cropenergies

Innovation from Biomass

Annual Report

2020/21

SÜDZUCKER GROUP

HIGHLIGHTS 2020/21
CROPENERGIES GROUP

■ Revenues reach € 833 (899) million	€ -66 million
■ Ethanol production declines to 987,000 (1,002,000) m³	-1.5%
■ EBITDA grows to € 148.4 (146.1) million	€ +2 million
■ Operating profit rises to € 107.0 (103.9) million	€ +3 million
■ Net earnings reach € 84.9 (74.6) million	€ +10 million
■ Cash flow amounts to € 122.3 (120.2) million	€ +2 million
■ Net financial assets increase to € 155 (107) million	€ +48 million

- Dividend proposal: distribution of € 0.35 per share

- Outlook for 2021/22*: CropEnergies expects revenues to range between € 870 and € 920 million. Operating profit is expected to range between € 50 and € 80 million. This is equivalent to an EBITDA of between € 90 and € 125 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. 84*

CROPENERGIES –
GROUP FIGURES OVERVIEW

IFRS/IAS		2020/21	2019/20	2018/19	2017/18	2016/17
Result						
Revenues	€ thousands	833,116	899,175	778,612	881,963	801,736
EBITDA	€ thousands	148,404	146,139	72,051	110,821	134,759
in % of revenues	%	17.8	16.3	9.3	12.6	16.8
Operating profit	€ thousands	107,033	103,893	32,783	71,660	97,562
in % of revenues	%	12.8	11.6	4.2	8.1	12.2
Income from operations	€ thousands	108,203	104,090	43,087	70,769	93,871
Net earnings	€ thousands	84,916	74,551	21,263	50,809	68,779
in % of revenues	%	10.2	8.3	2.7	5.8	8.6
Cash flow and capital expenditures						
Cash flow	€ thousands	122,277	120,196	59,094	89,609	107,168
in % of revenues	%	14.7	13.4	7.6	10.2	13.4
Capital expenditures in property, plant and equipment*	€ thousands	28,829	29,884	13,222	19,502	16,055
Balance sheet						
Total assets	€ thousands	742,433	669,628	585,748	592,293	597,920
Net financial assets (+)/ net financial debt (-)	€ thousands	154,647	107,309	36,813	36,874	-9,285
Equity	€ thousands	566,146	502,881	448,711	445,678	425,777
in % of total liabilities and shareholders' equity	%	76.3	75.1	76.6	75.2	71.2
Performance						
Property, plant and equipment*	€ thousands	360,415	371,521	371,369	396,301	419,135
Goodwill	€ thousands	6,095	6,095	6,095	6,095	5,595
Working capital	€ thousands	104,441	78,491	84,877	55,434	59,567
Capital employed	€ thousands	470,951	456,107	462,341	457,830	484,297
ROCE	%	22.7	22.8	7.1	15.7	20.1
Shares						
Market capitalisation	€ million	975	812	462	545	723
Total shares issued of 28/29 February	million	87.25	87.25	87.25	87.25	87.25
Closing price on 28/29 February	€	11.18	9.31	5.29	6.25	8.28
Earnings per share	€	0.97	0.85	0.24	0.58	0.79
Dividend per € 1 share	€	0.35**	0.30	0.15	0.25	0.30
Yield as of 28/29 February	%	3.1	3.2	2.8	4.0	3.6
Production						
Ethanol	1,000 m³	987	1,002	967	1,149	1,030
Employees						
Number of employees (full-time equivalents)		450	450	433	414	412

** Including intangible assets*
*** Proposed*

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CROPENERGIES HAS ALWAYS STOOD FOR SUSTAINABILITY: RENEWABLE RAW MATERIALS ARE USED TO MAKE SUSTAINABLE PRODUCTS. SO THAT WE WILL CONTINUE TO BE SUCCESSFUL IN THE FUTURE.

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WELL POSITIONED WITH FIVE FOCUS TOPICS

PREPARED FOR THE FUTURE!

OUR VISION

Our vision is a climate friendly world in which renewable resources are key to ensuring the welfare of today's and future generations.

OUR MISSION

Our mission is to be the most trusted partner for our customers, delivering sustainable products made out of biomass.

MORE CLIMATE-NEUTRAL. MORE BROADLY POSITIONED. FUTURE-PROOF. OUR NEW STRATEGY.

An operating profit of over € 100 million – things are obviously going well at CropEnergies. But if you want to be successful tomorrow, you have to set the course for it today. This is precisely the goal of CropEnergies' new strategic orientation. One thing is clear: the EU Green Deal, climate neutrality, CO_2 reduction and also the trend away from the classic combustion engine will determine the markets in the coming decades.
With its new strategy, CropEnergies is therefore focusing on "Innovation from Biomass". Specifically, the company wants to develop further in the following areas:

1. In its traditional core business of mobility – with sustainable and climate-friendly fuels.
2. In a completely new business area based on ethanol derivatives as an alternative to fossil raw materials.
3. With biogenic CO_2 as the raw material of the future and as capital for the company's further development.
4. To serve a clear growth market with protein products for the food and animal feed industry and to deepen the value chain.

In an interview with Silke Ullmann from Südzucker's subsidiary BENEO, the three members of the executive board of CropEnergies AG, Dr Stephan Meeder (CEO/CFO), Jürgen Böttcher (CTO) and Dr Fritz Georg von Graevenitz (CSO), explain the new strategic direction.

The photographs on these pages were taken in early 2021. Everyone in front of and behind the camera tested negative for Corona just before the shooting.

WHY CHANGE A WINNING SYSTEM?

Silke Ullmann:

"A new executive board and a short time later a new strategy, a new image, plus new goals, new visions and lots of ideas. At first glance, you could almost believe that CropEnergies has reorganised itself from top to bottom in recent months. Is that so? Or where did the impetus for the new direction come from?"

Dr Stephan Meeder:
"At first glance it may seem that way, that is true. But in reality, it was a process. The project at its core is older than the new board. We already started thinking about it in 2019 in the configuration with Joachim Lutz and Michael Friedmann. Moreover, it is not only us board members who are behind the strategy. Many people have worked on it over many months as members of our so-called Core Leadership Team: Where do we stand? Where do we come from? Where do we want to go? It was clear to us as a company that we are very successful at the moment. But we also had to ask ourselves what products or ideas we want to be successful with in five to ten years."

IT'S ABOUT OUR FUTURE!


“SUSTAINABILITY AND CLIMATE NEUTRALITY ARE MAJOR ISSUES THAT WILL DOMINATE THE ENTIRE CENTURY.”

RECOGNISING TRENDS AND REACTING

Silke Ullmann:
“Of course, a reorientation does not happen overnight. But what were the decisive factors that led to a new strategy?”

Jürgen Böttcher:
“Trends determine our strategic orientation. Think, for example, of the trend towards sustainable mobility and electric vehicles. This will naturally have an impact on CropEnergies’ current core business – fuel substitutes – even though the combustion engine will still be present for a long time. But the trend goes much further. Because sustainability and climate neutrality are major issues that will dominate the entire century. So, we are consistently focusing on renewable raw materials. Because we believe that the only way to solve the climate problem and achieve CO_2 reduction is to use these sustainable resources much more and leave fossil carbon in the ground.”

Silke Ullmann:
“What sustainable products could that be?”

Jürgen Böttcher:
“We are thinking of a wide variety of markets. And our contribution will therefore also rest on various pillars: We are involved, as mentioned, in innovations in the field of mobility. But also with so-called ethanol downstream products for the chemical industry. We will also be looking at using CO_2 as a raw material instead of just avoiding CO_2, as well as with sustainable food and animal feed. So: diversification and the use of all raw materials.”


01 SUSTAINABILITY
02 CIRCULAR ECONOMY
03 DIVERSIFICATION
04 OPERATIONS
05 PEOPLE

FOCUS TOPICS TO ACHIEVE THE SET GOALS

Silke Ullmann:
"In your new strategy house, as far as I can see, there are five focus topics you want to concentrate on. What are they all about?"

Dr Fritz Georg von Graevenitz:
"We also call them five pillars. They are a result of the many workshops and discussions in the Core Leadership Team. The new strategy rests on these pillars. They indicate how we can achieve our goal - our vision of a more climate-friendly world – and make our contribution with sustainable products."

Silke Ullmann:
"And what are the focus topics?"

Dr Stephan Meeder:
"The first focus topic is clearly sustainability.
- That is our DNA, so to speak.

The second is the circular economy.
- We do not want to produce waste and the circular economy aspect is also extremely important for the way we produce.

The third aspect is diversification.
- We want to offer a broad product portfolio for different markets and customer segments.

The fourth is operations.
- We want to have 'first class' factories with zero emissions.

And the fifth pillar is the most important one for me: people.
- Because we need highly motivated, committed employees to be able to actively take the future of CropEnergies in our hands."


CO2
REDUCTION

CROPENERGIES SELLS CO_2 REDUCTION

Silke Ullmann:
"Sustainability has always been anchored in the CropEnergies business model, after all, what is new here?"

Dr Stephan Meeder:
"That is correct, we have been producing and marketing sustainable products since day one. But sustainability not only permeates the world of our products, but also all of CropEnergies' business units. That is why we are now launching our own Green Deal, analogous to the EU Green Deal. The goal: to be climate-neutral by 2050."

Silke Ullmann:
"What does that mean exactly?"

Dr Stephan Meeder:
"It means that we include all areas in our considerations of sustainability and redefine them. We ask ourselves: What does sustainable production mean for us on a large scale (for example, in CO_2 reduction) and on a small scale (for example, in waste avoidance)? We are concerned with overall sustainability from production to distribution."

Dr Fritz Georg von Graevenitz:
"We always say: we produce ethanol, but we sell CO_2 reductions. For us, this also means that we offer our customers solutions so that they can meet their own CO_2 reduction targets. Solutions such as sustainably produced fuels, sustainable raw materials for the chemical industry and sustainable feed and food."

CIRCULAR ECONOMY – THE LINCHPIN

Silke Ullmann:
"Then, of course, it is not only exciting in terms of strategy, but above all in terms of implementation, how to become more sustainable. And how CropEnergies brings the topic of the circular economy to life. Are there already concrete goals and measures?"

Dr Fritz Georg von Graevenitz:
"In terms of the circular economy, we are already well on the way today. After all, the CropEnergies production plants have always been biorefineries. And we are already using the raw materials we use as completely as possible. Keyword food and animal feed as composite products of ethanol production. Similarly, we will explore many more potentials in the future. This will also enable us to further deepen the added value of our products. In addition, more and more residual materials are being used. Our products are the result of our actions: climate-friendly and sustainable."

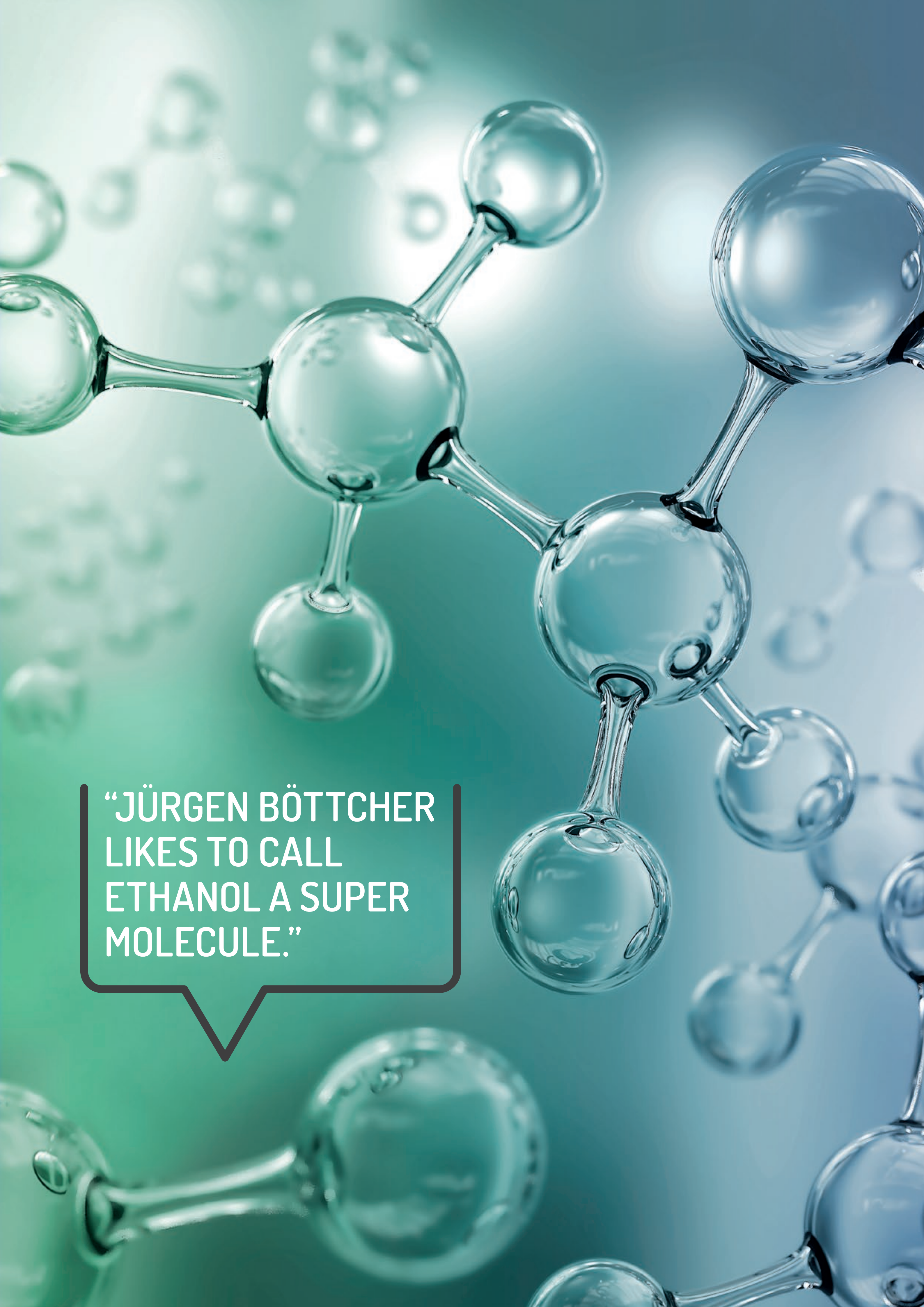
"OUR PRODUCTS ARE THE RESULT OF OUR ACTIONS: CLIMATE-FRIENDLY AND SUSTAINABLE."

DIVERSIFICATION – THERE ARE A LOT MORE OPPORTUNITIES

Silke Ullmann:
"And when you say you want to explore new potentials, that probably also has something to do with diversification as a second focus topic, doesn't it?"

Dr Stephan Meeder:
"Exactly. We took a critical look at the developments in the mobility sector early on. Because you simply have to see that the current social development is clearly going in one direction: away from the combustion engine. So, it is obvious that for us it is also about creating further sales opportunities for ethanol. And this is where diversification comes into play."

Dr Fritz Georg von Graevenitz:
"Jürgen Böttcher likes to call ethanol a 'super molecule'. It can be used in a wide variety of applications. One thing is clear: of course, we have a core market, which continues to be our fuel market. But we are already marketing in the chemical sector and see a very strong trend towards biogenic, low-CO_2 alternatives. We are also taking advantage of the great opportunities in the protein markets and see interesting opportunities in the area of high-protein animal feed. In food, everyone knows the trend towards meat substitutes. With our sister company BENEO, we want to develop this market further."



"JÜRGEN BÖTTCHER LIKES TO CALL ETHANOL A SUPER MOLECULE."


"THE ENTIRE COMPANY IS TO BE CLIMATE-NEUTRAL BY 2050. WHAT IS HAPPENING THERE SPECIFICALLY?"

PRODUCTION AND OPERATIONS – CLIMATE NEUTRAL BY 2050

Silke Ullmann:
"You mentioned the CropEnergies Green Deal earlier: The entire company is to be climate-neutral by 2050. I assume that the main levers for this are to be found in production. What is happening there specifically?"

Jürgen Böttcher:
"Take our factories, for example. The best available technologies have always been used there to achieve the highest efficiency. For this, we have used the advancing technical developments – and now also digitalisation (Industry 4.0). But we want much more in the company's own Green Deal: 35% less CO_2 from production processes by 2030 compared to 2018. By 2050, production is to become climate-neutral. To achieve this, we are already starting with the energy source conversion in Zeitz and in Loon-Plage this year. We are planning to build a new biomass boiler for our plant in Wanze. This will enable the production there to become completely climate-neutral. And we also have a clear line for all other departments on how to integrate green electricity into our plants."

EMPLOYEES – THEY ARE THE FUTURE

The new strategy was developed in various cross-site workshops of the Core Leadership Team.

Silke Ullmann:
"That sounds like a lot of interesting tasks for everyone at CropEnergies."

Dr Fritz Georg von Graevenitz:
"There is a lot to do and discover. That is correct. And in order for us to master these future issues, the 5th pillar is the most important: satisfied, motivated and qualified employees. We are currently introducing excellent new systems for work-life balance, personnel development and new work in the Südzucker Group. In this way we are ensuring that the new strategic orientation also increases the attractiveness of the company as an employer. By the way, transparent communication is of course also a factor."

Silke Ullmann:
"By transparent communication, you mean that you want to take the workforce with you?"

Dr Stephan Meeder:
"By that we mean that we always communicate our goals, strategies, visions and intentions openly and exchange ideas. Why this is a good idea is obvious: Once you get your own employees on board, you can implement new ideas faster and more effectively. And sometimes, these new ideas emerge precisely in this way. And everyone benefits from that."

Jürgen Böttcher:
"And all in all, it is clear to us as the Executive Board, but also to everyone else involved: we want highly motivated, committed employees. And we want to be and remain an attractive employer. Especially for junior staff."

INNOVATION FROM BIOMASS …

Silke Ullmann:
“Am I right in assuming that the new look of CropEnergies is also rooted in the strategic realignment?”

Dr Fritz Georg von Graevenitz:
“It most certainly is. Because our new design is about clearly showing to the outside world that we are turning our company around. Or rather: that we are consistently developing it further – even though we are very successful today. In terms of content, this is also summed up by our new claim: ‘Innovation from Biomass’. That tells us where we are heading: To a future in which sustainably produced and biomass-derived products are a driving force of progress.”

...AND A NEW LOOK

Silke Ullmann:
"Innovation from Biomass is something of a vision, after all. But are there also already very concrete projects that have been launched as drivers of innovation?"

Dr Stephan Meeder:
"Of course there are. In one important innovation project, for example, we are looking at our previous core segment of fuel ethanol: E20 to be precise. This E20 can and will be a climate fuel of the future for many cars. Here we are cooperating with Volkswagen, Bosch and Mabanaft. In general, the topic of advanced biofuels, i.e. ethanol produced from residual materials, is very relevant for us."

Jürgen Böttcher:
"What we are observing very intensively and pursuing specifically is the topic of sustainable plastics from sustainable ethanol. There is a lot going on there at the moment. Opportunities are also opening up in the context of the energy transition: through power-to-gas or power-to-liquid made by CropEnergies. And not to be forgotten: Our products for the food and animal feed sector. Here, too, we are constantly developing."

Silke Ullmann:
"That all sounds very exciting, I'm looking forward to watching how CropEnergies will develop over the next few years!"

Dr Stephan Meeder:
"Thank you very much. Intelligent, successful solutions for our customers for less CO_2 emissions – that is CropEnergies. And that is something to be excited about! Because we are too. And we look forward to a more successful future together with our employees, customers and shareholders!"

WHAT WILL THIS FUTURE LOOK LIKE?

COMPANY PROFILE

CropEnergies AG Mannheim

- The leading producer and distributor of renewable ethanol in Europe
- Production sites in Germany, Belgium, France and the UK
- Ethanol plants have been certified as sustainable with greenhouse gas reductions of, on average, more than 70 percent
- The leading producer and distributor of renewable ethanol in Europe
- Know-how in the industrial processing of agricultural raw materials into high-quality products and their marketing accumulated over many years
- Our aim: The production of sustainable products from renewable biomass

THE PRODUCTION SITES

Wilton, United Kingdom

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

Raw material: Wheat

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: Wheat 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

1.3 million m^3

ethanol
(annual capacity)

LARGEST

ethanol producer in
Germany and Belgium

€ 975 million

market capitalisation at the
end of financial year 2020/21

>1 million t

of food and animal feed
products (annual capacity)

100,000 t

liquefied CO_2
(annual capacity)

Loon-Plage, France

Annual capacity
- > 100,000 m³ ethanol for fuel applications
- 90,000 m³ ethanol for traditional and technical applications

Raw material: Raw alcohol

Wanze, Belgium

Annual capacity
- 300,000 m³ ethanol fuel applications
- > 60,000 t gluten
- > 400,000 t ProtiWanze®

Raw materials: Wheat and sugar syrups

Liquefied CO_2
for food and industrial applications, i. a. for beverage production

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


“GOOD PROSPECTS
FOR THE FUTURE!”

cropenergies

Innovation from Biomass

ANNUAL REPORT 2020/21

LETTER TO SHAREHOLDERS

Dear Shareholders,

The year 2020 will no doubt remain etched in all our memories for a long time. The CropEnergies Group was also unable to escape the impact of the coronavirus pandemic. Mobility restrictions, on the one hand, and high demand for disinfectants, on the other, caused a shift in markets and demand in next to no time. As a systemically relevant company, CropEnergies was able to make a contribution to protecting against the virus. Employees in production, sales and logistics reacted quickly, increasing the production of neutral alcohol for the manufacture of disinfectants and organising the packaging and supply of small quantities. This showed the diverse possible uses of alcohol, the production of which in the biorefineries gives rise to equally important food and animal products. The pandemic also underlined the importance of domestic production for the reliable supply of alcohol.

Just how challenging the market situation in 2020 was is also borne out by the price of ethanol: within a few weeks, it initially fell to an all-time low only to reach an all-time high a few months later. Despite the massive fluctuations in ethanol prices and partly also raw material costs, CropEnergies closed the 2020/21 financial year successfully. Revenues reached € 833 million, while operating profit, at € 107 (104) million, is 3% above the previous year's level. Against this background and the continuing improvement in net financial assets, the executive board and supervisory board will propose to the annual general meeting that a dividend of 35 (30) euro cents per share be distributed.

Even if the novel coronavirus has displaced the climate protection debate from the front pages for the time being, climate change still remains one of the greatest social challenges. The climate policy targets of the EU and the federal government are ambitious, requiring rapid, technology-neutral implementation. As far as the transport sector is concerned, the existing vehicle fleet must be decarbonised. This will rapidly enable large quantities of CO_2 to be saved using the existing infrastructure. CropEnergies makes an important contribution here with ethanol from renewable raw materials. A positive signal in this respect was provided by the introduction of Super E10 in Denmark, Lithuania, Slovakia and Hungary in January 2020. The United Kingdom will introduce E10 nationwide in September 2021.

CropEnergies continued to work intensively on strategic further development in the past financial year in order to set the course for the company's future. It reformulated its vision and mission and redefined objectives and priorities. Our aim is to create a climate-friendly future in good faith together with our partners. To this end, we supply sustainably produced, bio-based products. We ensure sustainable and efficient handling of the entire biomass used by implementing innovative biorefinery concepts at our sites. The products produced aim to improve the quality of life for the present generation, while safeguarding the basis of life for future generations. As the leading European producer of sustainably generated ethanol, CropEnergies combines business success with social responsibility, climate and environmental protection. As the leading European producer of sustainably generated ethanol, we combine business success with social responsibility and climate and environmental protection. This further development and reorientation are also reflected in our new corporate identity. The new, modern corporate identity shows our allegiance to sustainability and biomass, while simultaneously underlining the role of technology and innovation.

All this is possible only through our employees' outstanding dedication and high level of motivation. We express our sincere thanks for this.

We thank you, dear shareholders, for your trust in accompanying us on the journey to a more environmentally friendly world.

With kind regards,

Dr. Stephan Meeder	Jürgen Böttcher	Dr. Fritz Georg von Graevenitz
Chief Executive Officer (CEO)/ Chief Financial Officer (CFO)	Chief Technical Officer (CTO)	Chief Sales Officer (CSO)

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Dr. Thomas Kirchberg
from 16 March 2020

Würzburg
Member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG

Franz-Josef Möllenberg

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

Dr. Hans-Jörg Gebhard

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

Ökonomierat Norbert Schindler

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

Executive board

Joachim Lutz
Executive board spokesman (CEO until 14 July 2020)

Mannheim

First appointed: 4 May 2006

Departments: production, business development, public relations, marketing, compliance and personnel

Dr. Stephan Meeder
Executive board spokesman (CEO from 14 July 2020)/ Chief Financial Officer (CFO)

Mannheim

First appointed: 30 April 2015
Executive board spokesman from 14 July 2020
Appointed until: 29 April 2025

Departments: finance, accounting, controlling, investor relations, capital market compliance, public relations, marketing, corporate governance, taxes and law

Jürgen Böttcher
Chief Technical Officer (CTO); from 1 May 2020

Erfurt

First appointed: 1 May 2020
Appointed until: 30 April 2023

Departments: production and technology, sustainability, business development, personnel, data protection, quality management, research & development and IT

Dr. Fritz Georg von Graevenitz
Chief Sales Officer (CSO)

Heidelberg

First appointed: 1 October 2019
Appointed until: 30 September 2024

Departments: procurement, sales, logistics, risk management and compliance


Joachim Lutz


Dr. Stephan Meeder


Jürgen Böttcher


Dr. Fritz Georg von Graevenitz

A list of mandates held can be found on page 158 onwards of the annual report.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The past year was completely different from the previous one in many areas. The world was and still is in an unprecedented situation. The coronavirus pandemic is impacting all areas of life and has presented great challenges to many companies. CropEnergies has coped with these very well.

Due to the pandemic, climate protection has taken somewhat of a back seat in the public perception during the previous financial year, however the importance of the topic has returned to society and politics in the recent weeks. There is a need for action in the transport sector, in particular, and renewable ethanol, here, is one of the few solutions that, with the existing infrastructure and in the present vehicle fleet, can make a significant contribution to reducing greenhouse gases today.

At the same time, CropEnergies is setting the course for the company's further development. The new vision and mission are pointing the way ahead: sustainability continues to be at the centre of CropEnergies AG's business operations, while another focus in future is to be the production and marketing of sustainable biomass products used outside the fuel sector.

The supervisory board consulted closely with the executive board on these issues in the past year, concerning itself in depth with the business development, financial position and business prospects of the CropEnergies Group. 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.

The supervisory board was directly involved in all fundamental decisions relating to the CropEnergies Group. It was kept continuously informed in a timely and comprehensive manner about all relevant questions of corporate planning and the course of business, the position and the development of the CropEnergies Group, including the risk situation, and about risk management and compliance issues. The executive board determined the strategic orientation of the CropEnergies Group in consultation with the supervisory board. The 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. In addition, the supervisory board has been informed, on a regular basis, by the executive board about developments, measures taken and the company's situation since the outbreak of the coronavirus pandemic.

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 2020/21 financial year. Owing to the coronavirus pandemic, most meetings were held as conference calls or video conferences.

In addition to the meetings, two resolutions were passed by written procedure. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board. 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, the progress of investments, strategic development and the current earnings situation. The chairman of the audit committee provided information about content and resolutions passed by the audit committee at the following supervisory board meeting in each case.

On **15 April 2020**, the supervisory board approved, by written procedure, the admission of Dr. Thomas Kirchberg to the company's audit and nomination committees, succeeding Dr. Wolfgang Heer.

At its annual account meeting on **11 May 2020**, the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2019/20, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2019/20 annual financial statements and consolidated financial statements. The independent auditor, PwC, subsequently 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 agreed with the executive board's proposal on the use of the unappropriated profit and approved the supervisory board's report. It prepared the 2020 virtual annual general meeting, decided on the agenda and, based on the audit committee's recommendation, the proposal to be made to the annual general meeting in respect of the election of the independent auditor. In line with the nomination committee's recommendation, the supervisory board adopted the proposal to the annual general meeting to elect Dr. Thomas Kirchberg to the supervisory board, succeeding Dr. Wolfgang Heer. Furthermore, the supervisory board approved the CropEnergies Group's investment plans for 2021/22 and its long-term investment programmes and the allocation of executive board departments planned after the end of the 2020 annual general meeting, as well as adjusting the executive board's compensation structure.

At the meeting on **14 July 2020** (prior to the annual general meeting), the medium-term planning was presented.

At the meeting on **9 November 2020**, the supervisory board addressed the earnings projection for the 2020/21 financial year and approved an investment supplement. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. The supervisory board conducted the annual self-assessment of its activities, adjusted the supervisory board's rules of procedure, established an ad-hoc "executive board compensation" committee and approved the declaration of conformity for 2020. It also discussed the issue of compliance.

On **8 January 2021**, the supervisory board approved, by written procedure, the sale of the Ryssen equity investment in Chile.

At the meeting on **18 January 2021**, the updated earnings projection for the 2020/21 financial year was presented and the status of the sale of the Ryssen equity investment in Chile discussed.

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. At its meeting on 9 November 2020, it also established an ad hoc **"executive board compensation" committee.**

The **audit committee**, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and, since 15 April 2020, Dr. Thomas Kirchberg belong, convened four times in the 2020/21 financial year. Owing to the coronavirus pandemic, most meetings were held as conference calls or video conferences. 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 **7 May 2020**, 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 quality and independence.

At the meeting on **6 July 2020**, the audit committee discussed the quarterly statement for the 1st quarter of 2020/21 and the independent auditor's quotation for the audit of the annual financial statements. It issued the mandate for the 2020/21 financial year subject to the consent of the 2020 annual general meeting.

At the meeting on **6 October 2020**, the audit committee discussed the interim report for the first half of the year. 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 **12 January 2021**, the audit committee discussed the quarterly statement for the 3rd quarter of 2020/21.

The supervisory board members Thomas Kölbl (Chairman), Dr. Thomas Kirchberg, Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong to the **nomination committee**. The nomination committee convened on 29 April 2020. Taking the supervisory board's diversity concept into account, a recommendation was made to the latter that Dr. Thomas Kirchberg, who had already been court-appointed, be recommended to the 2020 annual general meeting for election as a shareholder representative. On 15 April 2020, the supervisory board elected the court-appointed Dr. Thomas Kirchberg as a member of the nomination committee, succeeding Dr. Wolfgang Heer.

The supervisory board members Dr. Hans-Jörg Gebhard (Chairman), Dr. Thomas Kirchberg, Thomas Kölbl and Prof. Dr. Markwart Kunz belong to the ad hoc **"executive board compensation" committee**.

Attendance records I Owing to his candidacy for election to the supervisory board by the annual general meeting, the court-appointed Dr. Thomas Kirchberg did not attend the meeting of the nomination committee on 29 April 2020. Otherwise, the meetings of the supervisory board and of the committees were attended by all members in each case.

Supervisory board self-assessment I The recommendation contained in D.13 of the German Corporate Governance Code states that the supervisory board should carry out a self-assessment of its activities. 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 9 November 2020. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Compliance I On 12 January 2021 and 8 February 2021, respectively, the regular discussion about fraud and corruption risks took place between the independent auditor and the chairman of the audit committee and the chairman of the supervisory board, respectively, 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 2020 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 100 – 103 of the corporate governance report. As with declarations of conformity issued in previous years, the full wording of the 2020 joint declaration of conformity issued by the executive board and the supervisory board pursuant to § 161 AktG is published on the CropEnergies website (www.cropenergies.com on the investor relations/corporate governance 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; the supervisory board was also provided with detailed information about this by the executive board.

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 2020/21 financial year, and the consolidated financial statements and the group management report for 2020/21, 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 2016/17 financial year, Michael Conrad has been the responsible independent auditor at PwC.

In light of the fact that, as of 28 February 2021, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), including the 69.2% of voting rights held by Südzucker AG, directly and indirectly holds 74.0% 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.

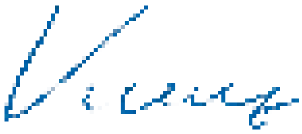
The documents to be examined and the independent auditor's reports were distributed in good time to each supervisory board member. Representatives of the independent auditor, PwC, were present at the audit committee's meeting on 6 May 2021 and at the supervisory board's annual account meeting on 17 May 2021, 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 17 May 2021; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board agreed to the executive board's proposal on the use of the unappropriated profit, with the distribution of a dividend of € 0.35 per share.

Personnel matters I The following changes took place in the **supervisory board**: Dr. Wolfgang Heer stepped down from the supervisory board with effect from 4 February 2020. Dr. Thomas Kirchberg, member of the executive board of Südzucker AG, was initially appointed to succeed Dr. Heer by Mannheim Registration Court on 16 March 2020 before he was then elected in the annual general meeting on 14 July 2020.

The following changes were made in the **executive board**: Joachim Lutz stepped down from the executive board with effect from the end of the annual general meeting on 14 July 2020. Dr. Stephan Meeder, who is also Chief Finance Officer (CFO), succeeded him as CEO. The supervisory board also appointed Jürgen Böttcher as Chief Technical Officer (CTO), with effect from 1 May 2020.

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, 17 May 2021
On behalf of the supervisory board



Prof. Dr. Markwart Kunz, Chairman

SHARE AND CAPITAL MARKET

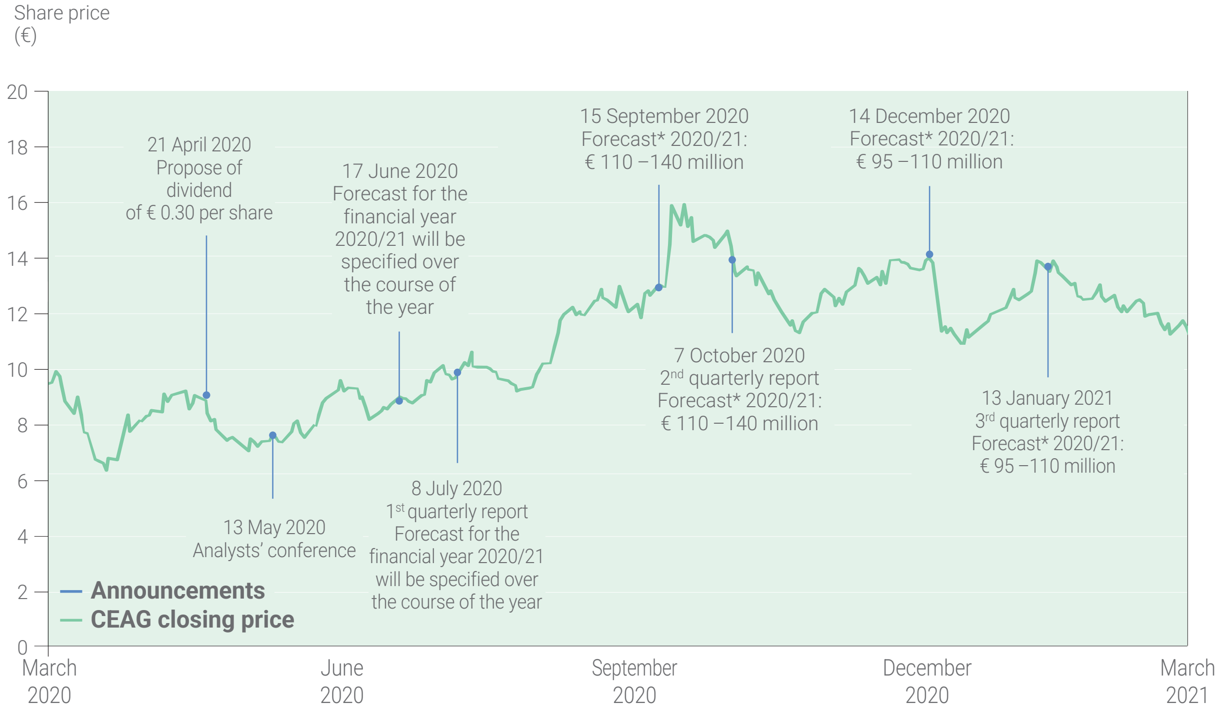
Capital market environment

Developments on the stock exchanges were influenced by the coronavirus pandemic in the 2020/21 financial year. Despite significant strains on the real economy, new records were achieved on the stock exchanges in tandem with increased volatility. For example, not only the American stock market indexes Dow Jones and Nasdaq, but also DAX®, MDAX® and SDAX® recorded new highs in January 2021.

Due to the significant regional differences in lockdown phases and the correspondingly different effects on industrial sectors, there was a very heterogeneous development in company profits and profit forecasts in Germany. Owing to this exceptional situation, many companies were unable to provide any forecast at all. Many forecasts that had already been published were deleted entirely. Continuing punitive tariffs and the continued trade conflict between the USA and China presented additional strains. Although the climate debate temporarily moved into the background, the implementation of measures that had already been decided led to a continuation of structural change in many sectors.

The fact that the DAX® nevertheless increased significantly was due, in particular, to the continuing high availability of liquidity as a result of the central banks' persistent low-interest rate policy. The US election with the inauguration of the new president in January 2021 also had a market-supporting effect. After the US central bank, the Federal Reserve, had performed a monetary policy U-turn with three cuts in the base rate in 2019, a sideways movement followed in 2020. The European Central Bank decided to lower the deposit rate by ten base points to -0.5% on 12 September 2019 and confirmed this decision over the entire 2020 calendar year.

Performance of the CropEnergies share



Performance of the CropEnergies share from 1 March 2020 until 28 February 2021 (XETRA® closing prices)
** Forecast applies to the expected group operating profit in each case*

Volatility also increased on the bond markets. The return on ten-year federal bonds which had already entered negative territory in 2019 remained at a similar low level in 2020, standing at -0.25% as of the end of February 2021. This was the manifestation of the yield differential between ten-year federal bonds and the dividend yield of the DAX®.

Performance of the CropEnergies share

The CropEnergies share began the 2020/21 financial year at a price of € 9.40. Initial reports about a possible pandemic situation with unforeseeable consequences led to massive uncertainty on the capital markets. The CropEnergies share was also unable to escape this development, reaching a low for the year of € 6.15 on 19 March. The price was no longer able to reach the value at the start of the year by the time of the annual general meeting on 14 July 2020. The mobility restrictions to contain the spread of the pandemic had resulted in massive declines in the price of ethanol. Once the restrictions were eased and the ethanol price rose accordingly, a significant increase in earnings was achieved in the 2nd quarter of the financial year, resulting in a massive price hike to the high for the year of € 15.98. This simultaneously marked a new all-time high. Renewed mobility restrictions following the outbreak of the "2nd coronavirus wave" made it necessary to reduce the earnings outlook, which was reflected in declining prices. The price subsequently stabilised at a level of between € 12 and € 13 and hence significantly above the price at the start of the year, closing at € 11.18 (28 February 2020: € 9.31) on 26 February 2021. This meant that there was an overall increase of 20% in the 2020/21 financial year.

Stock exchange listing and shareholder structure

The CropEnergies AG share (ISIN DE000A0LAUP1) was listed on the SDAX® on the Frankfurt Stock Exchange until the index adjustment on 22 March 2021. The share is also traded in the XETRA® electronic trading system and in the over-the-counter market at German stock exchanges. As of 28 February 2021, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) directly holds 4.8% of CropEnergies shares as well as a further 69.2% indirectly via Südzucker AG. There were no reportable voting right announcements. The share's free float was 26%. At the time of the annual general meeting in 2020, CropEnergies shares were located in over 10,500 – mainly private – deposit accounts.

Annual general meeting 2020

The annual general meeting on 14 July 2020 was held in virtual form for the first time, due to the pandemic. The shareholders present represented 84% of the capital and were mainly interested in the developments in the company in the 2020/21 financial year as well as the 2019/20 annual financial statements. The predominant issue was the expected impact of the pandemic. Furthermore, there were questions about the possibilities that present themselves for sustainably produced renewable ethanol in an environment in which climate protection is playing an increasingly important role in political discussions. All the proposals put forward by the executive and supervisory boards were passed in each case by a majority of over 99%.

Dividend proposal 2021

The executive board and supervisory board will propose to the annual general meeting on 13 July 2021 that a dividend of € 0.35 be distributed. An amount of € 30.5 million is therefore expected to be paid out to shareholders. Based on a closing price of € 11.18 on 26 February 2021, that corresponds to a dividend return of 3.1%.

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		SDAX® (until 22 March 2021)
Stock exchanges		XETRA®: Frankfurt Over-the-counter market: Stuttgart, Düsseldorf, Hamburg/Hanover, 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 (4.8%), free float (26%)

Key figures (based on XETRA®)

		2020/21	**2019/20**
Financial year-end closing price	(€)	11.18 (26/02/2021)	9.31 (28/02/2020)
High	(€)	15.98 (18/09/2020)	11.98 (13/01/2020)
Low	(€)	6.15 (19/03/2020)	5.20 (28/03/2019)
Market capitalisation at financial year-end	(in € million)	975	812
Average daily turnover of the share	(number of shares)	116,647	75,171
Earnings per share according to IAS 33	(€)	0.97	0.85
Dividend per share	(€)	0.35*	0.30

** Proposal*

Source: Deutsche Börse AG, XETRA® data

Market capitalisation and turnover

CropEnergies had a market capitalisation of € 975 million as of the reporting date on 28 February 2021. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 36 (24) million shares. That corresponds to an average daily turnover of approximately 144 (98) 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. It is also possible to sign up to or sign off from receiving company notices and financial reports in electronic form.

In light of the coronavirus pandemic, CropEnergies clarified the company's business development and corporate strategy at virtual analyst and capital market conferences as well as virtual road shows in the reporting period. 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 biorefineries 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 (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); until 24 February 2021

In addition, CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz (Germany).

In Zeitz, CropEnergies Bioethanol GmbH operates a biorefinery 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. In addition, biogenic CO_2 from fermentation is supplied to CT Biocarbonic GmbH's liquefaction plant.

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

BioWanze SA operates a biorefinery 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, over 60,000 tonnes of gluten and more than 400,000 tonnes of ProtiWanze® can be produced per year. BioWanze generates a large part of its required process energy from the husks of the delivered grain that are used in its own biomass plant for producing steam and electricity.

Ensus UK Ltd has a biorefinery with an annual capacity of approximately 400,000 m³ of ethanol and 350,000 tonnes of protein animal feed in Wilton. 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 plants for the rectification (purification) and dehydration (drying) of alcohol in Loon-Plage. Production capacities include up to 90,000 m³ of neutral alcohol a year, which is used, among other things, in the beverage and food industry as well as for applications in the chemical, pharmaceutical and cosmetic industry. In addition, a capacity of over 100,000 m³ of ethanol a year is available in dehydration, especially for the fuel sector.

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

The trading office Ryssen Chile SpA was sold on 24 February 2021.

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 beverage and 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 and the executive board's rules of procedure 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 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 in the CropEnergies Group.

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 measurement and disclosure principles.

Guiding principles and corporate strategy

The CropEnergies Group's mission is to work in concert with its partners to shape a climate-friendly future in good faith and to develop solutions for social and corporate challenges. To this end, we supply sustainably produced, bio-based products to our partners. The focus in the manufacture of these products is on responsible and efficient handling of the biomass used and all its components. CropEnergies follows the principle of the circular economy. Renewable raw materials are utilised as completely as possible so as to conserve resources and avoid wastes.

The products produced aim to improve the quality of life for the present generation, while safeguarding the basis of life for future generations. As the leading European producer of sustainably generated ethanol, CropEnergies combines business success with social responsibility, climate 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 and replaces fossil resources. 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 reduce European import requirements for vegetable proteins, particularly soy, which is produced with a high consumption of resources in South and North America and transported over long distances to Europe.

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 biomass generation to manufacture through to transport and marketing of the products. With its innovative production facilities, CropEnergies sets standards in terms of efficiency, flexibility and sustainability. At its Belgian site in Wanze, CropEnergies will dispense altogether with fossil energy sources from 2023 and hence be able to produce in a largely climate-neutral manner. The entire group has committed to reducing fossil greenhouse gas emissions. The aim, by the year 2030, is to lower fossil greenhouse gas emissions in CropEnergies' existing plants by more than 35 percent compared with 2018 through energy savings and the increasing use of renewable energy sources.

Efficient sourcing management and an optimised logistics network also help to avoid greenhouse gas emissions. When procuring raw materials, CropEnergies focuses on regional value chains, wherever possible, by requiring at least 90 percent of the raw materials processed in its European biorefineries to be of European origin. Most of these raw materials are procured within a radius of 250 kilometres. Regional value chain stages increase the sustainability of and identification with CropEnergies.

CropEnergies is regarded as a trustworthy partner characterised by long-standing experience at all value creation and process stages. 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, in which the use of renewable raw materials is the key to the well-being of current and future generations.

SUSTAINABILITY *

Company

Foundations of the group
The foundations of the group and information about its management and corporate structure are described in detail in the "Foundations of the group" section on pages 46 – 48.

Strategy and corporate management
Sustainable business activity, i.e. reconciling ecology, economics and social responsibility, is a central element of CropEnergies' corporate strategy and is in accord with its vision of preserving the common good for future generations. The exercise of corporate social responsibility includes the planning, implementation and communication of social and ecological measures as well as their integration into organisational development and strategy.

CropEnergies pays particular attention to the following aspects:

- The fullest possible utilisation of raw materials used through processing of all components into high-quality products
- Procurement of agricultural raw materials that comply with high quality and sustainability requirements and are of mainly regional origin
- Continuous improvement of production technologies in respect of their environmental impact and energy efficiency
- Efficient application of quality, environment and energy management systems
- Respecting the interests of all stakeholders essential to CropEnergies
- Long-term partnerships, e.g., with raw material suppliers and customers

The thematic area of sustainability, climate protection and energy use is a strategic focal point of CropEnergies which will become even more important in future. CropEnergies focuses on the mid-to long-term reduction of greenhouse gas emissions along the entire value chain. This includes, among other things, energy conservation measures and the replacement of energy sources as well as increasing the proportion of regionally sourced raw materials. The Chief Technical Officer has overall responsibility for sustainability.

Biorefineries / Circular economy
CropEnergies' aim is to embed the fundamental idea of a circular economy in all of its biorefineries. That means continually and systematically minimising resource requirements, energy and water use as well as the input of harmful substances and wastes into the environment whilst observing the highest quality standards. The essential component of the business model is the fullest possible utilisation of the deployed biomass to manufacture renewable products that replace fossil raw materials and thereby contribute to avoiding greenhouse gas emissions harmful to the climate. This currently includes, in particular, sustainable alternatives to fossil fuels in the same way as valuable food and animal feed products. Further application areas and products are intended to supplement CropEnergies' portfolio of sustainable, biobased solutions in future.

Thanks to its integrated production concepts, CropEnergies refines the raw materials used into high-grade products in a resource-efficient manner in its biorefineries. 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 meeting European demand for vegetable proteins, thereby reducing, in particular, soy imports from North and South America. Furthermore, the biogenic carbon dioxide produced during fermentation is collected, cleaned and liquefied in Zeitz and Wilton. It replaces carbon dioxide of fossil origin in the manufacture of beverages, for instance. In Wanze, another CO_2 liquefaction plant, which will start operating in the autumn of 2021, is under construction.

* Not part of the independent auditor's mandate

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, technical alcohol, neutral alcohol, liquid and dried protein animal feed as well as biogenic carbon dioxide is being produced from sugar beet and grain in a total of five production plants in Zeitz.

External sustainability assessment
In the "Renewable Energy Directive", the European Union has defined sustainability requirements for the cultivation of biomass for energy uses. 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.

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, in that the fuel ethanol produced saves, on average, over 70% of greenhouse gas emissions.

CropEnergies achieved Prime status (C+) in the ISS ESG Corporate Rating. CropEnergies, as an integral part of the Südzucker Group, also participates in the Carbon Disclosure Project (CDP) Climate Change as well as in EcoVadis. Additionally, Ryssen has EcoVadis Gold status.

EU taxonomy

Background
The Taxonomy Regulation aims to help investors to identify sustainable investments. This is to be brought about by means of a unified classification system that identifies projects and economic activities having a positive impact on climate and the environment. The list is to be understood as a recommendation, there being no obligation to adhere to it.

With the proposal, the EU intends to direct capital flows towards ecologically sustainable economic activities so that private investments also increasingly make a contribution to the European Green Deal. The criterion of sustainability is thereby closely linked to the EU's six environmental objectives:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

For an economic activity to qualify as sustainable, it must fulfil four criteria:

1. It makes a substantial contribution to at least one of the environmental objectives.
2. It does no significant harm to any of the other environmental objectives.
3. It meets minimum requirements in relation to labour standards and human rights.
4. It complies with the technical screening criteria (TSC) specified by the European Commission.

Certification systems	Company
2BSvs	Ryssen Alcools SAS
ISCC EU	Ensus UK Ltd
REDcert EU	BioWanze SA, CropEnergies Bioethanol GmbH, Ryssen Alcools SAS

The technical screening criteria were submitted to the European Commission in March 2020 and list concrete economic activities which meet the above-mentioned objectives.

Application areas
The Taxonomy Regulation provides for different reporting obligations for different user groups. For example, investment funds will, in future, have to disclose what percentage of their investments is taxonomy-aligned. Companies required to submit a non-financial declaration under the Corporate Social Responsibility (CSR) Directive will, in future, also have to disclose taxonomy-aligned revenues and investments separately from non-aligned activities. Furthermore, public measures and standards must clearly show what complies with the taxonomy criteria.

The specified transparency requirements also apply to financial products sold as sustainable (e.g., so-called ESG [environmental, social, governance] funds). If products are taxonomy-aligned, the issuer can assign them a green label. Issuers that do not measure their products against the EU's sustainability criteria must give reasons for this in a declaration. The aim is to provide incentives for investors to focus increasingly on sustainable companies and products in future.

Significance for CropEnergies and outlook
On 20 November 2020, the European Commission published a draft delegated act including the above-mentioned technical screening criteria. Although it acknowledged the important contribution that biofuels make to climate change mitigation, it did not recognise the sustainability criteria of the "Renewable Energy Directive II" for biofuels from arable crops in all respects. ePURE, the European ethanol industry association, pointed this out in the context of a public consultation, asking for the corresponding formulation to be corrected. The European Commission is now expected to submit a detailed revision of the delegated act in the ^{2nd} quarter of 2021.

Environment

Many processes in CropEnergies' business model are environmentally relevant: the extraction of primary raw materials from the environment, their preparation and transportation, their processing and the manufacture of products in biorefineries, the distribution of the products and their use, as well as the collection and treatment of waste and waste water. All these steps are performed using suitable and regionally adapted technologies that are constantly being refined.

Biodiversity
The way ecosystems function mainly depends on climatic factors, but ecosystems are also essential components of regional and global climate systems via water and carbon cycles. With regard to biodiversity, CropEnergies' activities and products impact agriculture, water and carbon cycles and greenhouse gas emissions.

The statutorily defined sustainability criteria for manufacturing renewable fuels ensure that the raw materials used are not extracted from land with high carbon stocks or land with high value in terms of biodiversity. More than 99% of the agricultural raw materials used by CropEnergies have been certified as sustainable.

Furthermore, biodiversity is actively encouraged at the production sites. In Wilton, for example, a reforestation project in the region was started together with residents. Unfortunately, the work has currently been suspended owing to the pandemic.

Raw materials

CropEnergies' sustainability activities begin as early as the upstream stages of the value chain, particularly in respect of the procurement of the sustainable raw materials. CropEnergies' biorefineries use only agricultural raw materials of European origin that are mostly procured close to the respective site. CropEnergies has set itself the target of sourcing 95% of raw materials from Europe and 75% from within a radius of 250 km.

All suppliers of agricultural raw materials in the EU fulfil the principles of cross-compliance applicable to agricultural production with the corresponding requirements for agriculture. These requirements ensure environmentally sound farming. 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 or in areas of high biological diversity. In order to guarantee this, all interfaces involved in production are regularly audited by independent 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.

In addition to agricultural raw materials, CropEnergies also processes residues into renewable fuel. In the past financial year, this made up 5% of the ethanol sold in the transport sector. The quantity of ethanol manufactured from residues is to be gradually increased in the next few years.

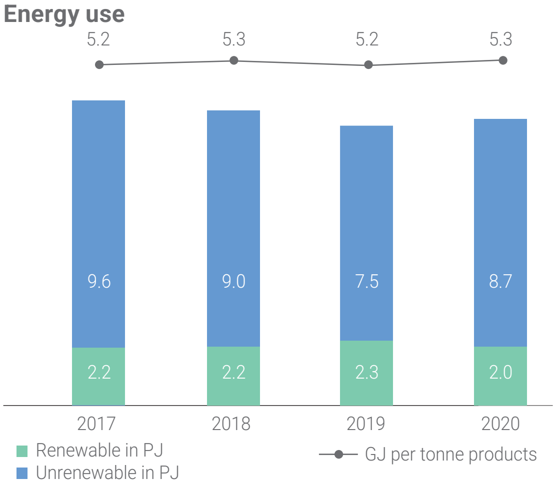
Energy

The requirements of the Energy Efficiency Directive (EED) have been implemented at all CropEnergies' 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 Wilton. BioWanze is participating in a voluntary, industry-specific agreement to improve energy efficiency ("Accords de branche de deuxième génération"). Energy audits in accordance with EN 16247 were successfully conducted in Loon-Plage and for the administration in Mannheim.

CropEnergies' production stands out for its efficient processes and modern energy supply plants. CHP plants and heat recovery systems, for example, bring about above-average levels of energy efficiency. This reduces the fuel requirement and simultaneously lowers the emissions of air pollutants and greenhouse gases that affect climate.

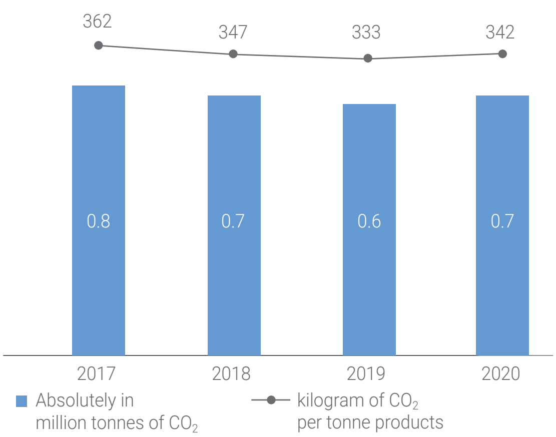
Specific energy use depends not only on process management and applied technologies, but also, among other things, on the type and quality of the raw materials used. The flexibility of the plants means that CropEnergies is able to adjust raw material use to the respective market conditions, with the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

Energy use



Scope 1 & 2 emissions
The amount of CO_2 emissions depends on both the total energy demand and the fuel and energy mix used. The share of renewable energy is at 19%. 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 steam supply in Wilton, around half of which comes from a plant for recovering energy from household wastes, is made available by a third party. CropEnergies will gradually reduce the consumption of fossil fuels over the next few years and, to this end, has planned or started site-specific measures for each biorefinery. The energy supply in Loon-Plage will be converted in 2021, resulting in 75% of the steam requirement being met by waste heat from a neighbouring industrial plant.

Emissions



Scope 3 emissions
Scope 3 emissions comprise all other indirect emissions in the upstream and downstream supply chain. Emissions arising from the use and disposal of any products (end-of-life emissions) are, as expected, irrelevant, as they are biomass-based.

The product carbon footprint of the fuel ethanol sold already takes account of emissions from raw material extraction through to delivery and use. By replacing fossil fuels, CropEnergies' biofuels bring about emissions savings of more than 1 million tonnes of CO_2 p.a. in the transport sector.

The issue of packaging is not significantly relevant, as the products are mainly loaded loosely onto ships, trains or lorries.

Climate neutrality 2050
CropEnergies aims to have climate-neutral production by the year 2050. As the first milestone, CropEnergies intends, by the year 2030, to reduce direct and indirect emissions (Scope 1 and 2) from production by 35% to 0.47 million tonnes of CO_2 compared with 2018.

The intended measures can be grouped into three main categories:
- improvement in energy efficiency,
- technological advance and
- replacement of fossil energy sources by renewable ones.

While a further improvement in the energy efficiency of the production plants using currently existing technologies is possible only to a limited extent, the use of alternative energy sources like sun, wind and biomass offers greater potential for reducing emissions. CropEnergies is examining concrete projects for using solar and wind energy at various sites. At the site in Zeitz, CropEnergies will begin to phase out coal in 2021 and cover a significant proportion of the required process energy through natural gas. A second important component in our energy strategy is the construction of a second biomass boiler in Wanze, which is expected to start operating in 2023. This will lay the foundation for supplying BioWanze with process energy in a completely climate-neutral manner.

Water and waste water

CropEnergies aims to manage water resources sustainably by reducing fresh water requirements in its production facilities by means of its recycling concept. The water withdrawn is mainly surface water and is usually sourced from adjoining rivers.

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 rivers, thereby enhancing water quality.

Water withdrawal / waste water

m³/t*	2017/18	2018/19	2019/20	2020/21
Water withdrawal	2.8	3.2	3.5	3.2
Waste water	2.5	2.7	2.9	2.9

* Main products and co-products

Waste

As the components contained in the raw materials are almost completely refined into ethanol and protein-rich products, very little waste quantities are generated. Where wastes cannot be avoided, CropEnergies aims to achieve a high recycling and recovery rate in accordance with sustainability and resource conservation. In the past financial year, 95% of wastes were recycled, composted or used to generate energy. Less than 0.1% of all waste materials involves hazardous waste. These consist primarily of used lubricants from production or insulation materials.

Supplier assessment

Raw materials, goods and services are purchased by the CropEnergies Group in accordance with ecological, economic and social criteria.

The code of conduct for suppliers, which specifies guidelines for sustainable procurement and defines the environmental, labour and social standards to be met, is part of the tendering procedures and contract negotiations with suppliers. It applies to suppliers across the entire value chain (www.cropenergies.com/en/Downloads).

Logistics in procurement and distribution

Smooth operation of the plants is contingent upon efficient goods movement. This means needs-oriented raw material supply, on the one hand, and continuous product delivery, on the other; both against the background of limited storage possibilities and optimum use of production capacities. Key measures are IT-supported logistics management and selection of environmentally friendly means of transport wherever possible.

CropEnergies' biorefineries are located in close proximity to raw materials on water routes or near railways. This shortens transport routes or enables low-emission deliveries to be made, mostly via sea or rail. Loon-Plage is connected to the port of Dunkirk by means of a pipeline, procurement logistics being mainly based on the sea route. At Wilton, around 70% of the raw materials used are delivered via sea, while it is 50% at Wanze. The plant in Zeitz is part of the network for

Thousand of tonnes	2017/18	2018/19	2019/20	2020/21
Recycling	73.8	75.9	65.7	81.4
Composting	8.7	6.7	7.3	7.8
Landfill	1.6	3.9	0.8	4.8
Incineration	2.1	1.7	2.1	3.8
Other	0.7	0.5	0.5	0.5
Total	**86.9**	**88.7**	**76.4**	**98.3**

sugar and starch production of Südzucker AG and is connected to the latter via pipeline networks. In addition, extensive investments were initiated there this year to strengthen the rail infrastructure.

CropEnergies also takes care, when delivering the manufactured products, to reduce the output of CO_2 as far as possible by selecting suitable means of transport and optimising the distances travelled. The distribution logistics to the customer are therefore likewise climate-friendly, for the most part. Two-thirds of the ethanol is delivered by ship or rail.

Employees

Gender equality and diversity
New types of working and the work-life balance are 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. Further measures are being planned to ensure that CropEnergies also remains an attractive employer in future in the competition for the most highly skilled personnel. As of 28 February 2021, the number of employees by employment relationship and gender (headcount) is as follows:

Employees by relationship and gender

28 February 2021		Permanent	Non-permanent	Total
Full-time	Male	351	9	360
	Female	81	3	84
Part-time	Male	2	0	2
	Female	16	1	17
Total		**450**	**13**	**463**

29 February 2020		Permanent	Non-permanent	Total
Full-time	Male	351	9	360
	Female	81	7	88
Part-time	Male	0	0	0
	Female	13	1	14
Total		**445**	**17**	**462**

Diversity management is likewise playing an increasingly important role. This includes work-life balance measures and even age-appropriate workplace design. Gender, age or ethnic origin is irrelevant in the recruitment and development of employees. CropEnergies operates in a production- and 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 21.8% (22.0%) and the proportion of women in management positions at 17% (20%), at the end of the 2020/21 financial year.

Management

28 February 2021	Male	Female	Total
1st management level	3	0	3
2nd management level	16	4	20
Total	**19**	**4**	**23**

29 February 2020	Male	Female	Total
1st management level	4	0	4
2nd management level	16	5	21
Total	**20**	**5**	**25**

Employees are entitled to special leave for personal appointments (e.g., wedding, birth of a child, bereavement) or even when moving home. Individual possibilities of leave are agreed for professional development courses. Holiday camps for children of employees are provided in the summer holidays.

As of 28 February 2021, the number of employees by age group was as follows:

Employees according to age group in%

2020/21	Male	Female
> 60 years	3.2	0.6
51 – 60 years	17.9	2.8
41 – 50 years	23.3	6.7
31 – 40 years	26.9	8.2
21 – 30 years	6.7	3.5
< 20 years	0.2	0.0

Safety at work

The high priority given to the occupational safety policy, which guarantees a high level of safety in the production plants as well as employees' health and safety, is indispensable to the sustainable success of the CropEnergies Group. Key aspects of this policy are creating a safe working environment and raising the awareness of each individual employee for safe behaviour according to a "safety first" motto. 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.

Strict access control measures are carried out at the production sites, with external employees being instructed accordingly at the entrance. A turnstile entrance and exit system enables the number of people in the factory to be monitored exactly at all times. Extensive additional training for both internal and external employees takes place during plant overhaul phases.

Risks and hazards at the workplace and in plant safety are identified on a regular basis, with countermeasures being 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. An occupational safety management system defines procedures in respect of hazard detection, accident investigation and instruction of employees and determines responsibilities. It applies checklist-based procedures, in which the severity of possible injuries and their probability of occurrence are assessed. It also applies so-called work release procedures, particularly in the case of maintenance measures on machinery and plants, which also include detection of hazards. Accidents at work and, where possible, incidents that almost resulted in accidents at work (near accidents) are recorded, investigated and evaluated. Furthermore, the required protection and prevention measures are defined and, if necessary, internal audits conducted.

CropEnergies is committed to the "VISION ZERO. Zero Accidents – Healthy Working" agreement. This was achieved at the sites in Loon-Plage, Wilton and Wanze in 2020. This meant that CropEnergies' production plants were amongst the best in the Südzucker Group. There have been no fatal accidents at CropEnergies AG since the company was founded. It was possible to lower the accident rate year over year from 7.4 to 5.8. The accident-related lost day rate was also reduced from 282 to 78.

Injury rate and lost working day rate*	2019/20	2020/21
Injury rate	7.4	5.8
Lost working day rate	282	78

* Injury rate and lost working day rate are both based on one million work hours. Lost working days are recorded if they lead to one or more days' absence.

Every accident at work is investigated in detail. Suitable and concrete measures are being defined to avoid repetitions. The Südzucker Group newsletter provides a comprehensive exchange about accidents at work, near accidents and other safety-related incidents. Furthermore, employees can make an active contribution to safety at work and health protection via the internal suggestion scheme.

Health protection

CropEnergies wants to protect the health of its employees to the best of its ability. It therefore systematically implemented the government's recommended measures in connection with the coronavirus pandemic (mobile working, distancing, no events, no physical attendance at meetings, hygiene measures) at an early stage at all sites. As a result, the company has so far largely been able to prevent the virus from spreading on its premises.

For day-to-day well-being, Südzucker offers its employees a wide variety of programmes to protect their physical and mental health, such as preventive measures (back exercises, yoga and health days) or reintegration programmes after lengthy illnesses. Seminars and training are intended to support employees in organising their professional and personal daily lives in a health-conscious manner. The introduction of the "Südzucker Group Campus" learning management system will enable them to do this in the form of e-learning in future. Phased early retirement schemes enable older employees to manage the transition to retirement according to their own individual state of health.

Dialogue with employee representatives and unions

Social dialogue is embedded within the Südzucker Group and hence also at CropEnergies through close cooperation with works councils. The majority of employees also have employee representatives. Unions are included in the negotiations of the collective bargaining agreements for the majority of employees.

Society

Corporate success and the acceptance of social responsibility belong together in our view and are a key prerequisite of sustainable business activity.

Other considerations include high value creation in rural areas, societal and social commitment, dialogue with our stakeholders and respect for human rights.

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

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. Corresponding countermeasures are initiated immediately, where required. 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 of safety and legislative compliance of products by external certification bodies. Accordingly, production processes are geared to internationally recognised standards involving extensive requirements and standardised evaluation procedures, e.g., ISO 9001 (quality management), REDcertEU, ISCC EU (renewable fuels), IFS Food (food), GMP+ (animal feed). The production sites have further specific food certificates, such as kosher, halal or the VLOG "non-GMO" standard.

Value creation in rural areas
Value-oriented and profitable growth provides 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 and agricultural holdings.

Societal and social commitment
The focus of CropEnergies' societal and social commitment is on promoting local projects with differing orientation in the vicinity of its production sites, sponsoring and supporting clubs, schools, science and teaching, also at universities. During the coronavirus pandemic, CropEnergies also donated ethanol to pharmacies for the manufacture of disinfectants.

Stakeholders and forms of dialogue

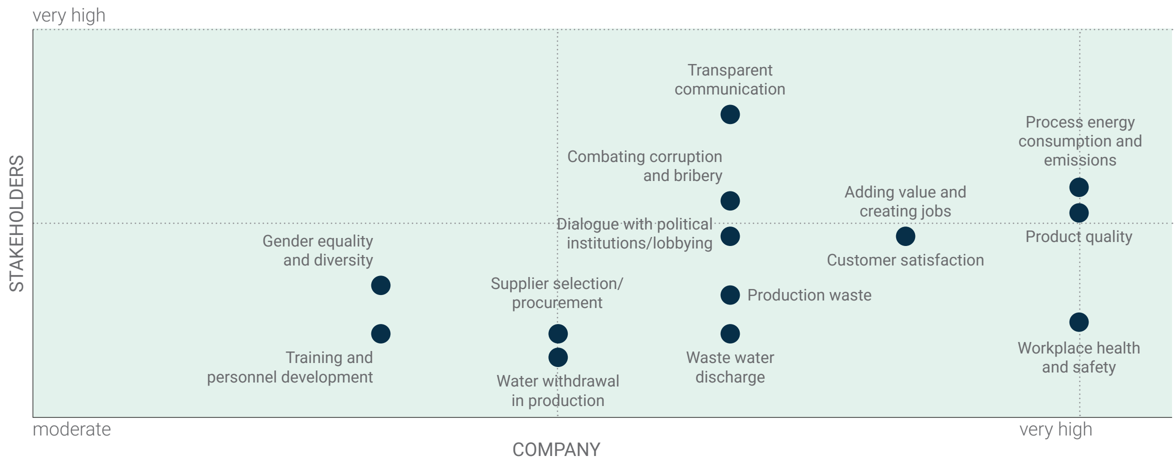
The following table shows the main stakeholders and forms of dialogue for CropEnergies.

Main stakeholders	Main forms of dialogue
Suppliers	Information events (trade fairs, grain and feedstuff forum), talks with suppliers
Customers	Product specifications, certifications, services
Employees	Works meetings, training courses, appraisal interviews, intranet
Shareholders, capital market, financial institutions, investors	Financial reporting, annual general meeting, analysts' conferences, roadshows, conference calls, websites
Society and the general public (authorities, industry associations/interest groups, residents, research/scientific bodies, journalists, media, parties, politicians)	Press releases and talks, factory tours, research collaboration and projects, political dialogue, websites

As, owing to coronavirus, CropEnergies was unable to continue the personal dialogue with stakeholders in the usual form, communication was adapted to the changed framework conditions. The new formats include, for example, the virtual annual general meeting and numerous other online meetings.

Materiality analysis

In the past financial year, CropEnergies asked its stakeholders for the first time to indicate which aspects of sustainability were especially important to them in relation to CropEnergies. The focus here was on employee concerns. An employee survey carried out in the context of the Südzucker 2026 PLUS strategy project showed that there is great interest in the issue of sustainability and that its promotion is regarded as a strategic priority of the Südzucker Group. Many topics from different areas were addressed, with the expansion of internal and external communications clearly being the top issue.



The materiality analysis shows potential for improvement in the area of "gender equality and diversity", in particular. In working parties across the group, Südzucker is developing corresponding measures aimed at more diversity and, in this connection, has signed the diversity charter.

Sustainability is a significant business factor for our customers. Oil companies, for example, are increasingly gearing their purchase of fuel ethanol to proven greenhouse gas savings owing to European requirements on a low-emission transport sector. Sustainable production is also playing an increasingly important role for food and animal feed product customers. There are other potential partners in industry, which is likewise showing growing interest in sustainably manufactured products.

Respect for human rights, ethics and integrity
As a member of the Südzucker Group, CropEnergies complies with the requirements of an international group. High standards also apply with regard to human rights, education and training, health and safety, compensation and working conditions as well as co-operation with the social partners.

CropEnergies is committed to conducting its business in an ethical, legal and responsible manner. Corporate ethics include compliance and integrity; CropEnergies' code of conduct is reproduced in full on its website www.cropenergies.com/en/company/. It takes account of applicable legislation and international standards such as the United Nations' Declaration of Human Rights and the Conventions of the International Labour Organisation. CropEnergies expects all employees to act in accordance with the values and specifications contained therein. Adherence to the principles of CropEnergies' code of conduct is monitored by the internal audit department and supported by an anonymous whistleblower system.

Every employee is obliged to respect the dignity and personal rights of every other employee and colleague as well as third parties. At the same time, suppliers and/or contractors are expected to behave in line with the requirements.

INNOVATION, RESEARCH AND DEVELOPMENT

Highlights

CropEnergies, as the leading European manufacturer of ethanol, operates in a technology-oriented environment. In addition to the focus on sustainability and energy policy issues, innovations are systematically translated into important growth momentum. R&D activities focus on further developing and unlocking specific key technologies, with a view to boosting competitiveness and developing successful concepts for manufacturing sustainable products from renewable raw materials.

CropEnergies' innovation strategies are carried out jointly and in coordination with Südzucker AG's research and development division, particularly in the context of project-related issues. Topics along the entire value chain were handled, ranging from renewable raw materials to process technology for the production of ethanol and co-products through to participation in standards bodies for new, innovative and sustainable fuels.

In the 2020/21 financial year, technological issues and concepts relating to drying technologies for food and animal feed products, in particular, were pursued with a view to further lowering of the specific energy demand.

In process technology, work was carried out on plant-specific issues and measures for improving ethanol quality, in particular. Investigations into using alternative raw materials, particularly lignocellulosic materials, for ethanol production also continues to be carried out.

Increased use of ultrapure CO_2 from the fermentation produced by ethanol plants is being tested in the context of, in part, publicly funded co-operative ventures with universities and technology providers. In consideration of the political framework and the National Hydrogen Strategy, research approaches and technology evaluations were initiated with a view to manufacturing sustainable valuable chemicals using renewable electricity.

All the research, development and services performed for CropEnergies in the 2020/21 financial year were settled in defined projects on the basis of a service agreement concluded with Südzucker AG. The total spend in the past financial year was € 1.2 (1.3) million.

Raw material processing and fermentation process

Fermentation is one of the technologically most demanding process steps in ethanol production. The overall focus is not only on analysing new raw materials and investigating new enzymes and yeasts with a view to improving starch decomposition, but also on continually optimising ethanol yield and throughput to further improve efficiency.

Optimisation of production plants

Technical and technological measures have enabled specific energy consumption to be further lowered in all ethanol plants. Owing to the coronavirus pandemic, support for optimisation projects in Wanze and Wilton was provided in a purely digital form for the first time. An optimised and sustainable power plant and energy supply concept is being developed for the site in Zeitz in order to further lower the output of emissions.

Service work for neutral alcohol production

The quality of neutral alcohol is measured by purity and sensory impression, which is also influenced by the raw materials used and manufacturing parameters. If the alcohol is to be used in food or in pharmaceutical and cosmetic industry products, its odour and taste neutrality are crucial quality parameters and require constant monitoring. Initiatives were started with a view to being able to detect these sensory differences using state-of-the-art analysis equipment.

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 2020/21 financial year, strategic efforts were made within a DIN working group towards formulating the questions relevant to standardisation with regard to the quality of a future E20 fuel. As studies show, doubling the ethanol content of petrol to 20% results not only in a reduction of greenhouse gas emissions, but also in significantly lower particulate and nitrogen oxide emissions. At the same time, CropEnergies is starting fleet trials with E20 fuel, with various partners, to investigate the advantages of this fuel in everyday use.

New product and production concepts

The complete utilisation of protein-containing sidestreams for food applications, among other things, is part of CropEnergies' business concept.

CropEnergies is continually refining the product concept for the forward integration of gluten activities into new extrudates for the meat substitute sector in close co-operation with its sister company, BENEO GmbH. Formulations for vegetarian and vegan products have been optimised as part of an extensive research programme. The development of formulations was carried out using an extruder at the technical centre before being successfully transferred to the technical plant at the site in Wanze in accordance with the process parameters that had been worked out.

Several projects have been pursued in the context of combining ultrapure CO_2 and hydrogen from renewable electricity (so-called "power-to-X" approaches). These methods are being used to produce methane as an energy source, synthetic fuels or biochemicals, depending on microorganism or catalytic system.

The "ZeroCarb FP" project sponsored by the Federal Ministry of Education and Research (BMBF) is pursuing 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 renewable chemicals obtained in this way as sustainable alternatives to petrochemical products. The developments in laboratory and pilot plant settings have been completed and studies on implementation in a demonstration plant have been initiated.

A project consortium is analysing the implementation of a power-to-gas concept using fermentation CO_2 as part of the BMBF sponsorship programme "FHprofUnt" – Forschung an Fachhochschulen mit Unternehmen (Research at Universities of Applied Science Involving Companies). Focal points are the optimisation of the biotechnological conversion of CO_2 into methane and the identification of technological and economic prerequisites. Owing to the coronavirus pandemic, it was not possible to achieve the final project targets as planned in the current 2020/21 financial year. It was, however, possible to obtain further know-how by connecting to a photovoltaic charging station for generating green hydrogen in combination with an electrolysis system. The basis for implementing a biochemical concept of this kind has thereby been created.

A concept for manufacturing "green methanol" was pursued in a further power-to-X integrated project sponsored by the Federal Ministry for Economic Affairs and Energy (BMWi) and an economic assessment carried out, taking site-specific conditions into account. The funding possibilities for a follow-on project, which envisages the construction of a demonstration plant and the use, as a synthetic fuel, of the green methanol generated in this way, is currently being examined. Green methanol can be added directly to petrol fuels or further processed into synthetic petrol or kerosene.

Quality and product safety of food and animal feed products

The quality and safety concepts (HACCP) as well as inspection plans of all food and animal feed products are regularly updated, based on monitoring data. Work was also carried out on aspects relating to food and animal feed legislation.

EMPLOYEES

Employees make a significant contribution to the CropEnergies Group's success. CropEnergies wishes to recruit and foster motivated and highly competent employees, offering them long-term prospects. The working environment provided is based on appreciation, respect, diversity and equal opportunities as well as team spirit. As CropEnergies is a member of the Südzucker Group, its employees benefit from the opportunities made available by a large, multinational company.

Number of employees

A total of 450 (450) employees were employed in the CropEnergies Group as of 28 February 2021 (expressed as full-time equivalents).

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

Number of employees (full-time equivalents)

	2020/21	2019/20
Number of employees by region		
Germany	179	180
Other European countries and United Kingdom	271	263
Other countries	0	7
	450	**450**

Number of employees by category		
Wage earners	226	224
Salary earners	224	226
	450	**450**

Employment relationships and proportion of women

In terms of the overall number, 97% of employees were employed on permanent contracts, with 3% having fixed-term contracts. The comparison below shows new hires and the turnover in the case of permanent contracts:

New hires and fluctuation

2020/21	Male	Female	Total
New hires	27	10	**37**
Fluctuation	25	11	**36**

2019/20	Male	Female	Total
New hires	28	13	**41**
Fluctuation	17	5	**22**

CropEnergies operates in a production-oriented environment in which the proportion of female employees and applicants is relatively low. The proportion of women in the core workforce stood at 21.8% (22.0%) at the end of the 2020/21 financial year. CropEnergies focuses on diversity and equal opportunities in the recruitment and development of employees.

Modern working

The world of work is in transition. New types of working, work-life balance and the reconciliation of family and professional life are becoming more and more important. CropEnergies supports this at its sites through various measures, such as flexible working time through flexitime and part-time models or mobile working. Since the beginning of the coronavirus pandemic, CropEnergies has been urging employees in administration to work from home as far as possible to minimise the risk of infection at the workplace. This requires all employees to adopt new approaches and show flexibility. They have coped excellently with the many accompanying challenges. Trust, reliability, autonomy and responsibility gain in importance in this context. Employees are supported by modern work equipment that encourages efficient working, co-operation and communication. CropEnergies is taking further measures to ensure that it remains an attractive employer.

Training and development

CropEnergies operates in a dynamic environment with short technological innovation cycles. Know-how and raising skill levels are therefore key to success, and employees benefit from individual development programmes and further training courses. As CropEnergies is part of an international group, employees have an opportunity to participate in the training and qualification programmes of the Südzucker Group. This offers a wide range of development activities and learning opportunities, including a new learning platform which enables employees to pursue development programmes online. There are various apprenticeships and trainee programmes for the vocational training of young people within the Südzucker Group. CropEnergies employees also take part in the international and cross-functional exchanges within the Südzucker Group.

Information and continuous training programmes were also held in the past financial year to enable employees to acquire the skills to handle changes in conditions and requirements in today's world of work. These programmes focused, for example, on compliance guidelines and data protection.

The CropEnergies Group's annual event for managers focused on the company's strategic orientation. The event also facilitates networking between management in the CropEnergies Group and an exchange of knowledge and experience.

Internal suggestion scheme

CropEnergies is integrated into the programme for promoting the Südzucker Group's internal suggestion scheme. Many employees at CropEnergies' various sites participated in it in the 2020/21 financial year, with suggested improvements being allocated an award. By submitting suggestions, employees also demonstrated a commitment to the company that goes beyond everyday activities.

Safety at work

Safety at work and health protection have a high priority at CropEnergies. Completely new challenges arose in this respect in the financial year due to the coronavirus pandemic. CropEnergies' alcohol plays an important part in the manufacture of disinfectants. As CropEnergies is a systemically relevant company, additional responsibility fell on its employees. Production was maintained at all times and employees were successfully protected: the measures deployed included provision of disinfectants and protective masks, regular measurement of body temperature, PCR and rapid tests as well as increased mobile working for the administrative departments. 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 as well as 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.

Acknowledgement

The success of the CropEnergies Group is mainly based on the reliability, commitment and expertise of its employees. They support the company with dedication and work in unison to shape its 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 2020/21 financial year, capital expenditure on property, plant and equipment amounted to € 28.7 (29.8) million. Of the total, € 15.2 million was invested at BioWanze SA, € 11.3 million at CropEnergies Bioethanol GmbH, € 1.5 million at Ensus UK Ltd and € 0.6 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.1) million was invested in intangible assets.

At BioWanze SA, the focus of investing activities was on improving plant availability, increasing production capacity and ensuring high product quality. Furthermore, BioWanze took important steps towards climate-neutral production. For example, a decision was taken to construct an additional biomass power plant that is to start operating in 2023. The new construction is expected to involve an investment volume of € 50 million. This will make it possible to cover the necessary process energy at the site in Wanze completely from renewable sources, thereby achieving climate-neutral production. A start was also made on the construction of a new plant for liquefaction of carbon dioxide and necessary expansions of the infrastructure in Wanze implemented. As of the autumn of 2021, 65,000 tonnes of liquid, biogenic food-quality CO_2, which is to be used, among other things, as carbonic acid in the beverage industry, are expected to be produced every year at Wanze. The project involving an investment volume of more than € 15 million is being carried out in conjunction with SOL S.p.A., Monza (Italy). CropEnergies and the SOL Group are thereby consolidating their long-standing successful and trusting partnership.

One of the features of the biorefinery in Zeitz is its high raw material and product flexibility. Investing activities at CropEnergies Bioethanol GmbH therefore focused, in the 2020/21 financial year, on expanding mill capacity. This also involves a higher capacity for manufacturing protein-rich animal feed products. Furthermore, the range of neutral alcohol qualities was expanded, thereby enabling access to other customer groups in future. In the wake of the expansion activities, investments were also made in plant safety and fire protection.

There were further improvements in process stability, plant safety and fire protection at Ensus UK Ltd. Furthermore, an investment was made in the construction of a laboratory and administrative building at the site in Wilton. On completion of the new building, it is envisaged that the current administrative site in Yarm will be closed down.

Ryssen Alcools SAS invested in the expansion of the energy infrastructure of its site in Loon-Plage in the 2020/21 financial year. This will enable Ryssen Alcools in future to meet the steam requirement for production largely by obtaining residual heat from a neighbouring production company. This will significantly reduce the consumption of fossil primary energy and correspondingly improve the greenhouse gas balance. Measures for increasing plant availability and improving plant safety were also carried out.

REPORT ON THE ECONOMIC SITUATION

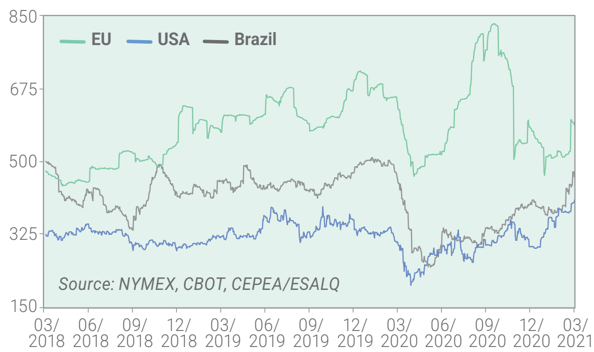
Overall assertion on business performance

CropEnergies' performance was heavily influenced by the coronavirus pandemic in the past financial year. As the virus began to spread in Europe and mobility restrictions were imposed from mid-March 2020, fuel sales massively declined. At the same time, however, the demand for neutral alcohol surged owing to the increased need for disinfectants. After fuel sales had normalised again over the summer months, a second wave of infections led to renewed restrictions in social life from the autumn of 2020 and hence to a repeated decline in fuel consumption in Europe. Over the course of the financial year, production capacity utilisation was adapted to suit market conditions and to carry out regular maintenance activities. Despite the pandemic-related extension of the maintenance shutdown in Wanze at the beginning of the 2020/21 financial year, ethanol production, at just below 1.0 (1.0) million m³, remained at about the previous year's level. In spite of the challenging market environment, CropEnergies generated an operating profit of € 107 (104) million. It thereby exceeded the previous year's operating profit by 3%, generating the highest profit in the company's history.

Report on business operations

Developments on the international ethanol markets
World I Global ethanol production declined significantly to 118 (129) million m³ in 2020 due to the worldwide mobility restrictions. Despite the mobility restrictions, the fuel sector again accounted for the main part, at around 84% (85%). Production of fuel ethanol declined by 10% to 99 (110) million m³ in 2020. Growth is again expected in the fuel sector in 2021. The production of neutral alcohol, which is used in beverages, cosmetics and pharmaceutical and industrial applications, was at the previous year's level, at 19 million m³, thereby proving to be relatively stable despite the coronavirus pandemic.

International ethanol prices (€/m³)



USA | In the USA, consumption of fuel ethanol declined significantly to 47.4 (54.6) million m³ in 2020, owing to mobility restrictions. As a result, although ethanol production also decreased to 54.5 (61.3) million m³, excess supply still remained at a high level. Exports therefore declined only slightly to 6.0 (6.4) million m³.

On the Chicago Board of Trade, the one-month futures contract for ethanol slumped, owing to the decline in demand, from an initial price of US$ 1.25/gallon on 1 March 2020 to an all-time low of US$ 0.82/gallon on 1 April 2020 or from the equivalent of around € 300/m³ to around € 200/m³. Prices subsequently recovered again and by midyear reached roughly the level before the coronavirus pandemic. Until the end of the financial year, the price of the listing continued to increase and stood at the equivalent of around € 370/m³ at the end of February 2021.

The sharp decline in price in the spring of 2020 meant that, at times, capacities were not fully utilised or were closed down. While it was again possible to increase the weekly production of fuel ethanol gradually from May 2020, it was around 10% below the previous year's level over the course of the rest of the financial year. Ethanol production therefore followed the development of sales of petrol fuels in the USA, which, according to the U.S. Energy Information Administration, were around 13% down on the previous year. While fuel demand is expected to recover in 2021, it is set to continue to be below the 2019 level. Ethanol production is expected to increase to 58.8 million m³ in 2021. 2021 is also expected to see a rise in domestic consumption of fuel ethanol and exports to 54.1 million m³ or by 6.4 million m³.

Brazil | In Brazil, ethanol production in the 2020/21 sugar year also decreased, with the expected 32.6 (35.6) million m³ being around 8% below the record production of the reference period in the previous year. In view of lower domestic consumption of 30.2 (34.7) million m³ of ethanol, exports increased to 2.9 (2.0) million m³. In contrast to previous years, significant quantities were again exported to Europe.

Ethanol prices in Brazil also declined significantly at the beginning of the financial year. At the beginning of March 2020, the ethanol price still stood at the equivalent of around € 450/m³. A low of the equivalent of around € 240/m³ was reached in May 2020. In the course of the financial year, ethanol prices recovered again. At the equivalent of around € 430/m³, they were only just below the level of the previous year. The lower price level overall in the 2020/21 financial year was also due to the weak real, whose value has declined significantly against the euro since the beginning of March 2020.

In the 2021/22 sugar year, production is expected to continue to decline to 30.7 million m³, whereas consumption is expected to rise to 31.0 million m³. Accordingly, exports are also set to decline considerably again, with the result that no significant net exports from Brazil are expected.

EU | In the EU-27 and the UK, less ethanol, at 7.3 (7.6) million m³, was manufactured in 2020. At the same time, ethanol consumption declined to 8.2 (8.5) million m³. Conversely, net imports remain at previous year's level at 1.0 (1.0) million m³. The consumption of fuel ethanol, at 5.3 (5.9) million m³, was slightly above the production quantity of 5.0 (5.4) million m³. The declines in fuel consumption that went hand in hand with mobility restrictions were partially offset by higher blending targets for alternative low-carbon fuels. In a number of member states, such as the Netherlands, Greece and Hungary, ethanol consumption even increased despite declining petrol sales, due to, among other things, the introduction of E10. In view of the ongoing mobility restrictions, fuel ethanol consumption is expected to only increase slightly to 5.4 million m³ in 2021. Further developments on the fuel market, however, crucially depend on the further course of the coronavirus pandemic.

In contrast to the fuel sector, the demand for neutral alcohol rose significantly to 2.9 (2.6) million m³ in 2020. This is due, in particular, to the increased demand for ethanol as a raw material for disinfectants. A continuing increased demand for neutral alcohol, at 2.9 (2.9) million m³, is also expected in 2021.

Price development in Europe over the course of the financial year was also shaped, to a significant extent, by the coronavirus pandemic, fluctuating in a range that had never been observed before. Spot prices fell by almost € 300/m³ within a few days at the beginning of the financial year, hitting a new all-time low, at around € 350/m³, on 24 March 2020. As a result of the recovery in fuel demand in the summer months, the price of ethanol also increased again, reaching an all-time high, at € 840/m³, on 16 September 2020. As a reflection of the development of the pandemic, significantly falling ethanol prices were again observed when renewed mobility restrictions were imposed from the autumn of 2020 onwards. At the end of February 2021, European ethanol prices were around € 575/m³.

EU-27 and the UK: Ethanol quantity balance

million m³	2021	2020	2019	2018
Opening stock	1.0	0.9	0.8	0.8
Production	7.7	7.3	7.6	7.9
of which fuel ethanol	5.4	5.0	5.4	5.4
Consumption	8.3	8.2	8.5	8.3
of which fuel ethanol	5.4	5.3	5.9	5.7
Net imports	0.6	1.0	1.0	0.3
Final stock	1.0	1.0	0.9	0.8

Source: IHS Markit (2021)

In Germany, the largest market for ethanol in the EU, fuel ethanol consumption in 2020 remained at the previous year's level of around 1.4 (1.4) million m³. In view of a reduction in petrol fuel sales, ethanol blending rose to 4.4% (4.1%). Consumption, at 1.5 million m³, is expected to slightly increase in 2021. Sales of Super E10 declined to 2.3 (2.5) million tonnes in 2020 in the wake of the general decrease in fuel sales. This meant that Super E10's share of the petrol market continued to be around 14%.

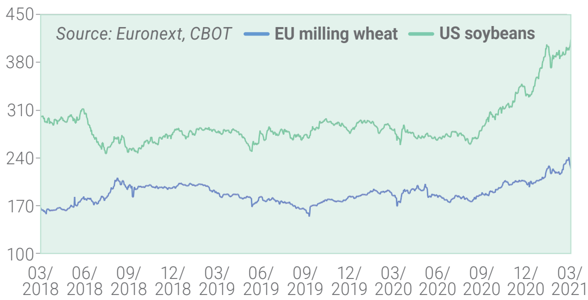
In its use of E10, Germany is therefore increasingly finding itself in a special role in Europe. In many EU states, E10 developed into the standard petrol variety within a very short time after its market launch. For example, E10's market share ranges between 80% and 100% in Belgium, Bulgaria, Denmark, the Netherlands and Hungary. The market share of Super E10 also continued to grow in France in 2020, reaching more than 50% in December 2020. In addition to E10, E85 is also enjoying increasing popularity in France. This fuel is now available at around a quarter of all French filling stations. Contrary to the general decline of around 14% in petrol fuel sales, consumption of E85 rose by as much as over 4% in 2020.

Developments on the raw material and protein markets
Grain markets I The global grain harvest (excluding rice) is expected to increase to 2,224 (2,185) million tonnes in the 2020/21 grain year (GY). Given world grain consumption of 2,232 (2,191) million tonnes, a slight decline in stocks to 609 (617) million tonnes is expected; however, this figure continues to reflect a good supply situation overall. World grain production of 2,287 (2,224) million tonnes and grain consumption of 2,286 (2,232) million tonnes is expected for the 2021/22 GY. Global grain stocks, with 609 (609) million tonnes, are accordingly expected to be at the previous year's level.

In the 2020/21 GY, the European Commission expects the grain harvest to be around 278 (294) million tonnes. Consumption, at 261 (262) million tonnes, is expected to be at the previous year's level. European wheat prices on the Euronext in Paris rose significantly in the course of the 2020/21 financial year, standing at around € 245 at the end of February. At the beginning of March 2020, they were still trading below € 190/tonne. The sharp price increase was particularly due to high global demand for grain. At the same time, grain harvest delays and losses were observable in the world's key growing areas. In addition to a significantly smaller wheat and maize harvest in the EU, Argentina and Ukraine, for example, also harvested much less maize. Added to this, there were pandemic-related disruptions in world trade flows, which made it difficult to offset regional harvest fluctuations. The European Commission expects the grain harvest to recover significantly again to 293 (278) million tonnes in the 2021/22 GY. Grain demand is set to continue to remain relatively stable at 263 (261) million tonnes, with over 60% continuing to be used for animal feed products.

By contrast, the starch content of 11 million tonnes of grain or around 4% of the EU harvest is expected to be used for the production of fuel ethanol. The other components of the grain are primarily refined into protein-rich food and animal feed products, which contribute to closing the European shortfall in the supply of vegetable proteins and reducing soy imports from North and South America, in particular.

International agricultural prices (€/t)



Protein markets I During the production of ethanol from grain, the starch contained in the grain corn is converted into alcohol. CropEnergies refines all other plant components into protein-rich food and animal feed products, among other things, the prices of which are particularly affected by international soybean listings and European rapeseed meal prices.

According to the International Grains Council (IGC), the global soybean harvest in 2020/21 will increase to 361 (338) million tonnes, which is only just below the record harvest in 2018/19. Given increasing demand of 367 (351) million tonnes, stocks are nevertheless expected to decline to 45 (52) million tonnes. While soybean prices were trading at a level between US$ 8 and US$ 9/bushel* in the first half of the 2020/21 financial year, there was a continual price increase from the end of August 2020, triggered by drought in South America, low stocks in the USA and high global demand. As of the end of the financial year, soybeans were trading at around US$14/bushel. The EU rapeseed harvest in 2020/21, at around 16 (15) million tonnes, is only slightly above the already low rapeseed harvest in the previous year. The listings for European rapeseed meal followed the lead given by the listings for soybeans in Chicago, rising from around € 225/tonne at the beginning of the financial year to around € 320/tonne at the end of February 2021.

Developments in the political environment

European climate protection policy I The EU had set itself the objective of lowering greenhouse gas (GHG) emissions by at least 40% by the year 2030. In the context of the European Green Deal, the climate protection target for 2030 is to be increased from 40% to at least 55% fewer greenhouse gas emissions, in relation to 1990 in each case. The EU intends to lower net GHG emissions to zero by the year 2050, thereby achieving climate neutrality. Increasing use of renewable energies, among other things, is required to achieve the 2030 climate target. In this connection, the EU is set to examine, over the next few months, the extent to which a revision of the "Renewable Energy Directive" can contribute to achieving higher climate ambitions.

Companies covered by the EU-wide emissions trading system ("EU-ETS") must currently lower their emissions by 43% (compared with 2005) by the year 2030. The GHG reduction target for the economic sectors not covered by the EU-ETS is currently still 30% (compared with 2005). These targets will also need to be adjusted as part of the European Green Deal in order to achieve a reduction of at least 55% in emissions in the year 2030.

The target for non-ETS sectors, to which transport also belongs, has been transferred to national reduction targets, owing to regional differences. In accordance with the so-called Effort Sharing Regulation, Germany needs to lower non-ETS area GHG emissions by 38% in annual increments by the year 2030. Achieving the target requires effective measures for limiting emissions at national level. If a member state misses the respective annual target, it must purchase the corresponding amount of emission rights from other member states.

"Renewable Energy Directive" I The "Renewable Energy Directive" (RED II) recast in 2018 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 in the member states should be able to remain up to one per-

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

centage 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. Sustainably produced renewable fuels will therefore continue to be fundamental to more climate protection in the transport sector. The currently applicable targets for renewable energies in the transport sector will not be sufficient to ensure an appropriate contribution to implementation of the European Green Deal. Calculations made by the European Commission indicate, rather, that the proportion of renewable energies in the transport sector will need to rise to 24% by the year 2030.

While a renewed increase in targets for renewable energies is being discussed at EU level, preparations for the national transposition of RED-II are under way in the member states. According to proposals put forward by the federal government, the GHG quota is to be raised gradually in Germany from 6% in 2021 to 22% in 2030, thereby increasing the proportion of renewable energies in the transport sector to 28%. Biofuels from arable crops are to be able to contribute up to 4.4% to this. The proportion of advanced biofuels is to be increased gradually from 0.05% in 2020 to 2.6% in 2030. In addition to the established biofuels, other renewable fuel alternatives are to be promoted. These include synthetic fuels, which can be counted double towards the GHG quota, and renewable electricity, which can be counted three times towards it. The parliamentary debate on the federal government's proposals for transposing RED II is expected to be concluded in the Bundestag by mid-2021.

"Fuel Quality Directive" I Comprehensive use of Super E10 is required to achieve the climate and energy targets in the transport sector. CropEnergies therefore welcomes the fact that there has recently been a significant increase in the availability of Super E10 in the EU. Super E10 is being introduced in EU member states on the basis of the "Fuel Quality Directive". In its current version, it provides for the maximum ethanol content of petrol to be 10 vol.-%. In addition, the "Fuel Quality Directive" stipulates that, with effect from 2020, GHG emissions associated with fuel consumption must be reduced by 6 wt.-% compared with the base value of 94.1 g CO_{2eq}/MJ. In terms of a litre of petrol, this base value is equivalent to emissions of around 3 kg CO_{2eq}. In the case of sustainably produced ethanol from European raw materials, this value is a mere 0.5 kg CO_{2eq}/litre. Ethanol blending not only reduces GHG emissions from petrol fuels, but also improves their efficiency and combustion properties owing to the higher oxygen content and higher octane rating compared with fossil petrol. CropEnergies therefore advocates an amendment to the "Fuel Quality Directive" with a view to further lowering fuel-related GHG emissions per litre, on the one hand, and to enabling the use of petrol fuels with higher ethanol content (e.g., E20), on the other.

Germany I Germany has committed, vis-à-vis the EU, to lower non-ETS GHG emissions by 38% by the year 2030. To implement this objective, among other things, lawmakers in Germany have, through the *Bundes-Klimaschutzgesetz* (Federal Climate Protection Act – KSG), enshrined binding climate protection targets in law and defined annual emission ceilings for individual sectors of the economy, for the first time. In the transport sector, this upper limit falls gradually from 150 million tonnes of CO_{2eq} in 2020 to 95 million tonnes of CO_{2eq} in 2030. In 2020, transport-related emissions still amounted to 146 million tonnes of CO_{2eq}, which is just below the KSG upper limit for the transport sector. Compliance with the target is mainly due to the mobility restrictions imposed to contain the coronavirus pandemic. Without this special effect, the transport sector would probably have missed the upper limit by a wide margin.

The *Brennstoffemissionshandelsgesetz* (Fuel Emissions Trading Act – BEHG) is also expected to contribute to lowering fossil GHG emissions with effect from 1 January 2021. In addition to existing measures, it provides the basis for certificate trading for fossil GHG emissions in the transport and heating sectors. In the introductory phase, the distributors of fossil fuels must purchase CO_2 certificates at a fixed price of € 25/tonne of CO_2. The certificate price will gradually increase to € 55/tonne of CO_2 by the year 2025. As of 2026, CO_2 certificates will then be auctioned within an initial price corridor of between € 55/tonne and € 65/tonne of CO_2. As their use is climate-neutral, biogenic renewable fuels are not subject to CO_2 pricing. The emissions trading system additionally promotes the use of lower-carbon fuels. CropEnergies is advocating a change to energy taxation in the medium term. According to this, energy tax, which is still currently being levied on a litre basis, should be switched to CO_2 as the tax base. This would ensure that the fuel sector also makes a greater contribution to achieving European and national climate protection targets.

In addition to the above-mentioned measures, the oil industry is obliged to lower GHG emissions associated with the use of fuels across the entire value chain. This greenhouse gas reduction target for fuels was increased from 4.0 wt.-% to 6.0 wt.-% in 2020. The fuel ethanol used in Germany showed greenhouse gas emissions of merely 11 g CO_{2eq}/MJ in 2019. This is equivalent to an 88% saving in greenhouse gases, across the entire value chain from raw material production through to use in a vehicle. Ethanol blending therefore saved more than 3 million tonnes of CO_{2eq} in 2019.

Belgium I A minimum proportion of 9.55 vol.-% of renewable fuels is regarded as the blending target in Belgium. To ensure that all fuel types contribute to achieving the target, the minimum proportion of renewable energies in petrol and diesel fuels stands at 6.5 vol.-% in each case. Renewable fuels from arable crops can be used for this up to a 7% share. Furthermore, renewable fuels from wastes and residues up to a proportion of 0.6% can be counted double towards the overall target.

United Kingdom I The minimum proportion for renewable energies in fuels was raised to 10.1 vol.-% in the United Kingdom with effect from 1 January 2021. Their proportion is to rise to 12.4 vol.-% by the year 2032. The introduction of E10 in the United Kingdom from September 2021 will also make a contribution to this. In addition to renewable fuels from arable crops, which in 2021 are allowed to contribute up to 3.83 vol.-% towards the achievement of the target before gradually decreasing this contribution to up to 2.0 vol.-% from 2032 onwards, the use of wastes and residues as well as renewable fuels is to be expanded for particular applications (e.g., air transport).

France I In France, the blending obligation for petrol fuels was further increased from 8.2% in 2020 to 8.6% in 2021. Renewable fuels from arable crops can contribute up to 7% to this. The remaining gap is to be covered by fuels from sugar- or starch-containing processing residues or by renewable fuels from wastes and residues. The proportion of wastes and residues is to reach 3.8% in petrol fuels by the year 2028. Overall, the proportion of renewable energies in the transport sector is set to increase to 15% by the year 2030.

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 as well as biogenic CO_2. In the 2020/21 financial year, ethanol production, at 987,000 (1,002,000) m³, was slightly below the previous year's level. Over the course of the financial year, production capacity utilisation was managed to suit market conditions and to carry out regular maintenance activities. The production of food and animal feed products, by contrast, rose slightly to 604,000 (580,000) tonnes.

The decline in ethanol production is mainly due to the production outage in Wanze caused by the pandemic-related extension of the maintenance shutdown at the beginning of the financial year. Neutral alcohol production capacities at the sites in Zeitz and Loon-Plage were utilised at a very high level in line with the strong demand for alcohol for both traditional applications and disinfection purposes.

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 and as sustainably as possible. Certification according to at least one certification system recognised by the European Commission enables the sustainable production of ethanol to be fully documented in all CropEnergies' biorefineries and the high greenhouse gas reduction brought about by the ethanol produced in comparison with fossil petrol to be audited by an independent body.

Results of operations, financial position, assets and liabilities

Results of operations

€ thousands	**2020/21**	**2019/20**
Revenues	**833,116**	**899,175**
EBITDA*	**148,404**	**146,139**
EBITDA margin in %	*17.8%*	*16.3%*
Depreciation*	-41,371	-42,246
Operating profit	**107,033**	**103,893**
Operating margin in %	*12,8%*	*11,6%*
Restructuring costs and special items	900	0
Income from companies consolidated at equity	270	197
Income from operations	**108,203**	**104,090**
Financial result	-783	-3,345
Earnings before income taxes	**107,420**	**100,745**
Taxes on income	-22,504	-26,194
Net earnings for the year	**84,916**	**74,551**
Earnings per share, diluted/undiluted (€)	**0.97**	**0.85**

** Without restructuring costs and special items*

Group revenues I CropEnergies generated revenues of € 833 (899) million in the 2020/21 financial year. The decline is mainly due to the decrease in sales quantities, particularly from the trading business. In addition, slightly lower sales prices were recorded for the food and animal feed products sold. By contrast, higher revenues for neutral alcohol had a positive effect.

Further details on revenue development can be found in the "Report on business operations" section.

EBITDA I Despite the slight rise in net raw material costs, an improvement in gross margin was obtained, with the changes in sales structure and the smaller proportion of trading activities resulting in a reduction of the material expense ratio to 71.4% (73.2%) of overall performance. As a result, EBITDA, adjusted for special items, rose to € 148.4 (146.1) million, thereby surpassing the previous year's record level.

Operating profit / Restructuring and special items I Given slightly lower depreciation of € 41.4 (42.2) million, operating profit, at € 107.0 (103.9) million, was in line with the positive development of EBITDA. This gives rise to an operating margin of 12.8% (11.6%). While no special items had been posted in the previous year, a reversal of a provision as a result of the ending of a legal dispute led to positive net restructuring costs and special items of € 0.9 million in the reporting period.

Income from operations I Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, amounted to € 108.2 (104.1) million.

Net financial result I Smaller currency effects resulted in an improved net financial result of € -0.8 (-3.3).

Taxes on income I Earnings before taxes rose to € 107.4 (100.7) million. Taking into account the recognition of deferred tax assets, expenditure of € 22.5 (26.2) million was posted for taxes on income in the financial year. Of this, € 27.0 (27.8) million was current tax expense.

Net earnings I Consolidated net earnings, at € 84.9 (74.6) million, also reached a record level.

Earnings per share I Based on an unchanged 87.25 million no-par-value shares, that translates into earnings per share of € 0.97 (0.85).

Financial position

€ thousands	2020/21	2019/20
Gross cash flow	122,277	120,196
Change in net working capital	-16,419	4,950
Net cash flow from operating activities	**105,858**	**125,146**
Investments in property, plant and equipment and intangible assets	-28,829	-29,884
Cash received on divestments	453	0
Cash received on disposal of non-current assets	856	124
Payments into financial receivables	-55,200	-54,500
Payments into current financial investments	1	-14,992
Cash flow from investing activities	**-82,719**	**-99,252**
Cash flow from financial activities	**-29,657**	**-16,728**
Change in cash and cash equivalents due to exchange rate changes and changes in entities included in consolidation	-830	1,380
Decrease (-) / Increase (+) in cash and cash equivalents	**-7,348**	**10,546**

As a result of the increase in EBITDA to € 148.4 (146.1) million, cash flow after taxes also increased to € 122.3 (120.2) million. Including the change in net working capital, cash flow from operating activities amounted to € 105.9 (125.1) million.

The cash outflow from investing activities declined to € 82.7 (99.3) million. € 28.8 (29.9) million of this were attributable to investments in property, plant and equipment and intangible assets, which were used, in particular, to expand and improve the production plants, with cash payments occurring mainly for the completed project to increase mill capacity and animal feed production in Zeitz and for increasing availability of the plant and production capacity in Wanze. Current financial receivables increased by € 55.2 (54.5) million. In the previous year, the increase was shown as cash outflow from financing activities.

Owing to the reclassification, the previous year's presentation was adjusted. The cash receipts from divestments amounting to € 0.5 million relate to the inflows so far received from the sale of Ryssen Chile SpA.

A dividend of € 26.2 (13.1) million was paid in July 2020. Payments for lease liabilities of € 4.0 (3.6) million and the increase in other financial liabilities to € 0.5 (0) million gave rise to a net cash outflow from financing activities of € 29.7 (16.7) million.

Investments | In the 2020/21 financial year, capital expenditure on property, plant and equipment amounted to € 28.7 (29.8) million. Of the total, € 15.2 million were invested at BioWanze SA, € 11.3 million at CropEnergies Bioethanol GmbH, € 1.5 million at Ensus UK Ltd and € 0.6 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.1) million was invested in intangible assets.

Assets and liabilities
Total assets increased to € 742.4 (669.6) million. As a result of earnings, in particular, shareholders' equity rose to € 566.1 (502.9) million. The equity ratio reached 76% (75%).

ASSETS

€ thousands	28/02/2021	29/02/2020
Non-current assets	377,390	384,656
Current assets	365,043	284,972
Total assets	**742,433**	**669,628**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2021	29/02/2020
Shareholders' equity	566,146	502,881
Non-current liabilities	61,356	65,494
Current liabilities	114,931	101,253
Total liabilities and shareholders' equity	**742,433**	**669,628**
Net financial assets	154,647	107,309
Debt-cash flow ratio	n/a	n/a
Equity ratio	76.3%	75.1%
Net financial debt in percent of equity	n/a	n/a

Non-current assets declined by € 7.3 million to € 377.4 million as of 28 February 2021, with fixed assets, in particular, decreasing by € 11.1 million to € 366.5 million as a result of scheduled depreciation – allowing for investments and right-of-use assets from leases that had to be recognised under IFRS 16. This amount includes goodwill, which was unchanged at € 6.1 million. Deferred tax assets increased by € 2.6 million to € 7.3 million, receivables and other assets by € 1.0 million to € 1.0 million. Furthermore, the interest in entities consolidated at equity rose by € 0.3 million to € 2.5 million. Shareholders' equity and non-current liabilities cover 171% (151%) of fixed assets.

Current assets rose by € 80.1 million year over year to € 365.0 million, with current financial receivables rising by € 55.2 million to € 143.7 million. Trade receivables and other assets increased by € 31.9 million to € 126.5 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 9.3 (1.4) million and receivables in the form of ring-fenced credits for hedges of € 23.8 (15.6) million. Inventory stocks increased by € 6.6 million to € 73.2 million. Cash and cash equivalents decreased by € 7.3 million to € 6.0 million. Furthermore, a sum of € 15.0 (15.0) million was invested in fixed-term securities. Tax assets declined by € 6.3 million to € 0.7 million.

Non-current liabilities declined by € 4.1 million to € 61.4 million. These include provisions for pensions and similar obligations, which, among other things due to parameter adjustments and due to the significantly higher discount rate, declined by € 4.3 million to € 30.7 million. Deferred tax liabilities rose by € 0.8 million to €19.7 million, while other provisions declined by € 0.7 million to € 2.7 million. Furthermore, non-current lease liabilities of € 5.9 (6.3) million had to be recognised. Non-current tax liabilities increased by € 0.4 million to € 2.4 million.

Current liabilities increased by € 13.7 million to € 114.9 million, with trade payables and other liabilities increasing by € 14.2 million to € 91.8 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 12.1 (8.8) million. Current tax liabilities increased by € 3.2 million to € 12.6 million. In addition, other provisions decreased by € 4.7 million to € 6.3 million. Furthermore, current lease liabilities and other financial liabilities of € 4.2 (3.2) million had to be recognised.

The **net financial position** as of 28 February 2021 shows **net financial assets** of € 154.6 (107.3) 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.

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, at 22.7% (22.8%), continued to be at a high level in the 2020/21 financial year. Capital employed increased to € 471.0 (456.1) million, mainly due to the rise in working capital. Capital expenditures on property, plant and equipment and intangible assets of € 28.8 (29.9) million were below depreciation of € 41.4 (42.2) million, which meant that property plant and equipment including intangible assets declined to € 360.4 (371.5) million.

€ thousands	2020/21	2019/20	2018/19	2017/18	2016/17
Operating profit	**107,033**	**103,893**	**32,783**	**71,660**	**97,562**
Property, plant and equipment*	360,415	371,521	371,369	396,301	419,135
Goodwill	6,095	6,095	6,095	6,095	5,595
Working capital	104,441	78,491	84,877	55,434	59,567
Capital employed	**470,951**	**456,107**	**462,341**	**457,830**	**484,297**
Return on capital employed (ROCE)	22.7%	22.8%	7.1%	15.7%	20.1%

** 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).

€ thousands	2020/21	2019/20	2018/19	2017/18	2016/17
Debt factor					
Net financial assets (+)/ net financial debt (-)	154,647	107,309	36,813	36,874	-9,285
Cash flow	122,277	120,196	59,094	89,609	107,168
Debt-cash flow ratio	n/a	n/a	n/a	n/a	0.1
Debt equity ratio					
Net financial assets (+)/ net financial debt (-)	154,647	107,309	36,813	36,874	-9,285
Shareholders' equity	566,146	502,881	448,711	445,678	425,777
Net financial debt in percent of equity	n/a	n/a	n/a	n/a	2.2%
Equity ratio					
Shareholders' equity	566,146	502,881	448,711	445,678	425,777
Total assets	742,433	669,628	585,748	592,293	597,920
Equity ratio in percent	76.3%	75.1%	76.6%	75.2%	71.2%

The capital structure continues to be very robust, characterised by a high equity ratio of 76% (75%) and significantly increased net financial assets.

In July 2019, CropEnergies AG joined a syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million. The term after exercise of the first option to extend is six years, with a further option to extend until 2026. The credit line was not drawn as of 28 February 2021.

Dividend

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

€ thousands	2020/21	2019/20	2018/19	2017/18	2016/17
Operating profit	107,033	103,893	32,783	71,660	97,562
Net earnings for the year	84,916	74,551	21,263	50,809	68,779
Cash flow	122,277	120,196	59,094	89,609	107,168
Earnings per share (€)	0.97	0.85	0.24	0.58	0.79
Dividend per share (€)	**0.35***	**0.30**	**0.15**	**0.25**	**0.30**
Payout ratio	36.1%	35.3%	62.5%	43.1%	38.0%

** Proposed*

Proposed appropriation of profit

The CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 84.9 (74.6) million. After a statutory allocation of € 43.1 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 € 44.8 million.

The executive board and supervisory board will propose to the annual general meeting on 13 July 2021 that, from the unappropriated profit of CropEnergies AG of € 30.5 million, a corresponding dividend of € 0.35 per share be distributed, a further € 14.0 million be allocated to the revenue reserves and the remaining unappropriated profit of € 0.3 million be carried forward.

Actual and forecast business performance

Outlook 2020/21	13/05/2020 Annual report 2019/20	17/06/2020 Inside information Art. 17 MAR 2020/21	15/09/2020 Inside information Art. 17 MAR 2020/21	14/12/2020 Inside information Art. 17 MAR 2020/21	Actual 2020/21	Actual 2019/20
Revenues € million	significantly decline	significantly decline	850 to 900	825 to 855	833	899
EBITDA € million	n/a	n/a	150 to 180	135 to 150	148	146
Operating profit € million	significantly decline	significantly decline	110 to 140	95 to 110	107	104

The table above compares the actual performance in the 2020/21 financial year with the forecasts for the 2020/21 financial year published in the 2019/20 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/en/press.

OUTLOOK

Macroeconomic climate and industry-specific environment

According to the European Commission's current winter forecast, the EU economy is set to grow again in 2021 following a slump of 6.3% in 2020, with growth of 3.7% being expected. Growth of 3.7% is expected. In 2020, the emerging recovery of the European economy during the summer months was abruptly interrupted by the resurgence of the coronavirus pandemic in autumn. The start of vaccination campaigns is, however, expected to enable the coronavirus-related restrictions to be gradually scaled back in the course of 2021. In addition, the agreement between the European Union and the United Kingdom about the terms of future co-operation has mitigated the financial consequences of the United Kingdom's exit from the internal market and the customs union.

How quickly the individual member states of the European Union recover from the impact of the pandemic will vary significantly. Economic performance in less negatively affected member states is expected to reach pre-pandemic levels by the end of 2021 or the beginning of 2022. States that have suffered more under the pandemic or are heavily dependent on tourism will, however, probably need longer to regain their previous economic performance. Under the current circumstances, there is, however, a great deal of uncertainty about future developments.

Ethanol markets

Consumption of fuel ethanol and neutral alcohol in the EU-27 and the UK is expected to increase to 8.3 (8.2) million m³ in 2021. The demand is expected to be offset by domestic production of 7.7 (7.3) million m³. At around 0.6 (1.0) million m³, net imports are expected to decline again. Many EU member states are increasingly exploiting the potential of sustainably produced ethanol to provide a low-carbon, high-quality and cost-efficient alternative to fossil fuels and to improve air quality by increasingly using E10. Comprehensive use of E10 and increasing use of fuels with higher ethanol content are, however, required to achieve the climate and energy targets in the transport sector. Germany, in particular, is still clearly lagging behind this development. The use of E10 in Germany and Europe is expected to be able to continue to move ahead once RED-II and national climate and energy targets have been implemented. The comprehensive use of E10 in the EU-27 and the UK could enable more than 20 million tonnes of CO_{2eq} a year to be saved compared with fossil fuels.

In the 2021/22 financial year, CropEnergies expects stable ethanol sales prices compared with the average of the previous year. This assessment is based on the expectation that ethanol demand in the EU will continue to be affected, for the time being, by the mobility restrictions aimed at containing the coronavirus pandemic. Higher blending targets in EU member states and the introduction of E10 planned in the United Kingdom in September 2021 will probably be able to offset this.

Grain markets

The International Grains Council (IGC) expects world grain production (excluding rice) of 2,224 (2,185) million tonnes in 2020/21. Global stocks are expected to fall to 609 (617) million tonnes due to an anticipated rise in consumption. In the course of the financial year, there was a sharp increase in grain prices owing, among other things, to high grain demand worldwide and grain harvest delays and losses in key growing areas. Owing to the overall continuing good supply situation and a positive outlook for the 2021/22 harvest, grain prices are expected to decline again. According to the IGC's March 2021 forecast, the grain harvest in 2021/22 is expected to rise to 2,287 million tonnes. Overall, CropEnergies expects noticeably higher specific raw material expenses for grain in the 2021/22 financial year compared to the previous year.

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. Renewable fuels contribute to lowering GHG emissions in the transport sector and hence to fulfilling the EU's climate targets for 2030 and beyond.

Renewable rather than fossil energy sources are to be used to achieve the climate targets. In the EU's transport sector, the renewable share is currently set to increase to at least 14% by the year 2030. As a result of the increase in the climate protection targets for 2030 and 2050 in the context of the European Green Deal, higher use of renewable energies is required to achieve the ambitious targets. A revision of the "Renewable Energy Directive" and the EU-wide emissions trading system is currently being examined.

Renewable fuels have achieved the largest share of GHG savings in transport over the past few years and can also make an important contribution to climate protection on Europe's roads.

Group performance

CropEnergies generated revenues of € 833 (899) million and operating profit of € 107 (104) million in the 2020/21 financial year. As a result of an expected normalisation of the mobility behaviour in the course of the year and increased demand for climate-friendly fuels, CropEnergies also expects a high requirement for renewable ethanol and commensurately high production capacity utilisation in the 2021/22 financial year. Against this background, revenues of between € 870 and 920 million and operating profit of between € 50 and 80 million are expected for the 2021/22 financial year. This is equivalent to an EBITDA of between € 90 and € 125 million. The main reason for the decline in operating profit is the temporarily significant increase in the price of raw materials. The developments associated with the third coronavirus wave in the EU further continue to cause uncertainty on all markets.

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 continue 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 fuel ethanol and raw material markets.

Company operations, external influences and corporate actions to secure the survival, 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 assessing risk-related processes. 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 safeguards the company's continued existence and its competitiveness. To that end, CropEnergies uses an integrated system for the early detection, assessment, monitoring and management of group-specific opportunities 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.

Adherence to applicable legislation, corporate guidelines and recognised regulatory standards is an integral part of CropEnergies' 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 management guideline as well as an opportunity and risk management guideline and trains employees accordingly at regular intervals.

System for the early detection of risks
The executive board bears group-wide responsibility for the risk management system as well as for the early detection and countering of risks to the company as a going concern and strategic risks. 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 financial year. The owner takes corresponding countermeasures based on an executive board resolution made in the risk committee or in consultation with the responsible member of the executive board. The results obtained by the risk committee are documented on a monthly basis. In addition to the regular reporting, ad hoc risks require internal

group reporting to the executive board. 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. The independent auditor regularly assesses whether the system for the early detection of risks functions properly.

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. In addition, the risk owner makes an assessment of the probability of occurrence of the risk in question and its short-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.

Overview of short-term risks and opportunities

The short-term risks and opportunities material to CropEnergies are described below and their significance for operating profit in the 2021/22 financial year presented, taking possible financial impact and likelihood of materialisation into account. The effect of countermeasures initiated is taken into account in each case here. Risks are assessed by aggregating them using statistical methods. The table below shows the values determined for the corresponding categories "low", "medium" and "high".

Coronavirus pandemic

The spread of coronavirus across the world has resulted in massive restrictions on public and private life involving a significant impact on society and the economy. As a producer of ethanol, which is an essential component of fuels and disinfectants, CropEnergies is part of the systemically relevant infrastructure. CropEnergies has various production sites in Europe, which are all affected by the pandemic.

	Valuation in 2021/22	
Overview of short-term risks and opportunities	**Risks**	**Opportunities**
Economical environment		
Changes in the legal and political framework	low	low
Operational risks an opportunities		
Procurement	high	medium
Sales and credit risks	high	high
Quality and environment	medium	low
Information technology	low	low
Production	high	low
Compliance	low	low
Finance		
Financial risks and opportunities	low	low

Category	Possible financial effects
low	< € 1 million
medium	€ 1–10 million
high	> € 10 million

CropEnergies and Südzucker have established a joint coronavirus task force, consisting of members of the executive boards and executive employees of the group companies. The coronavirus task force continually analyses and assesses developments from the perspective of the companies and formulates measures to protect the health of the workforce and to continue and safeguard operational processes.

The pandemic may cause sick leave in production and administration to increase in the short term. Measures for containing the virus, such as quarantine at home, lockdowns and other governmental constraints, may result in further disruptions to operations. These disruptions cannot always be countered by suitable measures such as mobile working or adjusting shifts. The restriction on travel activities also poses special challenges to many areas.

At the Wanze site in Belgium, there were delays in completing the routine maintenance work begun at the beginning of March 2020 and hence in re-starting the plant due to lockdowns and border closures imposed in various countries. Furthermore, these restrictions meant that it was likewise possible to complete the routine maintenance activities begun in April 2021 at the site in Zeitz, Germany, only after some delay, resulting in the plant being re-started later than originally planned. Delays in further maintenance measures cannot be ruled out in this context.

It is currently not possible to provide a reliable estimation of the duration of the pandemic or its consequences. In 2020, there was a significant slump in economic performance. Even in 2021, economic performance will not quite reach the previous year's level. The decline in employment across the world and the existing fear of a global recession are resulting in weaker consumption and investment sentiment, which is also – probably only temporarily – affecting CropEnergies' sales markets. Restricted mobility has resulted in a sharp decline in demand and hence also in lower prices for energy, fossil fuels and even ethanol. Should low prices for fuel ethanol be of longer duration, this could have a significant negative impact on the earnings situation of European ethanol producers and may even lead to consolidation effects. This could give rise to both opportunities and risks for CropEnergies. At the same time, the demand for ethanol for technical applications has increased due to the high demand for disinfectants. Against the background of supply bottlenecks for denatured neutral alcohol, the German authorities, as well as those in France, Belgium and Austria, have also approved, for a limited period of time, undenatured technical alcohol for use in disinfectants, subject to certain quality requirements. The technical alcohol produced by CropEnergies meets these quality requirements. This enabled CropEnergies to provide, in 2020, technical alcohol as a main component in the production of disinfectants which were urgently needed, for example, in hospitals and doctors' surgeries. The supply situation in respect of denatured neutral alcohol for disinfectants has now eased again.

Both political measures such as border closures and reduced availability of transportation may cause delivery chains in procurement and sales logistics to be adversely affected. Combined with other effects of the pandemic, particularly potential cases of sickness in production, this may cause a reduction in capacity utilisation or even make it necessary to stop production temporarily. CropEnergies counters these risks by means of a flexible logistics network and a strict hygiene concept. Neither the financial impact nor the duration of the exceptional situation can currently be foreseen. Accordingly, it is not yet possible to quantify the potential financial impact reliably.

Operating environment

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 discussed 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.

Changes in foreign trade relations with third countries may also result in opportunities or risks. With regard to the United Kingdom's exit from the EU (Brexit) with effect from 31 January 2020, agreement was reached on a transitional phase until 31 December 2020. On 24 December 2020, an agreement on a comprehensive trade and co-operation agreement was reached. This agreement laid down, among other things, that no customs duties or quantity restrictions will be levied on imports and exports. This also means that that there will be no changes regarding the customs regulations for imports and exports of CropEnergies' products.

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.

Changes to the political framework may also give rise to opportunities. For example, the spread of the climate-friendly petrol variety Super E10 continues in Europe in 2020 and in the United Kingdom from September 2021. In view of the fact that the blending targets for alternative, low-carbon fuels have been raised in many countries, a further increase in demand for fuel ethanol is expected in the next few years.

Further distortions in demand due to the coronavirus pandemic cannot be ruled out in 2021, however.

Operational risks and opportunities

Procurement
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 sales prices for 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 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 ethanol as well as food and animal feed products, with a decision being taken on the hedging ratio according to the market situation and expectation. 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. 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.

CropEnergies is also exposed to the risk of fluctuations in market price when it comes to purchasing energy and CO_2 emission rights if their free allocations do not cover demand. 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.

Sales and creditworthiness
Prices for ethanol in Europe are subject to various influencing factors such as 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 sales 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 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. For example, a prolonged drought may cause water levels to fall and hence result 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.

Further development of the company and its profitability are largely influenced by the development of sales prices for ethanol, food and animal feed products and the costs of the raw materials used. Opportunities here are presented by lower raw material prices and/or by higher prices for ethanol. Additionally, CropEnergies benefits from higher sales prices for high-grade food and animal feed products, which reduce its net raw material costs, and from its energy-optimised production.

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 operations are minimised by ensuring that transactions are concluded with banks and partners with a high credit rating and have short maturities and defined limits. Accordingly, the creditworthiness of banks and affiliated companies undergoes continual monitoring.

Quality and environment

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.

Information technology

In terms of management, CropEnergies is crucially reliant on complex information technology which is increasingly exposed to security risks from internal and external sources. By implementing appropriate processes and measures, CropEnergies safeguards the availability, confidentiality and integrity of business-related information and the information processing systems. The processes and measures are based on relevant standards and are operated, monitored and constantly optimised by qualified internal and external experts. CropEnergies benefits in this respect from its integration into the systems of Südzucker, which is continually refining information systems and processes.

Production

Highly qualified staff and continuous maintenance measures minimise the risk of unplanned production stoppages. If required, CropEnergies examines whether an unplanned reduction in production at one plant can be offset by additional production at another plant.

Finance

Financial risks and opportunities

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 assessment of foreign currency financing within the group. 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 in US dollars and British pounds. Derivative instruments can be used to hedge these risks. The use of these hedging instruments takes place within defined rules and approvals, 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 bank loans as of 28 February 2021. Negative interest may, however, be charged on sight deposits held by banks. As of 28 February 2021, a custody fee of 0.004% was calculated on time deposits with affiliated companies for a volume of 85 million euros. 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".

Overview of medium-term and long-term opportunities and risks

Changes to the legal and political framework

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. Any change in the estimation of the effects of bioenergy production on the cultivation of agricultural goods in other regions of the world involves 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.

Opportunities arise particularly from changes to the political framework. The EU's target of lowering greenhouse gas emissions by at least 40% compared with 1990 by the year 2030 will be continued in the context of the European Green Deal and increased to at least 55%. Increasing use, in particular, of renewable energy sources instead of fossil energy sources is to contribute to achieving the climate protection targets. For the period after 2020, the "Renewable Energy Directive" therefore provides for an increase in the share of renewable energies to at least 32%.

The transposition of the new "Renewable Energy Directive" in EU member states should result in increasing ethanol demand in the whole of the EU. The EU requirements must be transposed into national law by mid-2021.

The EU is also planning to revise the directive on renewable energies as part of the European Green Deal. This is expected to give rise to more opportunities than risks, as calculations made by the European Commission suggest that the proportion of renewable energies in the transport sector needs to rise to at least 24%.

In addition, risks could arise from a free trade agreement between the USA and the EU. Now that there is a new US government, negotiations are expected to be revived. No progress has currently been made in negotiations about a free trade agreement between the EU and MERCOSUR. A free trade agreement of this kind could likewise give rise to risks in the wake of import quotas with reduced customs duties.

Taxonomy refers to the common classification system recently introduced by the EU which is designed to offer investors incentives for sustainable investments. The "Renewable Energy Directive" and the taxonomy define the concept of sustainability differently. In this respect, there is a risk of CropEnergies being viewed and classified differently by investors with regard to sustainability criteria.

Development of demand and change in consumer behaviour

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. Changes in consumer behaviour on the sales markets relevant to CropEnergies may also result in fluctuations in demand. For example, it may happen that consumers differentiate according to production technologies, greenhouse gas reduction potential and/or raw materials. This would also impact CropEnergies' business activities. By evaluating strategies for broadening the value chain and its range of products as well as for gaining access to new customer groups, CropEnergies is preparing for possible changes in consumer behaviour on relevant sales markets. In the 2020/21 financial year, CropEnergies was able to expand sales of low-carbon ethanol to the chemical industry. Owing to the European Green Deal and the demand for sustainable products, the demand for low-carbon raw materials like renewable ethanol can be expected to increase. CropEnergies can meet these sustainability requirements even today and sees further sales potential in this area.

Personnel

Owing to demographic trends, the recruitment and long-term retention of qualified employees pose an increasing challenge. CropEnergies is in competition with other companies for qualified personnel. There is a risk of not being able to fill posts appropriately or only with a time delay. To counteract this risk, CropEnergies, as the leading company in the future market for sustainable products, 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 safety-at-work measures that aim to achieve "zero accidents", as well as in-depth analysis of any accidents at work.

Compliance

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. CropEnergies has analysed the obligations and risks triggered by the European General Data Protection Regulation (EU GDPR) and implemented organisational and technical measures to guarantee the protection and security of personal data, particularly those of employees, customers, suppliers and other business partners.

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.

Fraud and corruption risks

Fraud and 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. Likewise, people outside the company may, with fraudulent intent, attempt to prompt payments or deliveries by using fake identities. 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 are investigated.

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 and optimised on a day-by-day basis in the context of a group-wide cash pool.

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. As of the reporting date, CropEnergies has net financial assets of € 155 million. Thanks to agreed credit lines, CropEnergies can additionally draw on ample cash resources in the short term, where necessary.

Summary of the risks and opportunities

Procurement and sales risks, risks due to structural changes in sales markets and changes in the legal and political framework are the main risks for the further development of the CropEnergies Group. The price volatility of the raw materials used and the sales prices for ethanol and high-value food and animal feed products have the most significant impact on CropEnergies' earnings. Fixed costs need to be covered by the margin from sales prices and variable costs. Opposing market trends may result in gains or losses. A temporary closure of plants may be necessary if variable costs can no longer be covered. Any correlation between raw material and ethanol markets is small. The markets are also extremely volatile, which makes forecasting earnings performance more difficult. This can be reduced only to a limited extent by price hedging. Future opportunities arise from ambitious climate protection targets that the EU has set itself. The measures to combat the coronavirus pandemic have resulted in massive interventions in private and public life involving a significant impact on society and the economy. Neither the duration of this exceptional situation nor its financial consequences can be entirely foreseen at this moment in time. In summary, the CropEnergies Group's overall risk has decreased compared with the previous year, owing to the agreement between the EU and the United Kingdom and against the background of the coronavirus vaccination measures. No risks posing a threat to the company's continued existence are discernible at the present time. As CropEnergies has a strong balance sheet and liquidity, it is well equipped to meet future challenges.

Accounting-related internal control and risk management system

Main features
The CropEnergies Group's accounting-related internal control system 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 control princi-

ple", digitised 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 Südzucker Group's internal auditing department 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 AND RESPONSIBILITY

In the following, we report on the company's corporate management in accordance with § 315d HGB in conjunction with § 289f (1) HGB (German Commercial Code) and corporate governance in accordance with recommendation F.4 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.

Functioning of the executive board and supervisory board

The following explanations refer to the disclosures on the functioning of the executive board and supervisory board in accordance with § 289f (2) No. 3 and § 315d HGB.

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 comprises three members and has one spokesman. As the managing body, the executive board 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 executive board's rules of procedure are in force as amended on 13 January 2020. The division of the duties and responsibilities of the executive board was last changed on 11 May 2020, with effect from the end of the annual general meeting on 14 July 2020.

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 9 November 2020, and published on CropEnergies AG's website.

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. The current periods of office are identical: the term of office of all shareholder representatives 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. They have the knowledge, ability and expert experience required for proper exercise of the duties.

The current composition of the supervisory board is presented under item (36) "Supervisory board" in the notes to the consolidated financial statements.

The supervisory board's diversity concept

Regarding its composition, the supervisory board is guided, pursuant to a resolution passed on 16 July 2019, – taking into account the sector, the company's size, and the scale of the international activities – by the following objectives, in particular:

- 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 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. It bases its decision primarily on suitability, not on gender. By means of a resolution dated 16 May 2017, the supervisory board defined "retention of zero %" as the target for the proportion of women in the supervisory board – for the period up to 15 May 2022.
- 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. This facilitates continuity and the preservation of long-standing expertise in the supervisory board in the interests of the company.

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. In the meantime, there has been one change in the supervisory board.

The supervisory board considers that it currently has two, and hence – in consideration of the ownership structure – a sufficient number of independent members: Prof. Dr. Markwart Kunz, Braunschweig, and Norbert Schindler, Bobenheim am Berg, are independent of CropEnergies AG, the executive board and the controlling shareholder, Südzucker AG. At least two members embody the criterion of "internationality" to a special degree. The supervisory board currently has no female members.

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 executive board's diversity concept

The supervisory board has prepared a diversity concept for CropEnergies AG's executive board, including, for example, aspects such as age, gender, educational and professional background as well as internationality. The aim is to select an executive board composition that ensures that the executive board will be fully able to discharge the duties incumbent upon it. This is based on long-term succession planning with regard to the composition of the executive board, which the supervisory board ensures together with the executive board. Every effort is made to fill executive board positions with candidates who have progressed within the company. With regard to systematic management development and long-term succession planning for the executive board, particular attention is paid to the following criteria:

- Early identification of suitable candidates from different disciplines, with different professional and personal experience, internationality and gender.
- Systematic development of managers through assignment of duties with increasing levels of responsibility.
- Demonstration of a strategic and operational creative drive as well as strong leadership.
- Proven role model function in respect of the implementation of our corporate values.

Key to any appointment of a CropEnergies AG executive board member is ultimately an appraisal of their professional and personal qualifications. In this respect, 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 in order to ensure that they can carry out their duties responsibly in the company.

Regarding the composition of the executive board, the supervisory board is therefore guided, pursuant to a resolution passed on 16 July 2019, – taking into account the sector, the company's size, and the scale of the international activities – by the following objectives:

- Number: owing to the company's size and the CropEnergies Group's current organisational and task structure, a three-person executive board for CropEnergies AG is advisable – involving finance (CFO), sales/purchasing (CSO) and technology/production (CTO). The supervisory board can appoint a chairman or CEO from this group.
- Age: a member of the executive board should not remain in office longer than the end of the financial year in which he or she reaches 65 years of age.
- Gender: the supervisory board bases its decision primarily on suitability, not on gender. By means of a resolution passed at its meeting on 16 July 2019, it extended the "retention of zero %" target for the proportion of women in the executive board for the period up to 15 May 2022.
- Education and profession: with regard to educational and professional background, the selection of executive board members should be based on the expertise required in general in the CropEnergies AG executive board as well as for the respective executive board department. This expertise may have been acquired as part of university studies or other training or even in other ways.
- Internationality: it is advisable for the executive board to have one member with international experience or particular expertise in a market outside Germany that is important to the company.

Supervisory board committees

With the audit committee and nomination committee, the supervisory board has formed committees which prepare and supplement its activities. By means of a resolution dated 9 November 2020, the supervisory board additionally established an ad hoc "executive board compensation" committee, whose task is to prepare this matter for the supervisory board. The committees consist of four members in each case. The duties of the committees are based on the supervisory board rules of procedure as amended on 9 November 2020 and those for the audit committee of 3 May 2012. The current composition of the committees with the respective duration of membership 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 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 2021
The invitation to the annual general meeting, which is expected to be held on 13 July 2021, 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, assess 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 86 – 96.

Corporate governance report

The following corporate governance reports refers to disclosures made in accordance with § 289f (2) No 1, 4 – 6 and § 315d HGB.

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.

In CropEnergies' view, the German Corporate Governance Code as amended on 16 December 2019* is 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 2020
In November 2020, executive board and supervisory

** The version of 16 December 2019 entered into force on publication in the German Federal Gazette on 20 March 2020.*

board issued the declaration of conformity with the recommendations of the German Corporate Governance Code as amended on 7 February 2017 and 16 December 2019, pursuant to § 161 AktG.

CropEnergies AG complies with the recommendations with the assumptions presented in the declaration of conformity. There are no Code recommendations that are not applicable to CropEnergies AG on the grounds of overriding statutory provisions. CropEnergies AG complies with the suggestions of the applicable Code with one exception: contrary to suggestion G.18, the supervisory board compensation does not consist in pure fixed compensation.

As with declarations of conformity issued in previous years, the full wording of the declaration of conformity for 2020 is published on the CropEnergies website at www.cropenergies.com on the Investor Relations/ Corporate Governance pages.

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 current and expected future status quo into account, determined the target for the proportion of women in the supervisory board up to 15 May 2022 to be the "retention of zero %".

At its meeting on 16 July 2019, the supervisory board, likewise taking all relevant criteria and particularly the current and expected future status quo into account, determined the target for the proportion of women in the executive board up to 15 May 2022 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.

Training and professional development
The members of the supervisory board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. They receive appropriate support from CropEnergies in this regard:

An information event on corporate governance issues involving an external specialist lawyer was again held in the 2020/21 financial year.

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

1. a fixed annual salary,

2. variable 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 serving as a long-term incentive (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 following table shows the salaries of executive board members, individualised for each member:

Remuneration of the board of management

2020/21 €	Dr. Stephan Meeder (Executive board spokesman)	Jürgen Böttcher (from 1 May 2020)	Dr. Fritz Georg von Graevenitz	Joachim Lutz (until 14 July 2020)	Total
Fixed remuneration including benefits	242,503	166,387	180,492	121,420	710,802
Variable remuneration	166,559	116,265	120,916	87,388	491,128
Total	**409,062**	**282,652**	**301,408**	**208,808**	**1,201,930**
Pension expenses	69,966	33,809	20,022	0	123,797
Defined benefit obligations	1,258,228	1,378,443	185,640	3,037,028	5,859,339

Remuneration of former board members

2020/21 €	Joachim Lutz (from 15 July 2020)	Michael Friedmann (from 1 March 2020)	Total
Fixed remuneration including benefits	200,291	106,227	306,518
Variable remuneration	147,384	24,494	171,878
Total	**347,675**	**130,721**	**478,396**

The defined benefit obligations for former members of the executive board amount to € 5.8 million.

The annual general meeting of CropEnergies AG had passed a resolution on 12 July 2016 to waive individual disclosure of executive board compensation for a period of five years. The company refrained from disclosing executive board members' individual compensation for the last time in the 2019/20 financial year.

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 no-par-value 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. Tax-related special dividends are not considered in the compensation calculation. 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 following table shows the salaries of supervisory board members, individualised for each member:

2020/21 €	Fixed remuneration	Remuneration for committee work	Total remuneration
Prof. Dr. Markwart Kunz (Chairman)	70,000	17,500	87,500
Thomas Kölbl (Deputy Chairman)	52,500	35,000	87,500
Dr. Hans-Jörg Gebhard	35,000	0	35,000
Dr. Thomas Kirchberg (from 16 March 2020)	35,000	16,042	51,042
Franz-Josef Möllenberg	35,000	17,500	52,500
Norbert Schindler	35,000	0	35,000
Total	**262,500**	**86,042**	**348,542**

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.

The current German Corporate Governance Code of 16 December 2019 no longer follows that as recommendation for the supervisory board members. The deductibles for the supervisory board members have therefore been omitted from the D&O insurance with effect from 1 March 2021.

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 2020/21 financial year.

Compliance

The following explanations relate to corporate governance practices that are applied over and beyond the statutory requirements (§§ 289f [2] no. 2, 315d HGB).

Compliance management system
Compliance is an integral part of CropEnergies' corporate culture and is given concrete organisational form through a compliance management system (CMS). As a member of the Südzucker Group, CropEnergies has adopted the latter's code of conduct. The compliance corporate values and principles contained therein have been adopted in an appropriate form and serve as compliance guidelines.

CropEnergies' CMS comprises the totality of all regulations and measures that are to be used to ensure the lawful actions of all stakeholders in the company and the identification of relevant risks. It addresses responsibilities, training measures and reporting channels and is based on the seven basic elements of IDW Audit Standard 980 "Auditing Compliance Management Systems":

- Compliance culture
  Compliance at CropEnergies is viewed and practised as a responsibility of the executive board and the entire management of all subsidiaries. Executive board and managerial staff create, through their actions and communication, an environment that clearly underscores the significance of compliance within the company.

- Compliance objectives
The objective of the CMS at CropEnergies is to ensure that the company and all its employees act lawfully, to identify risks of breaches in good time, preventing them by means of appropriate countermeasures, and to pursue any breaches that may have already occurred and communicate them to the responsible bodies.

- Compliance risks
  Compliance risks arise, in principle, due to any failure to comply with laws and directives. The compliance risks are identified, assessed and reported in the context of the risk management system. At CropEnergies, the main focus is on the areas of anti-trust law, corruption and bribery prevention, capital market/reporting obligations and data protection.

- Compliance programme
  CropEnergies' compliance programme includes all measures to achieve the above-mentioned objectives. It comprises, among other things, the preparation of corresponding guidelines, internal arrangements for complying with reporting and documentation obligations under capital market legislation and the use of a software solution for ensuring third-party compliance.

  Regular training courses in respect of compliance-related issues take place in all company divisions. CropEnergies is part of the Südzucker Group's e-learning programme which includes a regular mandatory online training programme on the subjects of compliance foundations, anti-trust law, corruption and bribery prevention, data protection, capital market compliance, IT security and identity fraud.

- Compliance organisation
  There is a group-wide compliance organisation with defined compliance areas of responsibility and clearly defined reporting channels across all essential functional areas and operational companies.

- Compliance communication
  The Südzucker Group's code of conduct that applies to CropEnergies (www.suedzucker.de/en/company/profile/code-of-conduct) and its compliance business values and principles (www.suedzucker.de/en/investor-relations/corporate-governance/compliance) have been made known to all employees to raise their awareness of compliance principles in their day-to-day activities. Suspicious conduct can be reported via an optionally anonymous whistleblower system, the "CropEnergies Compliance Line" (www.cropenergies.com/en/

investorrelations/compliance/). Any indication of potential breaches is followed up.

In addition to case-related reports, periodical reporting to CropEnergies AG's Compliance Officer and the executive board, defined within the compliance organisation, also takes place. The executive board, for its part, regularly reports on compliance issues to the supervisory board and the audit committee.

- Compliance monitoring and further development
  Südzucker's internal auditing department monitors, in its function as a shared service, compliance with all regulations in the form of planned or event-driven audits. All elements of the CMS are constantly subjected to critical scrutiny and refined, based on insights obtained from these audits and from reported compliance cases.

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 2021 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 respectively 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, for example, 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 2021, Südzucker AG (Südzucker), Mannheim and Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Stuttgart (SZVG) directly hold 69.2% and 4.8%, 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 74.0% 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 at least 3 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 Abs. 1 Nr. 6 HGB)*.

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

The annual general meeting of 14 July 2020 authorised the executive board, with the consent of the supervisory board, to increase the share capital of the company within the period until 13 July 2025 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind (Authorised Capital 2020). The executive board may, with the consent of the supervisory board and pursuant to § 4 (3) of the articles of association, exclude shareholders' subscription rights in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10% of total share capital, neither at the time this authorisation comes into force nor at the time this authorisation is exercised. Details are provided in § 4 (3) of the articles of association. The authorisation to utilise the Authorised Capital has not been exercised to date.

The annual general meeting on 14 July 2020 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire shares of the company up to a maximum of 10% of the share capital in the period up to 13 July 2025. 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 for the purpose of redemption. 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 executive board is also authorised to use derivatives to acquire shares; all share acquisitions using derivatives must be limited to no more than 5% of share capital. The authorisation to acquire the company's own shares has not been exercised to date *(§ 315a [1] No. 7 HGB)*.

Change of control and compensation agreements

On 12 July 2019, Südzucker AG entered into an agreement with a bank consortium in respect of a syndicated line of credit totalling € 600 million, with a maturity up to 2024 (or with option to extend up to 2026). 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 pages 101 – 103.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

1. March 2020 to 28 February 2021

€ thousands	Note	2020/21	2019/20
Income statement			
Revenues	(6)	**833,116**	**899,175**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	1,854	-8,313
Other operating income	(8)	12,418	4,853
Cost of materials	(9)	-596,083	-652,198
Personnel expenses	(10)	-41,395	-37,992
Depreciation	(16), (17)	-41,371	-42,246
Other operating expenses	(11)	-60,606	-59,386
Income from companies consolidated at equity	(18)	270	197
Income from operations	(12)	**108,203**	**104,090**
Financial income	(13)	733	120
Financial expenses	(13)	-1,516	-3,465
Earnings before income taxes		**107,420**	**100,745**
Taxes on income	(14)	-22,504	-26,194
Net earnings for the year		**84,916**	**74,551**
Earnings per share, diluted/undiluted (€)	(31)	**0.97**	**0.85**
Table of other comprehensive income			
Net earnings for the year		**84,916**	**74,551**
Mark-to-market gains and losses after deferred taxes		-6,173	-2,334
Revaluation not affecting income		-4,619	16,420
Realisation resulting in a profit or loss		-1,554	-18,754
Foreign currency differences from consolidation		-1,105	784
Income and expenses to be reclassified in future in the profit and loss account		**-7,278**	**-1,550**
Remeasurement of defined benefit plans and similar obligations after deferred taxes		4,425	-6,144
Income and expenses not to be reclassified in future in the profit and loss account		**4,425**	**-6,144**
Income and expenses recognised in shareholders' equity		**-2,853**	**-7,694**
Total comprehensive income		**82,063**	**66,857**

Cash flow statement

1. March 2020 to 28 February 2021

€ thousands	Note	2020/21	2019/20
Net earnings for the year		84,916	74,551
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	41,371	42,246
Change in non-current provisions and deferred tax liabilities		-3,164	4,582
Other income not affecting cash		-846	-1,183
Gross cash flow		122,277	120,196
Loss (+) / Gain (-) on disposal of non-current assets		697	-786
Decrease (-) / Increase (+) in current provisions		-4,704	1,912
Increase in inventories, receivables and other current assets		-30,124	-4,085
Increase in liabilities (excluding financial liabilities)		17,712	7,909
Change in working capital		-17,116	5,736
I. Net cash flow from operating activities		**105,858**	**125,146**
Investments in property, plant and equipment and intangible assets	(16), (17)	-28,829	-29,884
Cash received on divestments		453	0
Cash received on disposal of non-current assets		856	124
Payments into financial receivables		-55,200	-54,500
Payments into current financial investments		1	-14,992
II. Cash flow from investing activities		**-82,719**	**-99,252**
Dividends paid		-26,175	-13,088
Repayment of lease liabilities		-3,953	-3,640
Increase of other financial liabilities		471	0
III. Cash flow from financial activities		**-29,657**	**-16,728**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**-6,518**	**9,166**
Change in cash and cash equivalents due to exchange rate changes		-127	1,380
due to changes in entities included in consolidation		-703	0
Decrease (-) / Increase (+) in cash and cash equivalents		**-7,348**	**10,546**
Cash and cash equivalents at the beginning of the year		13,359	2,813
Cash and cash equivalents at the end of the year		**6,011**	**13,359**

€ thousands	Note	2020/21	2019/20
Interest expense	(32)	445	510
Tax payments	(32)	17,078	29,737

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

Balance sheet

28 February 2021

ASSETS

€ thousands	Note	28/02/2021	29/02/2020
Intangible assets	(16)	7,858	8,317
Property, plant and equipment	(17)	358,652	369,299
Shares in companies consolidated at equity	(18)	2,538	2,268
Receivables and other assets	(28)	1,027	44
Deferred tax assets	(14)	7,315	4,728
Non-current assets		**377,390**	**384,656**
Inventories	(19)	73,165	66,558
Current financial receivables	(25), (26), (28)	143,700	88,500
Trade receivables and other assets	(20), (27), (28)	126,480	94,564
Current tax receivables	(14)	696	6,999
Securities	(25), (26), (28)	14,991	14,992
Cash and cash equivalents	(25), (26), (28)	6,011	13,359
Current assets		**365,043**	**284,972**
Total assets		**742,433**	**669,628**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	28/02/2021	29/02/2020
Subscribed capital		87,250	87,250
Capital reserves		197,847	197,847
Other reserves and other comprehensive income		281,049	217,784
Shareholders' equity	(21)	**566,146**	**502,881**
Provisions for pensions and similar obligations	(22)	30,725	35,003
Other provisions	(23)	2,685	3,385
Financial liabilities	(25), (26), (28)	5,889	6,326
Non-current tax liabilities	(14)	2,397	1,957
Deferred tax liabilities	(14)	19,660	18,823
Non-current liabilities		**61,356**	**65,494**
Other provisions	(23)	6,345	11,049
Financial liabilities	(25), (26), (28)	4,166	3,216
Trade payables and other liabilities	(24), (27), (28)	91,841	77,599
Current tax liabilities	(14)	12,579	9,389
Current liabilities		**114,931**	**101,253**
Total liabilities and shareholders' equity		**742,433**	**669,628**

Development of shareholders' equity

1. March 2020 to 28 February 2021

€ thousands	Subscribed capital	Capital reserves	Other reserves and other comprehensive income				Total consolidated shareholders' equity
			Other reserves	Cash flow hedges	Cumulative foreign currency differences	Total	
1 March 2019	**87,250**	**197,847**	**163,829**	**-816**	**601**	**163,614**	**448,711**
Net earnings for the year			**74,551**			**74,551**	**74,551**
Mark-to-market gains and losses on cash flow hedging instruments after deferred taxes				-2,334			
Foreign currency differences from consolidation					784		
Remeasurement of defined benefit plans and similar obligations after deferred taxes			-6,144				
Income and expenses recognised in shareholders' equity			**-6,144**	**-2,334**	**784**	**-7,694**	**-7,694**
Total comprehensive income			**68,407**	**-2,334**	**784**	**66,857**	**66,857**
In the acquisition costs of non-financial assets reclassified hedges				**401**		**401**	**401**
Dividends paid			**-13,088**			**-13,088**	**-13,088**
29 February 2020	**87,250**	**197,847**	**219,148**	**-2,749**	**1,385**	**217,784**	**502,881**
1 March 2020	**87,250**	**197,847**	**219,148**	**-2,749**	**1,385**	**217,784**	**502,881**
Net earnings for the year			**84,916**			**84,916**	**84,916**
Mark-to-market gains and losses on cash flow hedging instruments after deferred taxes				-6,173			
Foreign currency differences from consolidation					-1,105		
Remeasurement of defined benefit plans and similar obligations after deferred taxes			4,425				
Income and expenses recognised in shareholders' equity			**4,425**	**-6,173**	**-1,105**	**-2,853**	**-2,853**
Total comprehensive income			**89,341**	**-6,173**	**-1,105**	**82,063**	**82,063**
In the acquisition costs of non-financial assets reclassified hedges				**7,377**		**7,377**	**7,377**
Dividends paid			**-26,175**			**-26,175**	**-26,175**
28 February 2021	**87,250**	**197,847**	**282,314**	**-1,545**	**280**	**281,049**	**566,146**

The changes in shareholders' equity are explained at 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 as amended on 14 July 2020, 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 agricultural 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 2021 were released by the executive board on 22 April 2021 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 6 May 2021 and reviewed and approved by the supervisory board at its meeting on 17 May 2021. The publication date is 19 May 2021.

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 regularly 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 without affecting net income, 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 2020/21 financial year.

Standard		Passed by IASB	Adopted by the EU
Conceptual Framework (amendment)		29/03/2018	29/11/2019
IAS 1	Presentation of Financial Statements (amendment)	31/10/2018	29/11/2019
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	31/10/2018	29/11/2019
IAS 39 (amended 2019)	Financial Instruments: Recognition and Measurement (amendment)	26/09/2019	15/01/2020
IFRS 3	Business Combinations (amendment)	22/10/2018	21/04/2020
IFRS 7 (amended 2019)	Financial Instruments: Disclosures (amendment)	26/09/2019	15/01/2020
IFRS 9 (amended 2019)	Financial Instruments (amendment)	26/09/2019	15/01/2020
Miscellaneous	Conceptual Framework (itself not part of the EU endorsement process, but changes to the references within the various IFRS)	29/03/2018	29/11/2019

The 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 2020/21 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	Adopted by the EU	Mandatory application for CropEnergies as of financial year	Content and, if relevant, expected impact on CropEnergies
IAS 1	Presentation of Financial Statements (amendment)	23/01/2020 and 15/07/2020, respectively	no	2022/23	The amendments clarify that the classification of liabilities as current or non-current should be based on rights to defer settlement by at least twelve months. Classification depends on the reporting entity's right and expectation. Postponement of first-time adoption means that the amendments may become relevant from the 2023/24 financial year.
IAS 1	Presentation of Financial Statements (amendment)	12/02/2021	no	2023/24	The amendment requires that only material accounting policies be presented in the notes in future. To be material, an accounting policy must relate to material transactions or other events and there must be grounds for the presentation. The aim is that company-specific statements should be paramount in future in place of standardised statements. CropEnergies expects accounting policy disclosures to be reduced.

IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	12/02/2021	no	2023/24	The amendment clarifies how companies can differentiate accounting policies more clearly from changes to estimates. To this end, it defines that an accounting-related estimate always refers to uncertainty in the measurement of a financial parameter in the financial statements. The amendments may become relevant from the 2023/24 financial year.
IAS 16	Property, Plant and Equipment (amendment)	14/05/2020	no	2022/23	The amendments concern revenue before the intended use of property, plant and equipment and forbid that from the costs of property, plant and equipment revenue is deducted that is generated from the sale of articles produced while it is brought to the place and transformed in a way necessary for the intended use by the corporate management. Instead, the revenue generated from such sales and the costs for the production of such articles must be recognised in the operating result. It is assumed that the regulations regularly do not apply.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment)	14/05/2020	no	2022/23	The amendments, referring to liability-related contracts (costs for the performance of a contract), define that the costs for contract performance comprise those costs that are directly related to the contract. These may include additional costs for contract performance, for example direct labour costs, material or may refer to an assignment of other costs directly related to the performance of contracts, such as depreciation of production facilities. The regulations become relevant as soon as liability-related contracts exist.
IAS 39	Financial Instruments: Recognition and Measurement	27/08/2020	13/01/2021	2021/22	The amendments result from Phase 2 of the Interest Rate Benchmark Reform and concern the effect on financial reporting when existing interest rates are actually replaced. The amendments are not relevant to CropEnergies.
IFRS 3	Business Combinations (amendment)	14/05/2020	no	2022/23	The amendments update the reference to the 2018 framework concept, specify the scope of application of IAS 37 or IFRIC 21 and explicitly state that a buyer does not recognise contingent assets acquired during a business combination. The amendments may become relevant but are not essential.
IFRS 4	Insurance Contracts	25/06/2020	15/12/2020	2023/24	The standard is not relevant to CropEnergies.
IFRS 4	Insurance Contracts	27/08/2020	13/01/2021	2021/22	See information on amendments to IAS 39 (amended 2020). The standard is not relevant to CropEnergies.
IFRS 7	Financial Instruments: Disclosures	27/08/2020	13/01/2021	2021/22	See information on amendments to IAS 39 (amended 2020).
IFRS 9	Financial Instruments	27/08/2020	13/01/2021	2021/22	See information on amendments to IAS 39 (amended 2020).
IFRS 16	Leases	27/08/2020	13/01/2021	2021/22	See information on amendments to IAS 39 (amended 2020).
IFRS 16	Leases	28/05/2020 and 31/03/2021, respectively	09/10/2020	2021/22	The coronavirus pandemic has led to some lessors providing relief to lessees by deferring or relieving them of amounts that would otherwise be payable. The standard now contains exemptions for this case, especially if no lease modification is involved. In March 2021, the IASB adopted an extension to the application of the exemption. As CropEnergies does not claim relief as a lessee, the amendments are not relevant.
IFRS 17	Insurance Contracts	18/05/2017 and 25/06/2020, respectively	no	2021/22	The standard is not relevant to CropEnergies.
Miscellaneous	Annual Improvements of IFRS (2018 – 2020 cycle)	14/05/2020	no	2022/23	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 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*
- CropEnergies Beteiligungs GmbH, Mannheim*
- 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); until 24 February 2021

100% of the shares in the Ryssen Chile SpA were sold on 24 February 2021. Owing to the difference between book value and sale price, this sale gave rise to a loss of € 4 thousand, which is presented under other operating expenses. The effects from the deconsolidation are as follows:

€ thousands	Deconsolidation
Non-current assets	260.2
Inventories	*60.1*
Receivables and other assets	*917.1*
Cash and cash equivalents	*703.3*
Current assets	1,680.5
Total assets	**1,940.7**
Shareholders' equity	**1,411.2**
Non-current liabilities	198.7
Current liabilities	330.8
Total liabilities	**529.5**

A detailed presentation of the equity interests can be found in the list of subsidiaries and equity interests on page 160.

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% stake and which is jointly managed, was consolidated at equity in the consolidated financial statements. CT Biocarbonic GmbH's contribution to earnings is thereby included only in ear-

** Exemption from the duty to disclose pursuant to § 264 (3) HGB* nings 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	**28/02/2021**	**29/02/2020**
Non-current assets	6,128	6,758
Inventories	*63*	*54*
Receivables and other assets	*444*	*606*
Cash and cash equivalents	*325*	*725*
Current assets	832	1,385
Total assets	**6,960**	**8,143**
Shareholders' equity	**5,062**	**4,521**
Non-current liabilities	348	318
Current liabilities	1,550	3,304
Total liabilities	**1,898**	**3,622**
Income	3,640	3,332
- Expenses	-3,100	-2,939
= Net earnings for the year	540	393

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 € 2.5 (2.3) 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. CT Biocarbonic GmbH is an equity investment in which CropEnergies has a 50% stake and which 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 Ensus UK Ltd, Yarm, are prepared in British pounds (GBP) and those of Ryssen Chile SpA, Lampa, Santiago de Chile, were prepared in Chilean pesos (CLP) until it was sold. 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 measurement 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 28/02/2021**	**Average rate 2020/21**	**Year-end rate 29/02/2020**	**Average rate 2019/20**
Great Britain	GBP	0.87	0.90	0.85	0.87

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.

Intangible assets are reported at acquisition or production costs. 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. Leasing accounting is not applied to intangible assets.

Property, plant and equipment is measured 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 life
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

Leases on property, plant and equipment: Under IFRS 16, the lessee, in principle, recognises all leases on the balance sheet at present value in the form of a right-of-use asset and a lease liability. The present value is determined on the basis of the current maturity-adequate incremental borrowing rate, unless the interest rate on which the lease payments are based is available. The right-of-use asset is generally written down over the lease term. The lease liability is increased by the interest cost in line with the effective interest rate method and reduced by lease payments; the resulting interest expenses are reported in the financial result. The right-of-use asset is subject to an impairment test pursuant to IAS 36 (Impairment of Assets).

CropEnergies avails itself of the non-capitalisation option for low-value assets and short-term leases.

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 that do not have a significant financing component are measured at their transaction price upon initial recognition. **Other financial assets** are measured at their market value plus transaction costs at the time of accrual and subsequently at amortised acquisition cost 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. Following the introduction of IFRS 9, the valuation allowances for trade receivables not only include specific valuation allowances for actual credit risks such as customer insolvency or default of more than 90 days without any reliable information on collateral, but also an impairment provision for expected future credit losses. Impairments recognised for expected future credit losses are determined based on historical default rates depending on how overdue the trade receivables are. Determination is based on a portfolio-based approach and takes future default information into account.

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 recognition and subsequent measurement are carried out 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 categories “at fair value through profit or loss” and “at amortised cost”. **Financial liabilities** are classified upon initial recognition in the categories “at amortised cost” and “at fair value through profit or loss”.

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 is carried out at 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.

When a performance obligation is satisfied, **revenues** are recognised at the transaction prices allocated to these performance obligations. Revenues are reported without rebates and discounts, without turnover tax and after eliminating intra-group sales. Revenues are recognised once the customer 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 at 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.

Estimation of the maturity of lease liabilities under IFRS 16 is based on the non-cancellable basic rental period of the lease and an assessment of the exercise of existing extension and termination options. Determining the maturity and the discount rates used affects the amount of right-of-use assets and lease obligations.

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.

Notes on the income statement

(6) Revenues

€ thousands	2020/21	2019/20
Ethanol	647,628	696,508
Food and animal feed products	175,472	192,469
Other revenues	10,016	10,198
	833,116	**899,175**

Revenues for ethanol, food and animal feed products declined by € 65.9 million to € 823.1 million. The decline in sales was mainly due to the pandemic-related extension of the maintenance shutdown in Wanze as well as a general decline in fuel sales owing to the mobility restrictions in the past financial year.

In addition, the development of ethanol prices was shaped by the coronavirus pandemic and prices fluctuated in a range that had never been observed before. After hitting an all-time low in spring, fuel demand recovered in the summer months, with the price of ethanol rising to an all-time high. Following renewed mobility restrictions in autumn, however, there was a significant fall in ethanol prices again.

As admissible under IFRS 15, CropEnergies makes no disclosures on the remaining lease obligations as of 28 February 2021 which have an original expected maturity of one year or less.

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

A breakdown of revenues from contracts with customers according to delivery destinations is provided at item (41) "Segment report".

(7) Change in inventories and other capitalised internal costs

This item includes internal costs capitalised amounting to € 34 (130) thousand.

(8) Other operating income

The other operating income of € 12.4 (4.9) million mostly comprises currency gains of € 4.0 (1.4) million, sales commissions and recharged logistics costs of € 2.6 (1.8) million, compensation of € 2.1 million received for an insured event from the 2017/18 financial year as well as a reversal of a provision of € 0.9 million as a result of the ending of a legal dispute.

(9) Cost of materials

€ thousands	2020/21	2019/20
Cost of raw materials, consumables and supplies and of purchased merchandise	574,701	633,145
Cost of purchased services	21,382	19,053
	596,083	**652,198**

The cost of materials declined owing to the 1.5% fall in ethanol production to € 596.1 (652.2) million. Despite the slight increase in net raw material costs, the changes in sales structure and the smaller proportion of trading activities resulted in a reduction of the material expense ratio to 71.4% (73.2%) of overall performance.

The biomass boiler installed at Wanze produces green electricity, which, according to the regulations in Wallonia for promoting sustainably generated energy, can be sold on the Belgian electricity market or consumed internally until 2024. The green certificates (green electricity certificates) allocated by the government for the production of green electricity are recognised as a reduction of the cost of materials in the amount of their sales proceeds. The corresponding sales proceeds amounted to € 19.7 (23.1) 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.

(10) Personnel expenses

€ thousands	2020/21	2019/20
Wages and salaries	31,071	28,796
Social security, pension and welfare expenses	10,324	9,196
	41,395	**37,992**

Number of employees (full-time equivalents)

	2020/21	2019/20
Number of employees by region		
Germany	179	180
Other European countries and United Kingdom	271	263
Other countries	0	7
	450	**450**
Number of employees by category		
Wage earners	226	224
Salary earners	224	226
	450	**450**

The number of employees (full-time equivalents) employed as of 28 February 2021 stood at 450 (450). 452 (444) employees (full-time equivalents) were employed on a yearly average.

Personnel expenses increased to € 41.4 (38.0) million. The personnel expense ratio (as a percentage of overall performance) increased to 5.0% (4.3%).

(11) Other operating expenses

€ thousands	2020/21	2019/20
Selling and advertising expenses	22,319	23,668
Operating and administrative expenses	16,425	16,077
Other expenses	21,862	19,641
	60,606	**59,386**

Selling and advertising expenses declined to € 22.3 (23.7) million and mainly consisted of logistics costs for supplying customers. Operating and administrative costs amounted to € 16.4 (16.1) million.

The other expenses mainly comprised the cost of shared services provided by the Südzucker Group of € 5.2 (5.4) million, currency losses of € 4.5 (1.8) million, other taxes of € 2.3 (2.1) million as well as rental and leasing expenses of € 2.1 (1.6) million.

Research and development costs are included in other expenses.

(12) Income from operations

€ thousands	2020/21	2019/20
Income from operations	**108,203**	**104,090**
of which operating profit	107,033	103,893
of which restructuring costs and special items	900	0
of which income from companies consolidated at equity	270	197

Income from operations, amounting to € 108.2 (104.1) million, comprises operating profit, net restructuring costs and special items, as well as earnings from entities consolidated at equity.

Operating profit is the income from operations adjusted for the effects from at equity consolidation. Special items are items affecting earnings that do not recur regularly within business operations or are aperiodical. Operating profit is the main financial indicator for corporate management. In the past financial year, the settlement of a legal dispute gave rise to positive net restructuring costs and special items of € 0.9 million.

The operating margin increased to 12.8% (11.6%) of revenues.

(13) Financial income and expenses

€ thousands	2020/21	2019/20
Interest income	119	59
Other financial income	614	61
Financial income	**733**	**120**
Interest expense	-985	-1,118
Other financial expense	-531	-2,347
Financial expense	**-1,516**	**-3,465**
Net financial result	**-783**	**-3,345**

The net financial result improved by € 2.6 million year over year to € -0.8 million, mainly due to unrealised currency gains from the measurement of clearing accounts. The net financial result includes the interest unwinding expense of € 0.4 (0.6) million for provisions for pensions and similar obligations as well as interest expenses of € 0.4 (0.4) million for lease liabilities.

(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 2020/21 financial year gives rise to a theoretical tax rate of 29.98% (29.98%).

€ thousands	2020/21	2019/20
Earnings before taxes on income	107,420	100,745
Theoretical tax rate	*29.98%*	*29.98%*
Theoretical tax expense	**32,205**	**30,203**
Change in theoretical tax expense as a result of:		
Different tax rates	-4,459	-2,631
Tax reduction for tax-free income	-982	-749
Tax increase for non-deductible expenses	1,754	2,021
Trade tax adjustment	-5	16
Taxes for prior years	-1,442	624
Tax effects from loss carry-forwards and temporary differences	-4,298	-3,787
Other	-269	497
Taxes on income	**22,504**	**26,194**
Effective tax rate	**21%**	**26%**

The positive (negative) effects from current taxes from previous years amounting to € 1.4 (-0.6) million mainly relate to the impact at Ensus and Wanze.

The tax effects from loss carry-forwards and temporary differences of € -4.3 (-3.8) million are due to the measurement and use of loss carry-forwards to current earnings in respect of Ensus and the remeasurement of old stock. The basis for deferring taxes is the assessment by the management that, due to the positive market development, taxable profit is generated which can be offset against not yet used tax-related losses.

The non-deductible expenses of € 1.8 (2.0) million mainly concern dividend payments and Ensus.

The impact from diverging tax rates amounting to € -4.5 (-2.6) million is due to 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 € 1.8 (0.6) 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 2020/21 financial year consist of current tax expenses of € 27.0 (27.8) million and deferred taxes of € -4.5 (-1.6) million.

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

€ thousands	**Deferred tax assets**		**Deferred tax liabilities**	
28/29 February	**2021**	**2020**	**2021**	**2020**
Property, plant and equipment	539	644	20,361	22,147
Inventories	0	7	62	159
Other assets	68	539	342	233
Tax-free reserves	0	0	563	621
Provisions	3,803	6,237	802	444
Liabilities	3,358	2,683	195	601
Tax loss carry-forwards	2,212	0	0	0
	9,980	10,110	22,325	24,205
Offsets	-2,665	-5,382	-2,665	-5,382
Balance sheet	**7,315**	**4,728**	**19,660**	**18,823**

Of the deferred tax assets amounting to € 10.0 (10.1) million before netting, € 6.6 (6.5) million are non-current. Of the deferred tax liabilities amounting to € 22.3 (24.2) million before netting, € 21.2 (22.8) million are non-current.

Deferred taxes were not recognised for loss carry-forwards and temporary differences amounting to € 53.8 (53.1) million. All loss carry-forwards can be used indefinitely. 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	2020/21			2019/20		
	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	-8,473	2,300	-6,173	-2,797	463	-2,334
Foreign currency differences from consolidation	-1,105	0	-1,105	784	0	784
	-9,578	**2,300**	**-7,278**	**-2,013**	**463**	**-1,550**
Income and expenses not to be reclassified in future in the profit and loss account						
Remeasurement of defined benefit plans and similar obligations	6,329	-1,904	4,425	-8,715	2,571	-6,144
	-3,249	**396**	**-2,853**	**-10,728**	**3,034**	**-7,694**
Net earnings for the year			84,916			74,551
Total comprehensive income			**82,063**			**66,857**

All of the tax assets of € 0.7 million arise in France. Tax liabilities amount to € 15.0 million, € 8.5 million of which stem from the German companies, € 4.5 million from the French companies and € 2.0 million from the Belgian company.

Income tax items receive regular consideration, particularly in light of various changes to tax laws, tax regulations, case law and continuous tax audits. CropEnergies counters this circumstance applying IFRIC 23 by continually identifying and assessing tax frameworks and the resulting effects. This enables the latest findings to be included in the required estimation parameters for measuring tax provisions.

(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 quality 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 € 1.2 (1.3) 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.

2020/21 € thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2020	6,095	9,303	15,398
Changes in companies incl. in the consolidation	0	-498	-498
Change due to currency translation	0	14	14
Additions	0	89	89
Transfers	0	44	44
Disposals	0	0	0
28 February 2021	6,095	8,952	15,047
Depreciation			
1 March 2020	0	-7,081	-7,081
Changes in companies incl. in the consolidation	0	498	498
Change due to currency translation	0	-14	-14
Depreciation for the year	0	-592	-592
Disposals	0	0	0
28 February 2021	0	-7,189	-7,189
Net book value at 28 February 2021	**6,095**	**1,763**	**7,858**

2019/20 € thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2019	6,095	9,377	15,472
Change due to currency translation	0	-102	-102
Additions	0	65	65
Transfers	0	0	0
Disposals	0	-37	-37
29 February 2020	6,095	9,303	15,398
Depreciation			
1 March 2019	0	-6,608	-6,608
Change due to currency translation	0	103	103
Depreciation for the year	0	-612	-612
Disposals	0	36	36
29 February 2020	0	-7,081	-7,081
Net book value at 29 February 2020	**6,095**	**2,222**	**8,317**

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). Goodwill is unchanged at € 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 2020, the correspondingly determined discount rate was 6.8% (6.5%) before taxes and 5.2% (5.0%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGUs, CropEnergies uses a constant growth rate of 0.6% (0.5%). 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 2020/21 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 (including leases)

Acquired property, plant and equipment

2020/21 € 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 2020	148,466	565,773	21,351	21,612	757,202
Changes in companies incl. in the consolidation	0	-123	0	0	-123
Change due to currency translation	-122	-1,191	-4	8	-1,309
Additions	1,225	16,183	731	10,601	28,740
Transfers	1,542	19,435	4	-21,025	-44
Disposals	-465	-3,799	-405	0	-4,669
28 February 2021	150,646	596,278	21,677	11,196	779,797
Depreciation					
1 March 2020	-54,464	-327,923	-15,111	0	-397,498
Changes in companies incl. in the consolidation	0	123	0	0	123
Change due to currency translation	3	333	5	0	341
Depreciation for the year	-5,091	-30,176	-1,501	0	-36,768
Impairment losses	0	0	0	0	0
Disposals	139	2,700	278	0	3,117
28 February 2021	-59,413	-354,943	-16,329	0	-430,685
Net book value at 28 February 2021	**91,233**	**241,335**	**5,348**	**11,196**	**349,112**

2019/20 € 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 2019	146,991	553,333	20,937	8,711	729,972
Change due to currency translation	39	378	1	-14	404
Additions	1,355	11,979	1,008	15,477	29,819
Transfers	129	2,195	65	-2,389	0
Disposals	-48	-2,112	-660	-173	-2,993
29 February 2020	148,466	565,773	21,351	21,612	757,202
Depreciation					
1 March 2019	-49,473	-297,880	-14,019	0	-361,372
Change due to currency translation	-2	-168	-1	0	-171
Depreciation for the year	-5,008	-31,426	-1,604	0	-38,038
Impairment losses	0	0	0	0	0
Disposals	19	1,551	513	0	2,083
29 February 2020	-54,464	-327,923	-15,111	0	-397,498
Net book value at 29 February 2020	**94,002**	**237,850**	**6,240**	**21,612**	**359,704**

There were no devaluations to the respective value in use in the 2020/21 financial year.

The additions in the 2020/21 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).

Leased property, plant and equipment

2020/21 € 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**
1 March 2020	7,679	1,376	540	0	9,595
Additions	2,419	1,606	169	0	4,194
Depreciation for the year	-2,287	-1,497	-227	0	-4,011
Changes in companies incl. in the consolidation	-206	0	0	0	-206
Change due to currency translation	-32	0	0	0	-32
Net book value at 28 February 2021	**7,573**	**1,485**	**482**	**0**	**9,540**

2019/20 € 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**
1 March 2019	8,081	1,407	391	0	9,879
Additions	1,477	1,443	382	0	3,302
Depreciation for the year	-1,889	-1,474	-233	0	-3,596
Change due to currency translation	10	0	0	0	10
Net book value at 29 February 2020	**7,679**	**1,376**	**540**	**0**	**9,595**

CropEnergies mainly uses leases in the areas of logistics, land use and production.

The weighted average incremental borrowing rate as of 28 February 2021 was 3.8% (3.9%).

Total payments from leases amount to € 4.9 (4.2) million. Of this figure, € 4.0 (3.6) million are from capitalised leases, € 0.8 (0.5) million from expenses for short-term and low-value rental agreements and € 0.1 (0.1) million from interest payments for lease liabilities.

(18) Shares in companies consolidated at equity

2020/21 € thousands	Companies consolidated at equity
1 March 2020	**2,268**
Share of profits	270
28 February 2021	**2,538**

2019/20 € thousands	Companies consolidated at equity
1 March 2019	**2,071**
Share of profits	197
29 February 2020	**2,268**

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

(19) Inventories

€ thousands	28/02/2021	29/02/2020
Raw materials and supplies	30,764	23,638
Work in progress	4,875	4,411
Finished goods and merchandise	37,526	38,509
	73,165	**66,558**

There was a mainly price and volume-related increase of € 6.6 million in inventories to € 73.2 million. There were no impairments to work in progress or finished goods and merchandise in the current financial year.

(20) Trade receivables and other assets

€ thousands	28/02/2021	29/02/2020
Trade receivables	68,732	58,829
Other assets	57,748	35,735
	126,480	**94,564**

Trade receivables and other assets increased by € 9.9 million to € 68.7 million. Their book value is derived as follows:

€ thousands	28/02/2021	29/02/2020
Total trade receivables	69,981	60,055
Allowance for doubtful receivables	-1,249	-1,226
Book value	**68,732**	**58,829**

The valuation allowances for trade receivables have developed as follows:

€ thousands	2020/21	2019/20
Allowance for doubtful receivables at 1 March	**1,226**	**1,143**
Additions	23	133
Released	0	-50
Allowance for doubtful receivables at 28/29 February	**1,249**	**1,226**

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

€ thousands	28/02/2021	29/02/2020
Receivables not past due	67,272	54,570
Past due receivables		
less than 10 days	712	1,650
between 11 and 30 days	572	2,543
between 31 and 90 days	171	66
more than 90 days	5	0
Book value	68,732	58,829
Valuation allowances for doubtful receivables	1,249	1,226
Total trade receivables	**69,981**	**60,055**

In the case of overdue trade receivables, there are no indications that the debtors cannot meet their payment obligations.

Other assets, amounting to € 57.7 (35.7) million, mainly consist of receivables in the form of ring-fenced credits for hedges of € 23.8 (15.6) million, purchased CO_2 emission rights of € 12.6 (6.0) million, positive mark-to-market values of derivative hedging instruments of € 9.3 (1.4) million, other taxes of € 8.4 (7.8) million, receivables from advance payments of € 2.1 (2.7) million and other receivables of € 1.5 (2.2) 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 reserve I The capital reserve relates to CropEnergies AG and was unchanged at € 197.8 million as of the balance sheet date. This reserve includes external flows of funds required to be included according to § 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 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 € -6.2 (-2.3) million. Almost all the amounts reported under wheat, ethanol, gas and currency derivatives are recognised through profit or loss in the next financial year. In the current financial year, the amount written back to revenues was € -1.6 (-18.8) million and that to the cost of materials was € 7.4 (0.4) million.

Together with revenue reserves and other comprehensive income of € 281.0 (217.8) million, shareholders' equity amounts to € 566.1 (502.9) million.

The annual general meeting of 14 July 2020 authorised the executive board, with the consent of the supervisory board, to increase the share capital of the company within the period until 13 July 2025 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind (Authorised Capital 2020). The executive board may, with the consent of the supervisory board and pursuant to § 4 (3) of the articles of association, exclude shareholders' subscription rights in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10% of total share capital, neither at the time this authorisation comes into force nor at the time this authorisation is exercised. Details are provided in § 4 (3) of the articles of association. The authorisation to utilise the Authorised Capital has not been exercised to date.

The annual general meeting on 14 July 2020 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire shares of the company up to a maximum of 10% of the share capital in the period up to 13 July 2025. 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 for the purpose of redemption. 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 executive board is also authorised to use derivatives to acquire shares; all share acquisitions using derivatives must be limited to no more than 5% of share capital. The authorisation to acquire own shares has not been exercised to date.

(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 and amounted to € 3.1 (2.4) million. 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 Ryssen Alcools SAS. 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	28/02/2021	29/02/2020
Defined benefit obligation for direct pension benefits	34,276	38,108
Fair value of plan assets	-3,551	-3,105
Provisions for pensions and similar obligations (net defined benefit obligation)	**30,725**	**35,003**
Discount rate in %	1.60	1.16

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 € 26.9 (31.5) million are financed by provisions, with the present values of € 27.0 (31.6) 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 € 6.8 (6.0) million is offset by plan assets totalling € 3.5 (3.0) 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 € 0.5 (0.5) 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 2020	**38,108**	**-3,105**	**35,003**
Expenses for company pension plans (Income statement)			
Current service cost	2,167		2,167
Past service cost	0		0
Interest expense / income	440	-39	401
	2,607	**-39**	**2,568**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-65	-65
Losses (+) and gains (-) from changes of demographical assumptions	0		0
Gains (-) and losses (+) from changes in financial assumptions	-6,674		-6,674
Losses (+) and gains (-) on experience adjustments	410		410
	-6,264	**-65**	**-6,329**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-357	-357
Participants contributions to plan assets	27	-27	0
Benefit payments	-178	0	-178
Transference	18		18
Other	-42	42	0
	-175	**-342**	**-517**
28 February 2021	**34,276**	**-3,551**	**30,725**

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
1 March 2019	**27,200**	**-2,973**	**24,227**
Expenses for company pension plans (Income statement)			
Current service cost	1,563		1,563
Past service cost	0		0
Interest expense / income	593	-59	534
	2,156	**-59**	**2,097**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-74	-74
Losses (+) and gains (-) from changes of demographical assumptions	0		0
Losses (+) and gains (-) from changes in financial assumptions	8,928		8,928
Losses (+) and gains (-) on experience adjustments	-139		-139
	8,789	**-74**	**8,715**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-293	-293
Participants contributions to plan assets	25	-25	0
Benefit payments	-311	285	-26
Transference	283		283
Other	-34	34	0
	-37	**1**	**-36**
29 February 2020	**38,108**	**-3,105**	**35,003**

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 and plan assets recognised directly in shareholders' equity amounted to € 6.3 (-8.7) million and resulted from adjustment of the discount rate and experience adjustments.

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 %	28/02/2021	29/02/2020
Discount rate	1.60	1.16
Salary growth	2.11	2.50
Pension growth	1.30	1.50

Pension provisions were calculated on the basis of an interest rate of 1.70% (1.15%) in Germany and an interest rate of 1.25% (1.20%) 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 2021			
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	30,491	-11.0%
	Decrease by 0.50 percentage point	38,742	13.0%
Salary growth	Increase by 0.25 percentage point	35,317	3.0%
	Decrease by 0.25 percentage point	33,416	-2.5%
Pension growth	Increase by 0.25 percentage point	35,252	2.9%
	Decrease by 0.25 percentage point	33,345	-2.7%
Life expectancy	Increase by one year	35,280	2.9%
	Decrease by one year	33,256	-3.0%

29 February 2020			
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	33,471	-12.2%
	Decrease by 0.50 percentage point	43,656	14.6%
Salary growth	Increase by 0.25 percentage point	39,332	3.2%
	Decrease by 0.25 percentage point	37,065	-2.7%
Pension growth	Increase by 0.25 percentage point	39,317	3.2%
	Decrease by 0.25 percentage point	36,957	-3.0%
Life expectancy	Increase by one year	39,393	3.4%
	Decrease by one year	36,818	-3.4%

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Financial calendar

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
Statement for the 1st to 3rd quarters of 2021/22	12 January 2022
Annual report press and analysts' conference financial year 2021/22	18 May 2022

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SÜDZUCKER GROUP

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Innovation from Biomass

Annual Report

2020/21

SÜDZUCKER GROUP

HIGHLIGHTS 2020/21 CROPENERGIES GROUP

Revenues reach € 833 (899) million	€ -66 million
Ethanol production declines to 987,000 (1,002,000) m³	-1.5%
EBITDA grows to € 148.4 (146.1) million	€ +2 million
Operating profit rises to € 107.0 (103.9) million	€ +3 million
Net earnings reach € 84.9 (74.6) million	€ +10 million
Cash flow amounts to € 122.3 (120.2) million	€ +2 million
Net financial assets increase to € 155 (107) million	€ +48 million

- Dividend proposal: distribution of € 0.35 per share

- Outlook for 2021/22*: CropEnergies expects revenues to range between € 870 and € 920 million. Operating profit is expected to range between € 50 and € 80 million. This is equivalent to an EBITDA of between € 90 and € 125 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. 84*

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 € 3.6 (3.1) 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 (27) years. Employer contributions to plan assets amounting to € 0.4 (0.3) million are expected in the 2021/22 financial year.

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

Future pension and single payments	€ thousands
2021/22	550
2022/23	393
2023/24	375
2024/25	444
2025/26	923
2026/27 to 2030/31	4,743
	7,428

(23) Development of other provisions

2020/21 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2020	**1,493**	**12,941**	**14,434**
Changes in companies incl. in the consolidation	0	-816	-816
Change due to currency translation	0	-3	-3
Addition	485	3,636	4,121
Utilised	-224	-6,368	-6,592
Released	-73	-2,041	-2,114
28 February 2021	**1,681**	**7,349**	**9,030**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 1.4 (1.2) million and for phased early retirement schemes of € 0.2 (0.1) million. Of the total of € 1.7 million, € 0.1 million is expected to be utilised in the 2021/22 financial year.

The provisions for uncertain liabilities amounting to € 7.3 (12.9) million mainly relate to excise duties of € 4.2 (4.4) million and CO_2 emission rights of € 2.5 (6.8) million. It was possible to reverse the provision for litigation risks amounting to € 0.9 million. Material new legal disputes did not occur.

The addition to and utilisation of provisions for uncertain liabilities within the financial year mainly relate to CO_2 emission rights.

Of the total amount of provisions of € 7.3 million, € 6.2 million are expected to be utilised in the 2021/22 financial year and the remaining amount over the next five years. The additions to the provisions include compounding costs of € 18 (22) thousand.

(24) Trade payables and other liabilities

€ thousands	28/02/2021	29/02/2020
Trade payables	59,371	54,190
Other liabilities	32,470	23,409
	91,841	**77,599**

Trade payables increased by € 5.2 million to € 59.4 million.

Other liabilities, amounting to € 32.5 (23.4) million, mainly comprise negative mark-to-market values of derivative hedging instruments of € 12.1 (8.8) million, liabilities in respect of personnel expenses of € 9.0 (7.8) million, liabilities in respect of other taxes amounting to € 7.1 (5.2) million and other liabilities € 4.3 (1.6) million.

(25) Financial receivables/liabilities

€ thousands	28/02/2021	29/02/2020
Financial receivables	143,700	88,500
Securities	14,991	14,992
Cash and cash equivalents	6,011	13,359
Liabilities from leases	-9,584	-9,542
Other financial liabilities	-471	0
Net financial assets	**154,647**	**107,309**

The net financial position as of 28 February 2021 shows net financial assets of € 154.6 (107.3) million. The net financial assets consist of short-term investments in fixed-interest bearing securities totalling € 15.0 (15.0) million, cash and cash equivalents of € 6.0 (13.4) million and current financial receivables towards Südzucker AG amounting to € 143.7 (88.5) million less liabilities from leases of € 9.6 (9.6) million and other financial liabilities of € 0.5 (0) million.

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 measurement 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:

In July 2019, CropEnergies AG joined a syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million. The term after exercise of the first option to extend is six years, with a further option to extend until 2026. The credit line was not drawn as of 28 February 2021.

Loan receivables of € 0.7 (1.5) million are due from CT Biocarbonic GmbH, in which CropEnergies has a 50% stake. The loan is short term and bears interest at the rate of 2.00% p.a.

The CropEnergies Group's cash and cash equivalents of € 6.0 (13.4) million consist of short-term bank deposits with banks of prime credit standing. The group also has current financial receivables of € 143.7 (88.5) million and short-term investments in fixed-interest securities totalling € 15.0 (15.0) million.

(27) Derivative financial instruments

a) Use of derivative financial instruments

CropEnergies 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.

Raw material price risks can arise mainly in connection with the procurement of commodities such as grain. There is also a risk of energy price fluctuations. Where price risks cannot be excluded through physical supply contracts, CropEnergies uses derivative financial instruments, such as wheat futures and options as well as gas swaps, 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	
28/29 February	**2021**	2020	**2021**	2020
Cash flow hedge derivatives				
Wheat futures	102,258	84,348	6,597	-608
Ethanol derivatives	195,549	148,183	-9,334	-6,458
Currency derivatives	6,985	6,764	-21	32
Gas swaps	1,143	1,352	138	-317
Total cash flow hedge derivatives	**305,935**	**240,647**	**-2,620**	**-7,351**

€ thousands	Nominal value		Market value	
28/29 February	**2021**	2020	**2021**	2020
Derivatives held for trading				
Currency derivatives	0	683	0	-1
Wheat options	4,881	13,120	-98	-83
Total derivatives held for trading	**4,881**	**13,803**	**-98**	**-84**

All derivatives have maturities of less than one year. In the 2020/21 financial year, the gas swaps were recognised as cash flow hedge derivatives for the first time.

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 from 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 € 102.3 (84.3) million with a market value of € 6.6 (-0.6) 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 € 10.9 million.

Exchange-traded options were entered into in order to hedge risks arising from the volatility of wheat prices. 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 € 10 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 € 195.5 (148.2) million with a market value of € -9.3 (-6.5) million. As only marketable, tradable financial instruments are used to hedge ethanol prices, the market value is determined on the basis of market quotations.

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 decreased or increased by € 19.7 million.

The total volume of currency derivatives was € 7.0 (7.4) million, with a market value of € -21 (31) 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, in the income statement and, to some extent, in deferred taxes, would have changed by € -0.7 and € 0.8 million, respectively.

Gas swaps were used to secure energy requirements. As of the balance sheet date, the volume of gas swaps amounted to a nominal volume of € 1.1 (1.4) million with a market value of € 0.1 (-0.3) million. Gas swaps are measured on the basis of reference prices, taking into account forward premiums and discounts.

Sensitivity: If gas prices had been 10% higher or lower on the reporting date, the market value recognised in the income statement would have increased or decreased by € 128 thousand.

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 2021 was € -2.6 (-7.4) million. On the reference date, effects from completed cash flow hedges amounting to € 283 thousand were also recognised in the revaluation reserve.

In part, only one price component of the hedged item is designated in a hedge accounting relationship, so that the properties of the designated hedged item and the hedging transaction are in balance therefore offsetting value changes completely. The hedge ratio of these hedges is 1 : 1.

As the hedge relationships in cash flow hedges are very effective, any change in value of the hedged items corresponds to the change in value of the hedging instruments. These changes in market value are apparent from the unrealised gains and losses in the statement of comprehensive income. The costs (i.e., competitive disadvantages) arising from disclosure of the average hedging rates are probably greater than the benefits.

(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 2021		29 February 2020	
€ 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 amortised cost	143,700	143,700	88,500	88,500
Trade receivables	At amortised cost	68,732	68,732	58,829	58,829
Other assets	At amortised cost	26,329	26,329	17,862	17,862
Securities	At amortised cost	14,991	14,991	14,992	14,992
Cash and cash equivalents	At amortised cost	6,011	6,011	13,359	13,359
Derivatives held for trading (positive market value)	At fair value through profit or loss	0	0	135	135
Cash flow hedge derivatives (positive market value)	n/a (Hedge Accounting)	9,347	9,347	1,251	1,251
		269,110	269,110	194,928	194,928
Financial liabilities					
Liabilities from leases	n/a	9,584	-	9,542	-
Trade payables	At amortised cost	59,371	59,371	54,190	54,190
Other liabilities	At amortised cost	4,797	4,797	1,579	1,579
Derivatives held for trading (negative market value)	At fair value through profit or loss	97	97	536	536
Cash flow hedge derivatives (negative market value)	n/a (Hedge Accounting)	11,968	11,968	8,285	8,285
		85,817	76,233	74,132	64,590

	28 February 2021		29 February 2020	
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 amortised costs	259,763	259,763	193,542	193,542
Assets valuated at fair value through profit or loss	0	0	135	135
Liabilities valuated at fair value through profit or loss	97	97	536	536
Liabilities valuated at amortised costs	64,168	64,168	55,769	55,769

	Net result profit (+) / loss (-) according to valuation category IFRS 9	
€ thousands	**2020/21**	**2019/20**
Assets valuated at amortised costs	4,725	1,583
Assets and liabilities valuated at fair value through profit or loss	1,093	103
Liabilities valuated at amortised costs	-6,041	-5,220

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 € -0.9 (-1.1) million. This consists of interest income of € 0.1 (0.06) million and interest expenses of € 1.0 (1.1) million.

Ineffectiveness, which arose from maturity mismatches between hedged item and hedging transaction, needed to be recognised in the amount of € 0.3 thousand.

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. In the 2020/21 financial year, no reclassifications were made between the respective measurement levels.

	Fair Value Hierarchy							
€ thousands	**28 February 2021**	**Level 1**	**Level 2**	**Level 3**	**29 February 2020**	**Level 1**	**Level 2**	**Level 3**
Positive market values – Cash flow hedge derivatives	9,347	9,174	173	0	1,251	1,219	32	0
Positive market values – Derivatives held for trading	0	0	0	0	135	135	0	0
Financial assets	**9,347**	**9,174**	**173**	**0**	**1,386**	**1,354**	**32**	**0**
Negative market values – Cash flow hedge derivatives	11,968	11,911	57	0	8,285	8,285	0	0
Negative market values – Derivatives held for trading	97	97	0	0	536	218	318	0
Financial liabilities	**12,065**	**12,008**	**57**	**0**	**8,821**	**8,503**	**318**	**0**

Impairments on financial instruments were only necessary in trade receivables and amounted to € 1.2 (1.2) 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 2020/21 financial year, CropEnergies incurred expenses of € 0.4 (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, financial receivables, securities 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 separately 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. All other receivables and assets are classified as investment grade.

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 managed and optimised on a day-by-day basis in the context of a group-wide cash pool.

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.

In July 2019, CropEnergies AG joined a syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million. The term after exercise of the first option to extend is six years, with a further option to extend until 2026. The credit line was not drawn as of 28 February 2021.

The following overview shows the maturities of the liabilities as of 28/29 February. All cash outflows are undiscounted.

€ thousands	28 February 2021	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									
Leases		9,584	28,660	4,016	1,571	479	426	404	21,764
Trade payables		59,371	59,371	59,371	0	0	0	0	0
Other liabilities		4,797	4,797	4,797	0	0	0	0	0
Derivatives held for trading (negative market value)		97	97	97	0	0	0	0	0
Cash flow hedge derivatives (negative market value)		11,968	11,968	11,968	0	0	0	0	0
		85,817	**104,893**	**80,249**	**1,571**	**479**	**426**	**404**	**21,764**

€ thousands	29 February 2020	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									
Leases		9,542	28,913	3,534	1,712	584	528	404	22,151
Trade payables		54,190	54,190	54,190	0	0	0	0	0
Other liabilities		1,579	1,579	1,579	0	0	0	0	0
Derivatives held for trading (negative market value)		536	536	536	0	0	0	0	0
Cash flow hedge derivatives (negative market value)		8,285	8,285	8,285	0	0	0	0	0
		74,132	**93,503**	**68,124**	**1,712**	**584**	**528**	**404**	**22,151**

The cash outflows for the discharge of liabilities are based on the earliest due date. 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. 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 2021, CropEnergies has other financial liabilities amounting to € 0.5 million. Negative interest may, however, be charged on sight deposits with banks and affiliated companies.

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 € 29.0 (16.7) million for capital expenditures and € 212.2 (199.1) 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 and raw alcohol. There was a purchase order commitment of € 14.6 (17.1) million in relation to the companies of the Südzucker Group.

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 € 84.9 (74.6) million. Throughout the 2020/21 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 € 0.97 (0.85), 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 increase in EBITDA to € 148.4 (146.1) million, cash flow after taxes also increased to € 122.3 (120.2) million. Including the change in net working capital, cash flow from operating activities amounted to € 105.9 (125.1) million.

The cash outflows for tax payments amounted to € 17.1 (29.7) million and are attributable to operating activities. In addition, there were interest expenses of € 0.4 (0.5) million, likewise attributable to operating activities. The capital expenditures of € 28.8 (29.9) 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. Furthermore, current financial receivables increased by € 55.2 (54.5) million. In the previous year, the increase was shown as cash outflow from financing activities. Owing to the reclassification, the previous year's presentation was adjusted. The cash receipts from divestments amounting to € 0.5 million relate to the inflows so far received from the sale of Ryssen Chile SpA.

As of 28 February 2021, cash and cash equivalents amounted to € 6.0 (13.4) million.

The total cash outflow from financing activities consisted of the dividend distribution of € 26.2 (13.1) million which took place in July 2020, payments for lease liabilities of € 4.0 (3.6) million and the increase in other financial liabilities to € 0.5 (0) million.

(33) Group auditor's fees
For services performed by the Group's independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, expenses of € 136 (197) thousand were incurred in the 2020/21 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 other attestation services in the current financial year amounting to € 16 (5) thousand. The fees for other attestation services mainly comprise services in the context of energy legislation outside of the audit of the consolidated financial statements.

(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 9 November 2020. 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 € 17.1 (18.6) million. In addition, services worth € 3.4 (3.7) million, research & development work worth € 1.1 (1.2) million as well as other services worth € 1.1 (1.1) million were provided.

Set against this, the CropEnergies Group received € 2.4 (3.4) million from Südzucker AG for supplies of goods, € 0.2 (0.2) million for services provided and € 0.1 (0.2) million for other services.

On the balance sheet date, there were no receivables (previous year: € 0.3 million) outstanding towards Südzucker AG in respect of the aforesaid related party transactions. Liabilities outstanding to Südzucker AG amounted to € 3.5 (2.0) million, while financial receivables towards Südzucker AG totalled € 143.7 (88.5) million. For this, a custody fee of 0.004% for a volume of € 85 million was calculated.

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 € 19.7 (50.8) million. In addition, services worth € 0.8 (0.8) million were provided.

Set against this, the CropEnergies Group received € 56.8 (78.7) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 2.2 (1.4) million and compensation payments of € 0.3 (0.3) million.

On the balance sheet date there were receivables of € 8.9 (6.7) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 3.3 (4.2) million outstanding to them 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 € 1.4 (1.4) million. Furthermore, loan receivables of € 0.7 (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 2020/21 financial year of € 1,202 (1,400) thousand, with the fixed annual salary accounting for € 711 (760) thousand. € 491 (566) thousand was paid as variable compensation. € 70 (75) thousand was paid in the form of non-monetary benefits and social insurance contributions. All compensation involves short-term benefits.

Pension provisions for active executive board members amounted to € 3.2 (7.7) million. In the 2020/21 financial year, an amount of € 0.2 (1.5) million was added to the provisions. Pension provisions of € 6.3 million exist for former executive board members.

Supervisory board I Assuming that the annual general meeting approves the proposed dividend on 13 July 2021, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 349 (247) thousand for the 2020/21 financial year, with the fixed compensation accounting for € 263 (173) thousand. In addition, out-of-pocket expenses amounting to € 4 (9) 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 101 – 103.

(36) Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG
Member of the supervisory board since 3 May 2006

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG
Member of the supervisory board since 3 May 2006

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

Group positions
- *AGRANA Stärke GmbH, Wien (Austria)*
- *AGRANA Zucker GmbH, Wien (Austria)*
- *Freiberger Holding GmbH, Berlin*
- *PortionPack Europe Holding B.V., Oud-Beijerland (Netherlands)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the executive board of the Association Süddeutscher Zuckerrübenanbauer e. V.
Member of the supervisory board since 29 August 2006

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

Positions held in comparable national and foreign supervisory bodies
- *AGRANA Beteiligungs-AG, Wien (Austria), (1st Deputy Chairman)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Wien (Austria), (2nd Deputy Chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart (Chairman)*
- *Vereinigte Hagelversicherung VVaG, Gießen*

Dr. Thomas Kirchberg

Würzburg
Member of the executive board of Südzucker AG
Member of the supervisory board since 16 March 2020

Positions held in national supervisory boards stipulated by law
- *Ekosem-Agrar AG, Walldorf*

Positions held in comparable national and foreign supervisory bodies
- *Forum Moderne Landwirtschaft e. V., Berlin (Deputy Chairman)*

Group positions
- *AGRANA Beteiligungs-AG, Wien (Austria)*
- *Freiberger Holding GmbH, Berlin (Chairman)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim*

Franz-Josef Möllenberg

Rellingen
Former chairman of the Gewerkschaft Nahrung-Genuss-Gaststätten (Union)
Member of the supervisory board since 29 August 2006

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
Member of the supervisory board since 29 August 2006

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

Supervisory board committees

Audit committee
Thomas Kölbl *(Chairman)*
Dr. Thomas Kirchberg *(from 15 April 2020)*
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

Nomination committee
Thomas Kölbl *(Chairman)*
Dr. Thomas Kirchberg *(from 15 April 2020)*
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

Ad hoc "executive board compensation" committee
(from 9 November 2020)
Dr. Hans-Jörg Gebhard *(Chairman)*
Dr. Thomas Kirchberg
Thomas Kölbl
Prof. Dr. Markwart Kunz

(37) Executive board

Joachim Lutz (CEO)
Executive board spokesman (CEO until 14 July 2020)
Mannheim
First appointed: 4 May 2006

Dr. Stephan Meeder (CEO/CFO)
Executive board spokesman (CEO from 14 July 2020)
Mannheim
First appointed: 30 April 2015
Appointed until: 29 April 2025

Jürgen Böttcher (CTO) *(from 1 May 2020)*
Erfurt
First appointed: 1 May 2020
Appointed until: 30 April 2023

Dr. Fritz Georg von Graevenitz (CSO)
Heidelberg
First appointed: 1 October 2019
Appointed until: 30 September 2024

(38) 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	Wanze	Belgium	100%		100%
Ryssen Alcools SAS	Loon-Plage	France		100%	100%
Compagnie Financière de l'Artois SAS	Paris	France	100%		100%
Ensus UK Ltd	Yarm	United Kingdom		100%	100%
CT Biocarbonic GmbH	Zeitz	Germany		50%	50%

(39) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 84.9 (74.6) million. After an allocation of € 43.1 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, reached € 44.8 million.

The executive board and supervisory board will propose to the annual general meeting on 13 July 2021 that, from the unappropriated profit of CropEnergies AG of € 30.5 million, a corresponding dividend of € 0.35 per share be distributed, a further € 14.0 million be allocated to the revenue reserves and the remaining unappropriated profit of € 0.3 million be carried forward.

(40) 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.

(41) 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).

CropEnergies AG with its German subsidiaries and the foreign subsidiaries each form their own operating segment. In a second step, the operating segments are aggregated into a single reportable segment 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 operating profit. Management uses this financial indicator 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 aggregated 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	28/02/2021	29/02/2020
Total assets	742.4	669.6
Capital employed	471.0	456.1
Inventories	73.2	66.6
Total liabilities	-176.3	-166.7
Net financial position	154.6	107.3
Expenditures on property, plant and equipment and intangible assets	28.8	29.9
Number of employees	450	450

€ million	28/02/2021	29/02/2020
Carrying amount fixed and intangible assets		
Germany	129.3	131.9
Other countries	237.2	245.7
	366.5	**377.6**
Expenditures on property, plant and equipment and intangible assets*	**2020/21**	**2019/20**
Germany	11.4	21.4
Other countries	17.4	8.5
	28.8	**29.9**

** Including assets under construction*

Statement of comprehensive income

1. March 2020 to 28 February 2021

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**1,065,320**	**-232,204**	**833,116**
Change in work in progress and finished goods inventories and internal costs capitalised	2,028	-174	1,854
Other operating income	10,866	652	11,518
Cost of materials	-824,065	227,982	-596,083
Personnel expenses	-41,158	-237	-41,395
Depreciation	-42,035	664	-41,371
Other operating expenses	-60,207	-399	-60,606
Operating profit	**110,749**	**-3,716**	**107,033**
Restructuring costs and special items	900	0	900
Income from companies consolidated at equity	0	270	270
Income from operations	**111,649**	**-3,446**	**108,203**
Financial result	-824	41	-783
Earnings before income taxes	**110,825**	**-3,405**	**107,420**
Taxes on income	-23,144	640	-22,504
Net earnings for the year	**87,681**	**-2,765**	**84,916**

1 March 2019 to 29 February 2020

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**1,134,856**	**-235,681**	**899,175**
Change in work in progress and finished goods inventories and internal costs capitalised	-9,523	1,210	-8,313
Other operating income	7,641	-2,788	4,853
Cost of materials	-882,908	230,710	-652,198
Personnel expenses	-37,992	0	-37,992
Depreciation	-42,974	728	-42,246
Other operating expenses	-62,717	3,331	-59,386
Operating profit	**106,383**	**-2,490**	**103,893**
Income from companies consolidated at equity	0	197	197
Income from operations	**106,383**	**-2,293**	**104,090**
Financial result	-3,422	77	-3,345
Earnings before income taxes	**102,961**	**-2,216**	**100,745**
Taxes on income	-26,792	598	-26,194
Net earnings for the year	**76,169**	**-1,618**	**74,551**

Income from operations, amounting to € 108.2 (104.1) million, less net restructuring costs and special items as well as at equity earnings gives rise to operating profit of € 107.0 (103.9) million. It comprises the reporting segment amounting to € 110.7 (106.4) million and consolidation of € -3.7 (-2.5) 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 were determined on the basis of delivery destination. A breakdown of revenues from contracts with customers according to delivery destinations is provided below:

€ thousands	2020/21	2019/20
Germany	209,747	215,133
United Kingdom	192,338	200,174
Belgium	125,428	176,028
Netherlands	120,460	130,722
France	71,069	62,859
Poland	27,401	23,199
Other countries	86,673	91,060
	833,116	**899,175**

In the 2020/21 financial year, the CropEnergies Group did not derive more than 10% of its consolidated revenues from any of its customers. The same was true of the previous year.

Mannheim, 22 April 2021

THE EXECUTIVE BOARD

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, 22 April 2021

THE EXECUTIVE BOARD

Dr. Stephan Meeder (CEO/CFO)	Jürgen Böttcher (CTO)	Dr. Fritz Georg von Graevenitz (CSO)

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 28 February 2021, 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 1 March 2020 to 28 February 2021, 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 1 March 2020 to 28 February 2021. In accordance with the German legal requirements, 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 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 28 February 2021, and of its financial performance for the financial year from 1 March 2020 to 28 February 2021, 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") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards 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 1 March 2020 to 28 February 2021. 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 28 February 2021 amounted to EUR 102.3 million. The negative fair value of the derivative financial instruments used as wheat price hedges amounts to EUR 0 million are offset by positive fair values of EUR 6.6 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 content 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 nearly fully effective in the fiscal year, so that only minor ineffectivities were 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 totaling EUR 195.5 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 11.9 million are offset by positive fair values of EUR 2.6 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, gas swaps are also used to hedge energy price risks that are not designated in a hedge accounting relationship. On the balance sheet date, these transactions were of minor significance.

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 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 IFRS 9 for designation as a hedge 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 report:

- the group statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate governance and responsibility" of the group management report,
- the section "Sustainability" in the group management report.

The other information comprises further the remaining parts of the annual report – excluding crossreferences 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) and 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 controls.
- 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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "CE_AG_KA_KLB_ESEF_2021_02_28.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 March 2020 to 28 February 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on 14 July 2020. We were engaged by the supervisory board on 14 July 2020. 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.

Frankfurt am Main, 22 April 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad	ppa. Nils Kern
Auditor	Auditor

GLOSSARY

Alcohol I ➔ Ethanol.

Bioethanol I ➔ Ethanol.

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

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 C. 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. C. from CropEnergies is distributed under the brand name ➔ ProtiWanze®.

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.

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.

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. D. from CropEnergies is distributed under the brand name ➔ ProtiGrain®.

E10 I Fuel for petrol engines with up to 10 vol.-% ➔ Ethanol. Cars that can run on E10 can be found at www.e10.tanken.de.

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 in the pharmaceutical industry, e.g., for desinfactants in the beverage or chemical industry, as a fuel additive and as a fuel on its own. CropEnergies obtains ethanol from renewable raw materials. Sugar-, starch- or cellulose-containing biomasses are suitable as biomass. CropEnergies uses grains, sugar syrup, raw alcohol and residues as raw material.

European Green Deal I The E. is a concept of the European Commission developed in 2019 with the aim of lowering net GHG emissions in the EU to zero by the year 2050, decoupling economic growth from resource use and abandoning no one, neither man nor region. The EU wishes to become climate-neutral by 2050, and the European Commission has proposed a "European climate law" to this end. One of the proposals is to lower GHG emissions by 50 to 55% compared with 1990 values by the year 2030, thereby significantly raising the current reduction target for 2030 by 40%.

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.

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.

Green Deal I ➔ European Green Deal.

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

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.

Insider 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 in Zeitz. 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.

RED-II I ➔ Renewable Energy Directive.

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. In 2018, the Renewable Energy Directive was recast in the form of Directive (EU) 2018/2001 (RED II): the proportion of renewable energies in the transport sector is to rise to at least 14% by 2030. The contribution of renewable fuels from arable crops in the EU member states should be able to remain up to one percentage point above the level reached in 2020. Furthermore, the proportion of advanced biofuels is to increase to at least 3.5% by 2030. 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.

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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Innovation from Biomass

Financial calendar

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
Statement for the 1st to 3rd quarters of 2021/22	12 January 2022
Annual report press and analysts' conference financial year 2021/22	18 May 2022

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