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Forward-looking statements and forecasts

This report contains forward-looking statements. These statements are based on current estimations and forecasts of the executive board and information currently available to it. The forward-looking statements are not guarantees of the future developments and results mentioned therein. Rather, the future developments and results depend on a number of factors, entail various risks and imponderables and are based on assumptions that may not prove to be accurate. The "Risk and opportunities report" on pages 86 to 96 of the 2020/21 Annual Report provides an overview of the risks. We do not accept any obligation to update the forward-looking statements made in this report. In addition, all disclaimers published on the CropEnergies website apply.



cropenergies

Innovation from Biomass

Financial Year 2021/22

INTERIM REPORT

1st half

1 March to 31 August 2021

Mannheim, 13 October 2021

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

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

2nd quarter: 1 June – 31 August

1st half: 1 March – 31 August

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

HIGHLIGHTS

1ST HALF 2021/22

- Revenues up to € 463.2 (399.2) million € +64 million
- EBITDA declines to € 59.1 (70.4) million € -11 million
- Operating profit stands at € 38.4 (50.7) million € -12 million
- Net earnings in the 1st half reach € 24.9 (39.4) million € -15 million
- Ethanol production rises to 520,000 (463,000) m³ +12%
- Net financial assets increase to € 159 million (as of 28 February 2021: € 155 million)

OUTLOOK FOR THE 2021/22 FINANCIAL YEAR

- CropEnergies expects revenues in the 2021/22 financial year to range between € 970 and € 1,010 million.
- Operating profit is expected to range between € 65 and € 90 million. This is equivalent to an EBITDA of between € 105 and € 135 million.

INTERIM MANAGEMENT REPORT

Operating environment

European Green Deal

The EU intends to lower greenhouse gas (GHG) emissions by at least 55% compared with 1990 by the year 2030. In the context of the European Green Deal, the EU is also seeking to lower net GHG emissions to zero by the year 2050, thereby achieving climate neutrality. The European Green Deal will place higher requirements on all economic sectors. To achieve its 2030 climate target, the European Commission presented a comprehensive package of proposals on 14 July 2021 aimed at adapting the EU's climate and energy policy. The so-called "Fit for 55" package contains measures relating to emissions trading, the use of renewable energies and energy taxation.

The GHG reduction target for economic sectors covered by the EU-wide emissions trading system (EU ETS) is to be increased from 43% to 61%, compared with 2005 in each case. In addition to the already established EU ETS, a separate emissions trading system is to be introduced for motor and heating fuels used in road transport and buildings. According to this, distributors of motor and heating fuels must purchase emission certificates from 2026 onwards. The available emission certificates are to be reduced by around 5% a year, with a view to reducing fuel-related GHG emissions by 43% compared with 2005, by the year 2030. The GHG reduction target for the economic sectors not covered by the EU ETS, to which transport and buildings continue to belong, is to be increased, in turn, from 30% to 40%.

“Renewable Energy Directive”

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 percentage point above the level reached in 2020. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030.

The currently applicable targets for renewable energies in the transport sector do not, however, ensure a sufficient contribution to implementation of the European Green Deal. In the context of the “Fit for 55” package, the European Commission has therefore proposed a paradigm shift for renewable energies in the transport sector, in which the energy blending target is to be replaced by a GHG reduction target of 13%. In the wake of the change of system, multiple counting for, say, renewable fuels from wastes and residues as well as renewable electricity is also to be abolished.

The proportion of renewable fuels from arable crops in the member states should be able to remain up to one percentage point above the level reached in 2020, the maximum, however, being 7%. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 2.2% in 2030. There is to be new binding blending for synthetic fuels, the proportion of which is to be at least 2.6% in 2030.

CropEnergies welcomes the European Commission’s proposals, in principle. In particular, doing away, to a large extent, with the multiple counting of specific fuels and energy products towards the transport target

would be a step in the right direction. The introduction of a GHG reduction target is also welcome, as it would provide direct incentives for manufacturing and using low-carbon fuels – taking the entire value chain from raw material extraction through to use in a vehicle into account. However, this proposal is in conflict with the European Commission’s proposal of continuing to consider only exhaust pipe emissions with regard to CO₂ emission standards for passenger cars and light commercial vehicles. Furthermore, the proposal that the average annual emissions of new vehicles should be 55% lower than 2021 from 2030 and by as much as 100% lower from 2035 is equivalent to a de facto ban on new vehicles with an internal combustion engine from 2035 onwards. This proposal is not only a clear breach of the principle of technology neutrality, but also ignores the life cycle emissions of vehicles without local emissions. For example, it factors in neither GHG emissions from the manufacture of electric vehicle batteries nor those from the charging current used. Sustainable and low-carbon mobility, however, requires an approach that is open to all kinds of technology, as different drive and fuel options will still be needed for a long time to be able to achieve the climate targets in the transport sector.

A further Green Deal measure consists in providing a better fit between taxation of energy products and the EU’s climate and energy policy. The minimum rates of taxation are therefore to apply in future to the energy content of fuels. Furthermore, the particular environmental impact of the energy products is to be taken into account when determining the taxation rate level. This is broadly in line with a demand that the European ethanol industry has been making for a number of years.

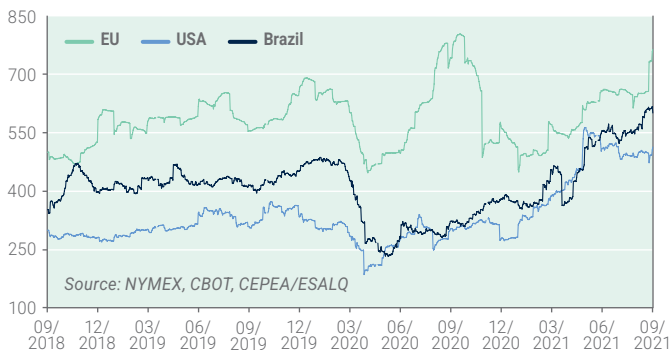
Germany

While a renewed increase in targets for renewable energies is being discussed at EU level, the current version of RED-II is in the process of national transposition in the member states. Lawmakers in Germany have decided to raise the GHG reduction quota gradually from 6% in 2021 to 25% in 2030. The energy component of renewable fuels from arable crops is to contribute up to 4.4% to this. The proportion of advanced biofuels is to be increased gradually 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.

Ethanol markets

The development of international ethanol prices was mixed in the 2nd quarter of 2021/22. While prices continued to recover in Europe and Brazil, there was a slightly downward development in the USA.

International ethanol prices (€/m³)



Ethanol prices in the **USA** stood at the equivalent of around € 550/m³ as of the end of the 1st quarter of 2021/22. Prices declined slightly in the course of the 2nd quarter, but continued to be supported by high raw material and energy

costs. At the end of August 2021, prices were in the region of the equivalent of around € 505/m³. Production is expected to increase again to 57.8 (54.5) million m³ in 2021. Domestic consumption is also expected to recover, growing to 52.6 (49.4) million m³. Exports, at 6.1 (6.0) million m³, are expected to be slightly above the previous year's level.

In **Brazil**, prices rose in the course of the 2nd quarter of 2021/22, from the equivalent of around € 550/m³ at the beginning of June 2021 to around € 620/m³ at the end of August 2021. The sharp price increase was caused by a weather-related reduction in the sugar cane harvest in key growing areas in Brazil. Owing to the smaller harvest, ethanol production in Brazil is expected to decline to 30.0 (32.6) million m³ in the 2021/22 sugar year. Domestic consumption is expected to increase slightly to 30.3 (30.0) million m³ and be roughly in line with domestic production. No significant net exports from Brazil are therefore expected in the 2021/22 sugar year.

Ethanol prices also increased in **Europe**. Spot prices rose from around € 650/m³ at the beginning of June 2021 to around € 690/m³ at the end of August 2021. The average ethanol price in the 2nd quarter of 2021/22 was around € 655/m³. The price development is a reflection, among other things, of a normalisation of fuel demand in the wake of increased mobility in large parts of Europe.

Production in the EU-27 and the UK is expected to recover to 7.7 (7.5) million m³ and domestic consumption to 8.6 (8.3) million m³ in 2021, thereby again reaching the 2019 level. The recovery in the case of fuel ethanol is expected primarily due to increasing mobility. The introduction of E10 in Sweden in August 2021 and in the United Kingdom in September 2021 will also make a

contribution to this. Consumption of ethanol for industrial applications and beverages is expected to remain at the previous year's level. Net imports, at 0.9 (1.0) million m³, are expected to be roughly at the previous year's level.

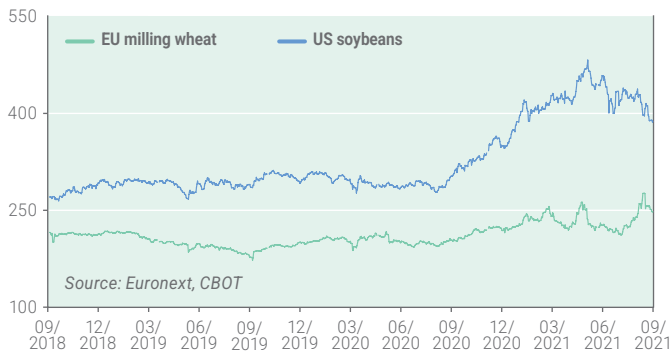
Grain and protein markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to increase to 2,283 (2,213) million tonnes in 2021/22 and therefore be largely in line with expected grain consumption of 2,288 (2,235) million tonnes. Accordingly, only a marginal change in global grain stocks is expected, at 589 (594) million tonnes. The European Commission expects the grain harvest in the EU-27 to increase to 291 (278) million tonnes in 2021/22. Consumption, at 263 (260) million tonnes, is expected to be slightly above the previous year's level.

European wheat prices on the Euronext in Paris increased significantly in the course of the 2nd quarter of 2021/22, standing at around € 250/tonne at the end of August 2021, as had already been the case at the beginning of the financial year. The high price level was due to a rising demand for grain throughout the world, among other things. In addition, harvest losses are expected in key growing regions owing to unfavourable weather conditions.

The global soybean harvest in 2021/22 is expected to achieve a new record level, at 380 (362) million tonnes. Consumption is also expected to increase to a record level of 376 (362) million tonnes at the same time. Stocks, at 57 (53) million tonnes, are therefore expected to increase slightly. The good harvest prospects in the USA resulted in a decline in prices in the course of the 2nd quarter of 2021/22. Although the one-month soybean futures contract in the USA declined from around US\$ 15.5/bushel* at the beginning of June 2021 to around US\$ 13.3/bushel at the end of August, it was still at a very high level. The listings for European rapeseed meal followed the lead given by international soybean listings, standing at around € 265/tonne on average in the 2nd quarter of 2021/22. The 2021/22 rapeseed harvest in the EU-27, at 17 (16) million tonnes, is expected to be slightly above the previous year's low level. Globally, production is expected to decline slightly compared with the previous year.

International agricultural prices (€/t)



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

Business development

Production of ethanol and food and animal feed products

In its modern biorefineries in Belgium, Germany, France and the United Kingdom, CropEnergies produces renewable ethanol, protein-rich food and animal feed products. Ethanol production in the 1st half of 2021/22, at 520,000 (463,000) m³, was significantly above the previous year's level. Production of food and animal feed products also exceeded the previous year's level.

Revenues and net earnings

€ thousands	2 nd quarter		1 st half year	
	2021/22	2020/21	2021/22	2020/21
Revenues	249,165	228,523	463,234	399,178
EBITDA*	33,662	52,228	59,123	70,439
<i>EBITDA margin in %</i>	13.5%	22.9%	12.8%	17.6%
<i>Depreciation*</i>	-10,366	-9,663	-20,750	-19,758
Operating profit	23,296	42,565	38,373	50,681
<i>Operating margin in %</i>	9.3%	18.6%	8.3%	12.7%
<i>Restructuring costs and special items</i>	0	900	0	900
<i>Income from companies consolidated at equity</i>	112	115	27	208
Income from operations	23,408	43,580	38,400	51,789
<i>Financial result</i>	-383	-816	-1,298	1,515
Earnings before income taxes	23,025	42,764	37,102	53,304
<i>Taxes on income</i>	-8,303	-11,224	-12,244	-13,859
Net earnings for the period	14,722	31,540	24,858	39,445
Earnings per share, diluted/undiluted (€)	0.17	0.36	0.28	0.45

* Without restructuring costs and special items

Business development: 2nd quarter

CropEnergies recorded the highest quarterly revenues in the company's history in the 2nd quarter, generating € 249.2 (228.5) million. Compared with the same quarter in the previous year, it achieved slight increases in both sales quantities and sales prices obtained, particularly for protein-containing food and animal feed products. Significantly increased raw material prices, however, led to an increase in net raw material costs. As, at the same time, prices for energy, particularly natural gas, reached a record level, EBITDA declined to € 33.7 (52.2) million.

In conjunction with slightly higher depreciation of € 10.4 (9.7) million, operating profit declined to € 23.3 (42.6) million. This gives rise to an operating margin of 9.3% (18.6%). As, in contrast to the previous year, there were no special items, income from operations, at € 23.4 (43.6) million, is virtually the same as operating profit.

An improved financial result of € -0.4 (-0.8) million gives rise to earnings before income taxes of € 23.0 (42.8) million. After taxes, net earnings of € 14.7 (31.5) million were therefore achieved in the 2nd quarter of 2021/22. Based on an unchanged figure of 87.25 million no-par-value shares, this corresponds to earnings per share of € 0.17 (0.36).

Business development: 1st half

CropEnergies also realised higher sales quantities and improved prices, both for the food and animal feed products sold and for sustainably produced ethanol, over the entire 1st half. Revenues consequently rose to € 463.2 (399.2) million.

While the sales prices for products sold were higher, a much sharper rise in raw material and energy prices, however, meant that EBITDA declined to € 59.1 (70.4) million. With a slight increase in depreciation, operating profit declined to € 38.4 (50.7) million. This gives rise to an operating margin of 8.3% (12.7%). Income from operations likewise reached € 38.4 (51.8) million.

Taking the financial result of € -1.3 (1.5) million, which was influenced by unrealised currency effects, into account, earnings before income taxes declined to € 37.1 (53.3) million. After taxes, this produces net earnings of € 24.9 (39.4) million for the reporting period. Based on 87.25 million no-par-value shares, that translates to earnings per share of € 0.28 (0.45).

Statement of changes in financial position

€ thousands	1 st half year	
	2021/22	2020/21
Gross cash flow	47,006	54,905
Change in net working capital	-572	-27,873
Net cash flow from operating activities	46,434	27,032
Investments in property, plant and equipment and intangible assets	-9,906	-14,295
Cash received on disposal of non-current assets	74	782
Cash received on divestments	494	0
Decrease in financial liabilities	5,200	7,200
Cash received of current financial investments	7	4
Cash flow from investing activities	-4,131	-6,309
Dividends paid	-30,538	-26,175
Repayment of lease liabilities	-1,999	-1,844
Other financial liabilities	-472	554
Cash flow from financing activities	-33,009	-27,465
Change in cash and cash equivalents due to exchange rate changes	32	-138
Increase (+) / Decrease (-) in cash and cash equivalents	9,326	-6,880

As a result of the reduction in EBITDA to € 59.1 (70.4) million, cash flow also declined to € 47.0 (54.9) million. Including the change in net working capital, net cash flow from operating activities in the 1st half of 2021/22 amounted to € 46.4 (27.0) million.

The cash outflow from investing activities declined to € 4.1 (6.3) million, with € 9.9 (14.3) million being attributable to property, plant and equipment and intangible assets. The investments were used, in particular, to expand and improve the production plants. This cash outflow was offset by cash receipts on disposal of non-current assets of € 0.1 (0.8) million.

The cash receipts from divestments amounting to € 0.5 million relate to further inflows from the sale of Ryssen Chile SpA. Current financial receivables were reduced by € 5.2 (7.2) million.

A dividend of € 30.5 (26.2) million was paid in July 2021. Payments for lease liabilities of € 2.0 (1.8) million and the decline (increase) in other financial liabilities of € 0.5 (-0.5) million gave rise to a net cash flow from financing activities of € 33.0 (27.5) million.

Balance sheet structure

€ thousands	31 August 2021	31 August 2020	Change	28 February 2021
Assets				
Non-current assets	368,655	379,163	-10,508	377,390
Current assets	414,489	311,768	102,721	365,043
Total assets	783,144	690,931	92,213	742,433
Liabilities and shareholders' equity				
Shareholders' equity	583,845	509,031	74,814	566,146
Non-current liabilities	68,924	61,284	7,640	61,356
Current liabilities	130,375	120,616	9,759	114,931
Total liabilities and shareholders' equity	783,144	690,931	92,213	742,433
Net financial assets	159,083	92,377	66,706	154,647
Equity ratio	74.6%	73.7%		76.3%

Non-current assets declined by € 10.5 million to € 368.7 million as of 31 August 2021, with fixed assets, in particular, decreasing by € 12.2 million to € 358.4 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 € 1.4 million to € 7.5 million. Furthermore, the shares in companies consolidated at equity and receivables and other assets increased by € 0.3 million to € 2.8 million.

Current assets rose by € 102.7 million year over year to € 414.5 million, with current financial receivables rising by € 57.2 million to € 138.5 million. Trade receivables and other assets increased by € 23.0 million to € 158.9 million. This also includes the positive mark-to-market values from derivative hedging instruments of

€ 30.3 (4.0) million and receivables in the form of ring-fenced credits for hedging transactions of € 30.1 (28.8) million. Furthermore, inventories increased by € 19.4 million to € 84.8 million and cash and cash equivalents rose by € 8.9 million to € 15.3 million. Tax assets decreased by € 5.8 million to € 2.0 million. The portfolio of fixed-interest securities remained virtually unchanged at € 15.0 million.

Non-current liabilities increased by € 7.6 million to € 68.9 million, with deferred tax liabilities rising by € 6.1 million to € 24.8 million and provisions for pensions and similar obligations by € 0.8 million to € 32.6 million. In addition, non-current tax liabilities increased by € 0.4 million to € 2.4 million and other provisions by € 0.2 million to € 2.6 million. As of 31 August 2021, non-current lease liabilities, virtually unchanged at € 6.4 million, had to be recognised.

Current liabilities increased by € 9.8 million to € 130.4 million, with trade payables and other liabilities increasing by € 25.4 million to € 114.6 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 17.6 (17.0) million and liabilities in the form of ring-fenced obligations from hedging transactions of € 18.8 (1.7) million. Current tax liabilities decreased by € 11.6 million to € 7.8 million and current provisions declined by € 3.4 million to € 4.7 million. As of 31 August 2021, current lease liabilities of € 3.3 (4.0) million had to be recognised.

The **net financial position** as of 31 August 2021 shows **net financial assets** of € 159.1 (92.4) 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. In addition, further cash is tied to hedging transactions. This cash is reported in other receivables and other liabilities.

Shareholders' equity rose to € 583.8 (509.0) million; the equity ratio reached 74.6% (73.7%).

Risk and opportunities report

CropEnergies uses an integrated system for the early detection and monitoring of group-specific risks. The successful treatment of risks is based on achieving a balanced relationship between return and risks. The company's risk culture is characterised by risk-conscious conduct, clearly defined responsibilities, independence during risk controlling and the implementation of internal controls.

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

For detailed information on the risk management system and the group's risks and opportunities, please refer to the "Risk and opportunities report" on pages 86 to 96 of the Annual Report for the 2020/21 financial year. Allowing for the previously explained developments in the market environment and at regulatory level, the disclosures provided there are still valid.

Outlook

CropEnergies raised the forecast for the 2021/22 financial year on 15 September 2021. Revenues are now expected to range between € 970 and € 1,010 million (previous year: € 833 million). Operating profit is expected to range between € 65 and € 90 million (previous year: € 107 million) and EBITDA between € 105 and € 135 million (previous year: € 148 million). The improved expectation in respect of revenues and profit is mainly due to the significant increase in ethanol sales prices. The demand for ethanol has recently risen owing, among other things, to the introduction of E10 in Sweden in August 2021 and in the United Kingdom in September 2021.

INTERIM FINANCIAL STATEMENTS

Statement of comprehensive income

€ thousands	2 nd quarter		1 st half year	
	2021/22	2020/21	2021/22	2020/21
Income statement				
Revenues	249,165	228,523	463,234	399,178
Change in work in progress and finished goods inventories and internal costs capitalised	9,465	-6,864	5,887	-7,938
Other operating income	2,861	3,373	4,596	7,800
Cost of materials	-201,450	-145,915	-364,451	-277,185
Personnel expenses	-10,075	-9,976	-20,107	-20,020
Depreciation	-10,366	-9,663	-20,750	-19,758
Other operating expenses	-16,304	-16,013	-30,036	-30,496
Income from companies consolidated at equity	112	115	27	208
Income from operations	23,408	43,580	38,400	51,789
Financial result	-383	-816	-1,298	1,515
Earnings before income taxes	23,025	42,764	37,102	53,304
Taxes on income	-8,303	-11,224	-12,244	-13,859
Net earnings for the period	14,722	31,540	24,858	39,445
Earnings per share, diluted/undiluted (€)	0.17	0.36	0.28	0.45

Table of other comprehensive income

Net earnings for the period	14,722	31,540	24,858	39,445
Mark-to-market gains and losses after deferred taxes	18,593	-19,579	15,555	-7,669
Revaluation not affecting income	23,909	-15,053	22,108	-9,232
Realisation resulting in a profit or loss	-5,316	-4,526	-6,553	1,563
Foreign currency differences from consolidation	170	482	1,419	-4,660
Income and expenses to be reclassified in future in the profit and loss account	18,763	-19,097	16,974	-12,329
Remeasurement of defined benefit plans and similar obligations after deferred taxes	-1,856	-1,625	-795	2,924
Income and expenses not to be reclassified in future in the profit and loss account	-1,856	-1,625	-795	2,924
Income and expenses recognised in shareholders' equity	16,907	-20,722	16,179	-9,405
Total comprehensive income	31,629	10,818	41,037	30,040

Cash flow statement

€ thousands	1 st half year	
	2021/22	2020/21
Net earnings for the period	24,858	39,445
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	20,750	19,758
Other items	1,398	-4,298
Gross cash flow	47,006	54,905
Change in net working capital	-572	-27,873
I. Net cash flow from operating activities	46,434	27,032
Investments in property, plant and equipment and intangible assets	-9,906	-14,295
Cash received on disposal of non-current assets	74	782
Cash received on divestments	494	0
Decrease in financial liabilities	5,200	7,200
Cash received of current financial investments	7	4
II. Cash flow from investing activities	-4,131	-6,309
Dividends paid	-30,538	-26,175
Repayment of lease liabilities	-1,999	-1,844
Other financial liabilities	-472	554
III. Cash flow from financing activities	-33,009	-27,465
Change in cash and cash equivalents (Total of I., II. and III.)	9,294	-6,742
Change in cash and cash equivalents due to exchange rate changes	32	-138
Increase (+) / Decrease (-) in cash and cash equivalents	9,326	-6,880
Cash and cash equivalents at the beginning of the period	6,011	13,359
Cash and cash equivalents at the end of the period	15,337	6,479

€ thousands	1 st half year	
	2021/22	2020/21
Interest receipts	23	0
Interest expense	-324	-244
Tax payments	-18,090	-9,009

Balance sheet

€ thousands	31 August 2021	31 August 2020	Change	28 February 2021
Assets				
Intangible assets	7,585	8,137	-552	7,858
Property, plant and equipment	350,787	362,462	-11,675	358,652
Shares in companies consolidated at equity	2,564	2,476	88	2,538
Receivables and other assets	264	41	223	1,027
Deferred tax assets	7,455	6,047	1,408	7,315
Non-current assets	368,655	379,163	-10,508	377,390
Inventories	84,817	65,402	19,415	73,165
Financial receivables	138,500	81,300	57,200	143,700
Trade receivables and other assets	158,882	135,861	23,021	126,480
Current tax receivables	1,969	7,737	-5,768	696
Securities	14,984	14,989	-5	14,991
Cash and cash equivalents	15,337	6,479	8,858	6,011
Current assets	414,489	311,768	102,721	365,043
Total assets	783,144	690,931	92,213	742,433

Liabilities and shareholders' equity				
Subscribed capital	87,250	87,250	0	87,250
Capital reserves	197,847	197,847	0	197,847
Other reserves and other comprehensive income	298,748	223,934	74,814	281,049
Shareholders' equity	583,845	509,031	74,814	566,146
Provisions for pensions and similar obligations	32,648	31,821	827	30,725
Other provisions	2,644	2,415	229	2,685
Financial liabilities	6,445	6,427	18	5,889
Tax liabilities	2,396	1,956	440	2,397
Deferred tax liabilities	24,791	18,665	6,126	19,660
Non-current liabilities	68,924	61,284	7,640	61,356
Other provisions	4,654	8,057	-3,403	6,345
Financial liabilities	3,293	3,964	-671	4,166
Trade payables and other liabilities	114,600	89,205	25,395	91,841
Tax liabilities	7,828	19,390	-11,562	12,579
Current liabilities	130,375	120,616	9,759	114,931
Total liabilities and shareholders' equity	783,144	690,931	92,213	742,433

Development of shareholders' equity

€ 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 2020	87,250	197,847	219,148	-2,749	1,385	217,784	502,881
Net earnings for the period			39,445			39,445	39,445
Mark-to-market gains and losses on cash flow hedging instruments after deferred taxes				-7,669			
Foreign currency differences from consolidation					-4,660		
Remeasurement of defined benefit plans and similar obligations after deferred taxes			2,924				
Income and expenses recognised in shareholders' equity			2,924	-7,669	-4,660	-9,405	-9,405
Total comprehensive income			42,369	-7,669	-4,660	30,040	30,040
In the acquisition costs of non-financial assets reclassified hedges				2,285		2,285	2,285
Dividends paid			-26,175			-26,175	-26,175
31 August 2020	87,250	197,847	235,342	-8,133	-3,275	223,934	509,031
1 March 2021	87,250	197,847	282,314	-1,545	280	281,049	566,146
Net earnings for the period			24,858			24,858	24,858
Mark-to-market gains and losses on cash flow hedging instruments after deferred taxes				15,555			
Foreign currency differences from consolidation					1,419		
Remeasurement of defined benefit plans and similar obligations after deferred taxes			-795				
Income and expenses recognised in shareholders' equity			-795	15,555	1,419	16,179	16,179
Total comprehensive income			24,063	15,555	1,419	41,037	41,037
In the acquisition costs of non-financial assets reclassified hedges				7,200		7,200	7,200
Dividends paid			-30,538			-30,538	-30,538
31 August 2021	87,250	197,847	275,839	21,210	1,699	298,748	583,845

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Principles of preparation of the interim consolidated financial statements

The interim financial statements of the CropEnergies Group as of 31 August 2021 have been prepared according to the rules for interim financial reporting of IAS 34 (Interim Financial Reporting) in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). In accordance with IAS 34, the interim consolidated financial statements of CropEnergies AG as of 31 August 2021 are presented in a condensed form. The interim consolidated financial statements as of 31 August 2021 have not been reviewed. The executive board of CropEnergies AG prepared these interim financial statements on 4 October 2021.

As shown in the notes to the Annual Report for the 2020/21 financial year in item (1) "Principles of preparation of the consolidated financial statements" on pages 112 to 114, new or amended standards and interpretations were applicable for the first time to the interim reporting.

In other respects, the same accounting principles as used in the preparation of the consolidated annual financial statements as of 28 February 2021 have been applied. These principles are explained on pages 117 to 122 in the notes to the 2020/21 Annual Report. The Annual Report is available for viewing and downloading on the Internet at www.cropenergies.com/de/investor-relations/ or www.cropenergies.com/en/investor-relations/. The following additions are made to the disclosures provided there:

As of 31 August 2021, a discount rate of 1.45% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; as of 28 February 2021 and 31 August 2020, the discount rate was 1.60%.

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

The biomass boiler installed 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 € 12.1 (7.8) million in the reporting period.

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

Consolidated companies

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

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

The joint venture CT Biocarbonic GmbH, Zeitz, in which CropEnergies has a 50% stake and which is under joint management, is included at equity in the consolidated financial statements. CT Biocarbonic GmbH's contribution to earnings is thereby included only in earnings from entities consolidated at equity.

Revenue, profit, investment and employees

€ thousands	1 st half year	
	2021/22	2020/21
Revenues	463,234	399,178
EBITDA*	59,123	70,439
<i>EBITDA margin in %</i>	12.8%	17.6%
Depreciation*	-20,750	-19,758
Operating profit	38,373	50,681
<i>Operating margin in %</i>	8.3%	12.7%
Restructuring costs and special items	0	900
Income from companies consolidated at equity	27	208
Income from operations	38,400	51,789
Investments in property, plant and equipment and intangible assets	9,906	14,295
Employees	453	455

* Without restructuring costs and special items

Revenues rose to € 463.2 (399.2) million. While the sales prices for products sold were higher, a much sharper rise in raw material and energy prices, however, meant that EBITDA declined to € 59.1 (70.4) million. With a slight increase in depreciation, operating profit declined to € 38.4 (50.7) million. This gives rise to an operating margin of 8.3% (12.7%). Income from operations likewise reached € 38.4 (51.8) million.

The capital expenditures amounting to € 9.9 (14.3) million were attributable almost entirely to property, plant and equipment. Of the total, € 5.7 million was invested at BioWanze SA, € 2.3 million at CropEnergies Bioethanol GmbH and € 1.5 million at Ensus UK Ltd.

As of the end of the first six months of the 2021/22 financial year, the number of employees (full-time equivalents) stood at 453 (455). Of this figure, 47 were employed at CropEnergies AG, 133 at CropEnergies Bioethanol GmbH, 126 at BioWanze SA, 47 at Ryssen Alcools SAS and 100 at Ensus UK Ltd.

Earnings per share

The net earnings of € 24.9 million in the 1st half of 2021/22 are fully attributable to the shareholders of CropEnergies AG. Earnings per share (IAS 33) are calculated on the basis of 87.25 (87.25) million shares. This produces earnings per share for the 1st half of 2021/22 of € 0.28 (0.45); there is no dilution of earnings per share.

Inventories

€ thousands	31 August	
	2021	2020
Raw materials and supplies	32,152	29,353
Work in progress	5,110	4,903
Finished goods and merchandise	47,555	31,146
	84,817	65,402

There was a price and volume-related increase of € 19.4 million in inventories to € 84.8 million.

Trade receivables and other assets

€ thousands	31 August	
	2021	2020
Trade receivables	59,758	67,247
Receivables from affiliated companies	9,818	12,159
Other assets	89,306	56,455
	158,882	135,861

Trade receivables and receivables from affiliated companies declined by € 9.8 million to € 69.6 million.

Other assets, amounting to € 89.3 (56.5) million, mainly consist of positive mark-to-market values of derivative hedging instruments of € 30.3 (4.0) million and receivables in the form of ring-fenced credits for hedging transactions of € 30.1 (28.8) million. They also include VAT receivables of € 10.9 (16.4) million, purchased CO₂ emission rights of € 10.4 (0) million and receivables from advance payments of € 3.4 (3.9) million.

Shareholders' equity

Shareholders' equity rose to € 583.8 (509.0) million. The other reserves and other comprehensive income consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar obligations recognised directly in equity, consolidation-related currency translation effects and hedging results reclassified in the acquisition costs of non-financial assets. The "cash flow hedges" item contains the changes in the mark-to-market values – including deferred taxes – of wheat, ethanol, gas and currency derivatives including accruals amounting to € 15.6 (-7.7) million. In the 1st half of 2021/22, the amount written back to revenues was € -6.6 (1.6) million and that to the cost of materials was € 7.2 (2.3) million.

Trade payables and other liabilities

€ thousands	31 August	
	2021	2020
Trade payables	53,213	50,870
Payables to affiliated companies	6,285	2,139
Other liabilities	55,102	36,196
	114,600	89,205

Trade payables and liabilities to affiliated companies increased by € 6.5 million to € 59.5 million.

Other liabilities, amounting to € 55.1 (36.2) million, mainly comprise liabilities in the form of ring-fenced obligations from hedging transactions of € 18.8 (1.7) million, liabilities in the form of negative mark-to-market values of derivative hedging instruments of € 17.6 (17.0) million, liabilities in respect of other taxes amounting to € 11.6 (10.6) million and liabilities in respect of personnel expenses of € 6.4 (6.2) million.

Financial receivables/liabilities

€ thousands	31 August	
	2021	2020
Financial receivables	138,500	81,300
Securities	14,984	14,989
Cash and cash equivalents	15,337	6,479
Liabilities from leases	-9,738	-9,837
Other financial liabilities	0	-554
Net financial assets	159,083	92,377

As of 31 August 2021, there were net financial assets of € 159.1 (92.4) million. These net financial assets consisted of cash and cash equivalents of € 15.3 million, short-term investments in fixed-interest securities totalling € 15.0 million and current financial receivables from Südzucker AG amounting to € 138.5 million less liabilities from leases of € 9.7 million. In addition, further cash is tied to hedging transactions. This cash is reported in other receivables and other liabilities.

Financial instruments

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

Measurement level 1 comprises financial instruments traded on active markets, whose listed prices are taken over unchanged into the measurement. This is the case for wheat futures and options as well as ethanol derivatives. Measurement level 2 applies when measurement is based on methods whose influencing factors are derived directly or indirectly from observable market data. At CropEnergies, this applies to currency derivatives and gas swaps. The measurement of level 3 derivatives is based on methods involving at least one significant influencing factor that cannot be observed. CropEnergies does not use any level 3 derivatives.

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

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

The same applies to trade payables and other current liabilities.

Further details on calculating the fair values of the individual financial instruments as well as their allocation to measurement levels can be found in the notes to the consolidated financial statements of the Annual Report for the 2020/21 financial year in item (28) "Additional disclosures on financial instruments" on pages 148 to 150.

€ thousands	Fair Value Hierarchy							
	31 August 2021	Level 1	Level 2	Level 3	31 August 2020	Level 1	Level 2	Level 3
Positive market values – Cash flow hedge derivatives	30,263	27,633	2,630	0	3,933	3,933	0	0
Positive market values – Derivatives held for trading	0	0	0	0	45	45	0	0
Financial assets	30,263	27,633	2,630	0	3,978	3,978	0	0
Negative market values – Cash flow hedge derivatives	17,605	17,323	282	0	16,956	16,811	145	0
Negative market values – Derivatives held for trading	24	24	0	0	55	55	0	0
Financial liabilities	17,629	17,347	282	0	17,011	16,866	145	0

Relations with related companies and persons (related party transactions)

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

Südzucker AG

The transactions with Südzucker AG in the 1st half of the 2021/22 financial year involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 7.9 (6.7) million. In addition, services worth € 1.6 (1.6) million, research and development work worth € 0.7 (0.5) million as well as other services worth € 0.5 (0.5) million were provided.

Set against this, the CropEnergies Group received € 1.1 (1.6) million from Südzucker AG for supplies of goods. Furthermore, the CropEnergies Group received service revenues of € 0.2 (0.1) million.

As of 31 August 2021, there were receivables of € 0.4 (0.4) million outstanding from Südzucker AG and liabilities of € 1.8 (1.4) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial receivables from Südzucker AG amounted to € 138.5 (81.3) million.

Affiliated companies of Südzucker AG

The transactions with the affiliated companies of Südzucker AG in the 1st half of the 2021/22 financial year involved supplies, especially traded commodities and raw materials, amounting to € 11.2 (4.7) million. In addition, services worth € 0.4 (0.4) million were provided.

Set against this, the CropEnergies Group received € 34.4 (25.1) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 1.4 (0.9) million and other compensation payments of € 0.3 (0.1) million.

As of 31 August 2021, there were receivables of € 9.4 (11.8) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 4.5 (0.7) million outstanding to the affiliated companies of Südzucker AG in respect of the aforesaid related party transactions.

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

Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 0.7 (0.9) million in the 1st half of 2021/22.

There were no transactions with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) in the 1st half of the 2021/22 financial year.

Report on events after the balance sheet date

Since 31 August 2021, there have been no transactions of particular importance which can be expected to have a significant impact on the assets, liabilities, financial position and profit or loss.

RESPONSIBILITY STATEMENT

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

Mannheim, 4 October 2021

CropEnergies AG

The Executive Board

Dr. Stephan Meeder (Executive board spokesman)	Jürgen Böttcher	Dr. Fritz Georg von Graevenitz
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FINANCIAL CALENDAR

- Statement for the 1st to 3rd quarter of 2021/22 12 January 2022
- Annual press and analysts' conference for the 2021/22 financial year 18 May 2022
- Statement for the 1st quarter of 2022/23 6 July 2022
- Annual General Meeting 2022 12 July 2022
- Report for the 1st half of 2022/23 12 October 2022