilities	**17,011**	**16,866**	**145**	**0**	**9,000**	**8,998**	**2**	**0**

Relations with related companies and persons (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

The transactions with Südzucker AG in the 1st half of the 2020/21 financial year involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 6.7 (11.1) million. In addition, services worth € 1.6 (1.8) million, research & development work worth € 0.5 (0.6) million as well as other services worth € 0.5 (0.5) million were provided.

Set against this, the CropEnergies Group received € 1.6 (2.1) million from Südzucker AG for supplies of goods. Moreover, the CropEnergies Group received other compensation payments of € 0.1 (0.1) million and service revenues of € 0.1 (0.1) million. The CropEnergies Group incurred net interest expense of € 0.1 (0.1) million from the provision of an external credit line.

As of 31 August 2020, there were receivables of € 0.4 (0.2) million outstanding from Südzucker AG and liabilities of € 1.4 (3.7) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial receivables from Südzucker AG amounted to € 81.3 (35.2) million.

Affiliated companies of Südzucker AG

The transactions with the affiliated companies of Südzucker AG in the 1st half of the 2020/21 financial year involved supplies, especially raw materials and traded commodities, amounting to € 4.7 (29.0) million. In addition, services worth € 0.4 (0.4) million were provided.

Set against this, the CropEnergies Group received € 25.1 (41.5) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 0.9 (0.7) million and other compensation payments of € 0.1 (0.1) million.

As of 31 August 2020, there were receivables of € 11.8 (13.0) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 0.7 (9.4) million outstanding to the affiliated companies of 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.

Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 0.9 (0.8) million in the 1st half of 2020/21.

There were no transactions with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) in the 1st half of the 2020/21 financial year.

Report on events after the balance sheet date

Since 31 August 2020, there have been no transactions of particular importance which can be expected to have a significant impact on the assets, liabilities, financial position and profit or loss.

Responsibility statement

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

Mannheim, 28 September 2020

CropEnergies AG

The Executive Board

Dr. Stephan Meeder (Chief Executive Officer)	Jürgen Böttcher	Dr. Fritz Georg von Graevenitz

Financial calendar

■ Statement for the 1st to 3rd quarter of 2020/21	13 January 2021
■ Annual press and analysts' conference for the 2020/21 financial year	19 May 2021
■ Statement for the 1st quarter of 2021/22	7 July 2021
■ Annual General Meeting 2021	13 July 2021
■ Report for the 1st half of 2021/22	13 October 2021

Notes