cropenergies

Innovation from Biomass

Annual Report 2021/22

SÜDZUCKER GROUP

HIGHLIGHTS 2021/22
CROPENERGIES GROUP

■ Revenues up to € 1,075 (833) million	€ +242 million
■ Ethanol production reaches 1,051,000 (987,000) m³	+6,5%
■ EBITDA grows to € 168.8 (148.4) million	€ +20 million
■ Operating profit rises to € 127.0 (107.0) million	€ +20 million
■ Net earnings reach € 89.4 (84.9) million	€ +4.5 million
■ Cash flow amounts to € 130.1 (122.3) million	€ +8 million
■ Net financial assets increase to € 230 (155) million	€ +75 million

- Dividend proposal: Distribution of € 0.45 per share

- Outlook 2022/23*: CropEnergies expects revenues to range between € 1.35 and € 1.45 billion. Operating profit is expected to range between € 105 and € 155 million. This is equivalent to an EBITDA of between € 145 and € 195 million.

- CropEnergies AG's financial year differs from the calendar year, covering the period from 1 March to 28/29 February. Figures in brackets refer to the same period or point in time in the previous year. Percentages and figures may give rise to rounding differences.

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, page 65*

Sustainable, renewable products made from biomass – that's what we stand for. Our products contribute to a climate-friendly world and ensure that fossil carbons remain in the ground permanently and do not continue to drive climate change.

Last year, we presented our new strategy to you with our five focus topics that will lead us into a sustainable, successful future. This year, we want to show you in more detail what we are working on, where we are investing, how we have positioned ourselves, and what we have already achieved.

We are on the right track ...

CROPENERGIES –
GROUP FIGURES OVERVIEW

IFRS/IAS		2021/22	2020/21	2019/20	2018/19	2017/18
Result						
Revenues	€ thousands	1,075,345	833,116	899,175	778,612	881,963
EBITDA	€ thousands	168,800	148,404	146,139	72,051	110,821
in % of revenues	%	15.7	17.8	16.3	9.3	12.6
Operating profit	€ thousands	126,966	107,033	103,893	32,783	71,660
in % of revenues	%	11.8	12.8	11.6	4.2	8.1
Income from operations	€ thousands	127,209	108,203	104,090	43,087	70,769
Net earnings	€ thousands	89,400	84,916	74,551	21,263	50,809
in % of revenues	%	8.3	10.2	8.3	2.7	5.8
Cash flow and capital expenditures						
Cash flow	€ thousands	130,113	122,277	120,196	59,094	89,609
in % of revenues	%	12.1	14.7	13.4	7.6	10.2
Capital expenditures in property, plant and equipment*	€ thousands	35,774	28,829	29,884	13,222	19,502
Balance sheet						
Total assets	€ thousands	982,746	742,433	669,628	585,748	592,293
Net financial assets	€ thousands	229,919	154,647	107,309	36,813	36,874
Equity	€ thousands	696,419	566,146	502,881	448,711	445,678
in % of total liabilities and shareholders' equity	%	70.9	76.3	75.1	76.6	75.2
Performance						
Property, plant and equipment*	€ thousands	361,129	360,415	371,521	371,369	396,301
Goodwill	€ thousands	6,095	6,095	6,095	6,095	6,095
Working capital	€ thousands	125,144	104,441	78,491	84,877	55,434
Capital employed	€ thousands	492,368	470,951	456,107	462,341	457,830
ROCE	%	25.8	22.7	22.8	7.1	15.7
Shares						
Market capitalization	€ million	1,087	975	812	462	545
Total shares issued of 28/29 February	million	87.25	87.25	87.25	87.25	87.25
Closing price on 28/29 February	€	12.46	11.18	9.31	5.29	6.25
Earnings per share	€	1.02	0.97	0.85	0.24	0.58
Dividend per € 1 share	€	0.45**	0.35	0.30	0.15	0.25
Yield as of 28/29 February	%	3.6	3.1	3.2	2.8	4.0
Production						
Ethanol	1,000 m^3	1,051	987	1,002	967	1,149
Employees						
Number of employees (full-time equivalents)		455	450	450	433	414

** Including intangible assets*
*** Proposed*

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

COMPANY PROFILE

"Sustainable, renewable products from biomass – that's what CropEnergies stands for. With our products, we contribute to a climate-friendly world and make sure that fossil carbons remain in the ground permanently."

WILTON (UK)

Capacity (per year)

400,000 m³
Ethanol for fuel applications

350,000 t
DDGS (Distillers' Dried Grains with Solubles)

RAW MATERIAL: GRAIN

ZEITZ (D)

Capacity (per year)

400,000 m³
Ethanol for traditional and fuel applications

> 300,000 t
ProtiGrain®

100,000 t
liquefied CO_2

RAW MATERIAL: GRAIN, SUGAR SYRUPS, RESIDUES

LOON-PLAGE (F)

Capacity (per year)

> 100,000 m³
Ethanol for fuel applications

90,000 m³
Ethanol for traditional and technical applications

RAW MATERIAL: RAW ALCOHOL

WANZE (B)

RAW MATERIAL: WHEAT AND SUGAR SYRUPS

Capacity (per year)

300,000 m³
Ethanol for fuel applications

> 60,000 t
wheat gluten

> 400,000 t
ProtiWanze®

65,000 t
liquefied CO_2

ETHANOL

for fuel applications

NEUTRAL ALCOHOL

for traditional and technical applications

LIQUEFIED CO_2

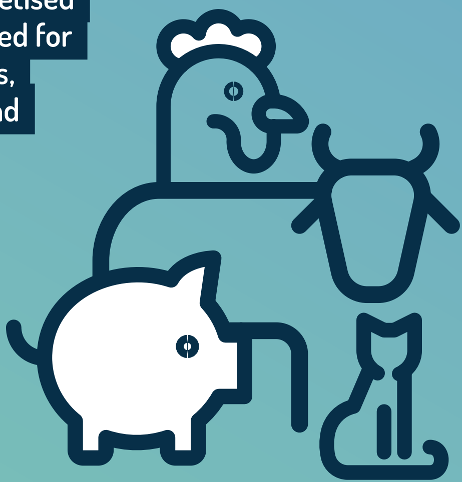
in food-quality, e.g. for beverages

GLUTEN

high-quality protein for baked goods and as specialized animal feed

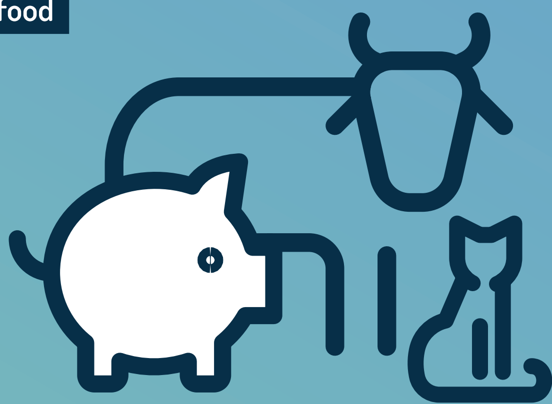
PROTIGRAIN®

dried, pelletised protein feed for cattle, pigs, poultry and pet food



PROTIWANZE®

liquid protein feed for cattle, pigs and pet food



LETTER TO SHAREHOLDERS

Dear Shareholders,

We look back on a turbulent and yet very successful 2021/22 financial year. Against the background of numerous challenges, we are particularly proud that we were able to close the year with a new record result!

The markets were marked by sometimes drastic, unprecedented price fluctuations in the last financial year: Raw material prices rose massively and energy prices even increased several times over. At the same time, we witnessed ethanol prices in Europe that eclipsed all previous records: On the spot market, the price of ethanol reached its all-time high, at 1,519 €/m³, on 11 November 2021. At the end of the financial year, the spot price was € 950/m³. We were also able to increase the sales prices for protein-containing food and animal feed products. The increased sales prices enabled us to more than offset the higher raw material and energy costs, and we are now proud of record revenues of € 1,075 (833) million. Operating profit reached € 127 (107) million. The executive board and supervisory board will propose to the annual general meeting on 12 July 2022 that a dividend of 45 (35) euro cents per share be distributed.

At this juncture, we would like to offer our particular thanks to our employees, as the coronavirus pandemic again presented us with huge challenges. And yet, despite new virus variants and restrictions, we were able, with the aid of comprehensive protection schemes, to protect our employees from infections and maintain operations at all sites and at all times.

In last year's annual report, we gave you a detailed presentation of our new strategy, with the aid of which we intend to broaden our base in future. We want to offer our customers further sustainable alternatives and contribute even more to climate neutrality. Furthermore, we have visually emphasised relevant highlights throughout the annual report to enable you to gain a better overview of what we are working on, what we plan to do and what has already been achieved.

We have already presented various new projects to you in the course of the financial year: Our aspiration is to achieve more sustainability through innovations from biomass. We have taken the first step towards sustainable biochemicals and are currently examining the construction of a new plant for producing renewable ethyl acetate (acetic ester). The ethyl acetate, which is traditionally manufactured on the basis of fossil raw materials, would then be produced from our ethanol using renewable energies. Renewable ethyl acetate reduces the fossil carbon footprint of the end products in many branches of industry (including cosmetics, packaging, paint and food). Domestic production would also increase security of supply.

The fleet tests with our Super Eco 20 fuel, a petrol with an ethanol content of 20 vol.-%, were extended in the past financial year. The fuel is being used in Stuttgart Airport's vehicle fleet, among others. Higher ethanol content in fuel continues to be one of the most efficient ways of making the transport sector more climate-friendly already today using the existing infrastructure.

Considerable progress was made at the European level in the 2021/22 financial year: The United Kingdom and Sweden also introduced Super E10 at filling stations in the autumn of 2021, thereby almost doubling their ethanol blending – a successful step, both for the climate and, of course, for the CropEnergies subsidiary Ensus in Northern England, at which ethanol and animal feed are produced mainly for the British market. While E10 has been a great success from day one in other European countries, progress is slower in Germany. We would like to provide clarification here and have therefore launched the platform www.umtanken.info, which provides useful information on all matters pertaining to filling up with fuel ethanol. In December 2021, the share of E10 in total petrol sales already rose to 21%. To implement climate-friendly mobility effectively and in a technology-neutral manner, CropEnergies joined eFuel Alliance e.V. in 2021.

For us, manufacturing sustainable products from biomass is and remains our core business. That is why we are setting ourselves ambitious targets. For example, we aim to make our production climate-neutral even before 2045. We are working on this and, as an intermediate target, intend to halve our fossil CO_2 emissions in production compared with 2018, by the year 2030.

We would like to continue along this path to a climate-friendly future together with you, dear shareholders, and we thank you for your trust and support.

With kind regards,

Dr. Stephan Meeder

Chief Executive Officer (CEO)/
Chief Financial Officer (CFO)

Jürgen Böttcher

Chief Technical Officer (CTO)

Dr. Fritz Georg von Graevenitz

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
Deputy Chairman since 17 May 2021

Würzburg
Member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman until 17 May 2021

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
Former 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

Dr. Stephan Meeder
Executive board spokesman (CEO) /
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

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

Jürgen Böttcher
Chief Technical Officer (CTO)

Erfurt

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

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

Dr. Stephan Meeder

Jürgen Böttcher

Dr. Fritz Georg von Graevenitz

A list of mandates held can be found on page 150 onwards of the annual report.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The 2021/22 financial year was heavily influenced, as was the previous year, by the coronavirus pandemic. On the one hand, there were more and more new variants that spread faster and faster. On the other hand, there was the successful development and authorisation of several vaccines and the ensuing vaccination campaign. All this caused constant ups and downs. Last winter, we experienced a fourth wave with unprecedented infection levels. With great support from its employees, CropEnergies successfully rose to all challenges.

Climate protection became more prominent again in public perception last year. With the "Renewable Energy Directive" (RED-II), the EU has set itself new targets that are a step in the right direction. However, the GHG savings potential of renewable ethanol is not being fully leveraged even with the new directive. There is a need for improvement here.

CropEnergies laid important foundations for the company's future development in the last financial year. Sustainability is and remains the focus of all activities, but both the company's base and its product portfolio will become broader in future. Sustainable products from biomass will make a significant contribution to the reduction of greenhouse gases and offer customers innovative and high-quality alternatives to fossil-based products.

The supervisory board consulted closely with the executive board on these issues in the past financial year, concerning itself in depth with the economic 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 transactions that are important for the company were discussed in detail on the basis of the reports of the executive board. The executive board determined the strategic orientation of the CropEnergies Group in consultation with the supervisory board. From the outset, the CropEnergies Group's focus here is on sustainability. In future, the supervisory board will concentrate on issues of ecological and social sustainability at regular intervals.

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 and two extraordinary meetings of the supervisory board, each of which – except for the discussion of the supervisory board's internal matters and the extraordinary meetings – was attended by the executive board, took place in the 2021/22 financial year. Owing to the coronavirus pandemic, only the ordinary meeting on 8 November 2021 took place as a face-to-face meeting; all other meetings were held as video conferences.

In addition to the meetings, the supervisory board adopted resolutions 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 financial and non-financial issues as well as 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.

At the extraordinary meeting on **28 April 2021,** the new executive board remuneration system – initially discussed by the "personnel committee" (referred to as the "ad hoc executive board compensation committee" until 12 July 2021) at two meetings –, which had been brought into line with the Act on Implementing the Second Shareholders' Rights Directive (ARUG II), was approved in principle. The supervisory board also resolved, at this meeting, to propose to the annual general meeting that compensation of supervisory board members, as defined in § 12 of the articles of association, be confirmed.

The extraordinary meeting on **30 April 2021** again discussed the executive board remuneration system.

At its annual account meeting on **17 May 2021,** the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2020/21, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2020/21 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. Furthermore, based on the audit committee's recommendation, it approved the proposal to be made to the annual general meeting in respect of the election of the independent auditor. The supervisory board followed the recommendation to propose to the annual general meeting that an amendment be made to the articles of association to bring them into line with the supplemented corporate strategy. It approved the revised and adapted compensation system for members of the executive board. The supervisory board prepared the 2021 virtual annual general meeting and decided on the agenda and the resolution proposals. Furthermore, Dr. Kirchberg was elected Deputy Chairman of the supervisory board and Chairman of the nomination committee.

At the meeting on **12 July 2021** (on the day before the annual general meeting), the medium-term planning was presented. The supervisory board approved the 2022/23 investment plans as well as the long-term investment plans and an investment supplement. The supervisory board approved the target specifications for the remuneration system for the executive board in the 2021/22 financial year and the renaming of the "ad hoc executive board compensation committee" to "personnel committee". Internal matters of the supervisory board were addressed as a separate agenda item.

At the meeting on **8 November 2021,** the supervisory board addressed the earnings projection for the 2021/22 financial year and approved a land purchase. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. The supervisory board performed the annual self-assessment of its activity and brought the rules of procedure of the supervisory board and the audit committee into line with the duties arising from the remuneration system for the executive board and with the Finanzmarktintegritätsgesetz (German Act on the Integrity of Financial Markets – FISG), which came into force on 1 July 2021. Furthermore, it approved the declaration of conformity for 2021 and also addressed the regular agenda item of compliance. Lastly, internal matters of the supervisory board were discussed as a separate agenda item.

By written procedure, the supervisory board approved an adjustment to the executive board remuneration on **31 January 2022.**

At the meeting on **21 February 2022,** the current earnings projection for the 2021/22 financial year was presented. The supervisory board updated its rules of procedure and those of the audit committee in respect of the adjustments relating to sustainability arising from the draft further amendment of the German Corporate Governance Code. It addressed the invitation to tender for the 2023/24 audit and the 2022 annual general meeting as well as the future requirements on sustainability reporting. The supervisory board approved the strategic objectives for the 2022/23 financial year and the target parameters for the remuneration system for the executive board. Internal matters of the supervisory board were addressed as a separate agenda item.

Supervisory board committees I In order to carry out its duties more efficiently, the supervisory board has formed an audit committee, a nomination committee and a personnel committee (referred to as the “ad hoc executive board compensation committee” until 12 July 2021).

The **audit committee,** to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Dr. Thomas Kirchberg belong, convened four times in the 2021/22 financial year. Owing to the coronavirus pandemic, the meetings were held as 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 **6 May 2021,** 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, examined the latter’s independence and recommended the supervisory board to appoint PwC as the independent auditor, subject to the latter’s election by the annual general meeting in 2021. Moreover, PwC is to carry out a formal review of the compensation report. The audit committee had previously carried out an assessment of the quality of the audit of the financial statements.

At the meeting on **5 July 2021,** the audit committee discussed the quarterly statement for the 1st quarter of 2021/22. It addressed the independent auditor’s quotation for the audit of the annual financial statements and, subject to the latter’s election by the 2021 annual general meeting, issued the mandate for the audit of the annual financial statements.

At the meeting on **12 October 2021,** the audit committee discussed the 2021/22 interim report. It also addressed the monitoring of the financial reporting process as well as the effectiveness of the internal control system and the risk management system as well as IT security. It also focused on the internal audit system and the compliance management system.

At the meeting on **11 January 2022,** the audit committee discussed the quarterly statement for the 3rd quarter of 2021/22. The audit committee also addressed the new statutory requirements for non-audit services and approved the adapted checklist of permitted non-audit services by the independent auditor, together with application guidelines.

The **nomination committee,** to which the supervisory board members Dr. Thomas Kirchberg (Chairman as of 17 May 2021), Thomas Kölbl (Chairman until 17 May 2021), Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, was not convened in the past financial year.

The **personnel committee** is composed of the supervisory board members Dr. Hans-Jörg Gebhard (Chairman), Dr. Thomas Kirchberg, Thomas Kölbl and Prof. Dr. Markwart Kunz. At its meetings on 16 and 23 April 2021, the personnel committee (at that time still referred to as the “ad hoc executive board compensation committee”) addressed the new executive board remuneration system and prepared the extraordinary meetings of the supervisory board on 28 and 30 April 2022.

Attendance records I No member was absent from the meetings of the supervisory board or its committees in the 2021/22 financial year.

Responsibilities	**Members**	**Number of participants / number of meetings**
Supervisory board	Prof. Dr. Markwart Kunz (Chairman)	6/6
	Dr. Thomas Kirchberg (Deputy Chairman since 17 May 2021)	6/6
	Dr. Hans-Jörg Gebhard	6/6
	Thomas Kölbl (Deputy Chairman until 17 May 2021)	6/6
	Franz-Josef Möllenberg	6/6
	Ökonomierat Norbert Schindler	6/6
Audit committee	Thomas Kölbl (Chairman)	4/4
	Prof. Dr. Markwart Kunz	4/4
	Franz-Josef Möllenberg	4/4
	Dr. Thomas Kirchberg	4/4
Nomination committee	Dr. Thomas Kirchberg (Chairman since 17 May 2021)	0/0
	Thomas Kölbl (Chairman until 17 May 2021)	0/0
	Prof. Dr. Markwart Kunz	0/0
	Franz-Josef Möllenberg	0/0
Personnel committee (until 12 July 2021 ad hoc ”executive board compensation committee”)	Dr. Hans-Jörg Gebhard (Chairman)	2/2
	Dr. Thomas Kirchberg	2/2
	Thomas Kölbl	2/2
	Prof. Dr. Markwart Kunz	2/2

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 regular self-assessment of its activities as a whole and of its committees. This is performed every year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the text of the current Code. The evaluation of the questionnaires, the discussion of the results and the deliberations on proposed improvements took place at the meeting on 8 November 2021. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Compliance I On 11 January 2022 and 26 January 2022, 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 2021 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 86–87 of the corporate governance report. As with declarations of conformity issued in previous years, the full wording of the 2021 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.

Conflicts of interest I In the 2021/22 financial year, the supervisory board was not notified, by any of its members or by any of the members of the executive board, 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 virtual annual general meeting on 13 July 2021, at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2021/22 financial year, and the consolidated financial statements and the group management report for 2021/22, 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 2021/22 financial year, Stefan Hartwig has been the responsible independent auditor at PwC.

In light of the fact that, as of 28 February 2022, 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 10 May 2022 and at the supervisory board's annual account meeting on 16 May 2022, 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 16 May 2022; 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 € 0.45 per share.

Personnel matters I There were no personnel changes to either the supervisory board or the executive board in the 2021/22 financial year.

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

Mannheim, 16 May 2022

On behalf of the supervisory board

Prof. Dr. Markwart Kunz
Chairman

SUSTAINABILITY

"CropEnergies operates sustainably for successful corporate development and a livable future in which the use of renewable raw materials are key to ensuring the welfare of today's and future generations."

CO_2

OUR TARGET ...

... HALVING FOSSIL CO_2 EMISSIONS IN PRODUCTION FROM 2018 TO 2030

75%

Reduction of greenhouse gas emissions through CropEnergies fuel ethanol

Legal requirement: 50%

CLIMATE NEUTRALITY BY 2050 BY

- Improving energy efficiency
- Technological advances
- Replacing fossil by renewable energy sources

MORE THAN **4 MILLION t**

Animal feed from Euroean ethanol production

REPLACE SOY IMPORTS

from South and North America.

MORE THAN 95%

More than 95% of raw materials are certified as sustainable.

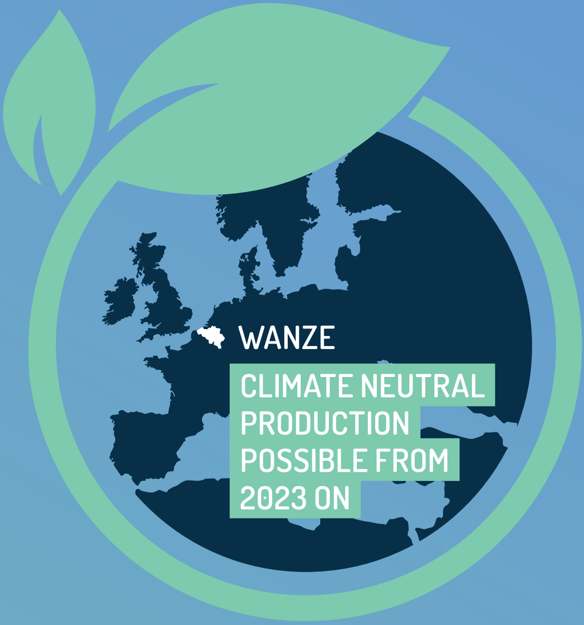
DELIVERY BY SHIP IN ...

WANZE 55%

WILTON 70%

STARCH COMPONENT OF ONLY 4%

OF EU GRAIN PRODUCTION IS USED FOR EUROPEAN ETHANOL PRODUCTION.



75%

75% OF RAW MATERIALS COME FROM A RADIUS OF 250 KM.

3.1 MILLION t

CO_2 savings in Germany in 2020 through renewable ethanol in petrol

SHARE AND CAPITAL MARKET

Capital market environment

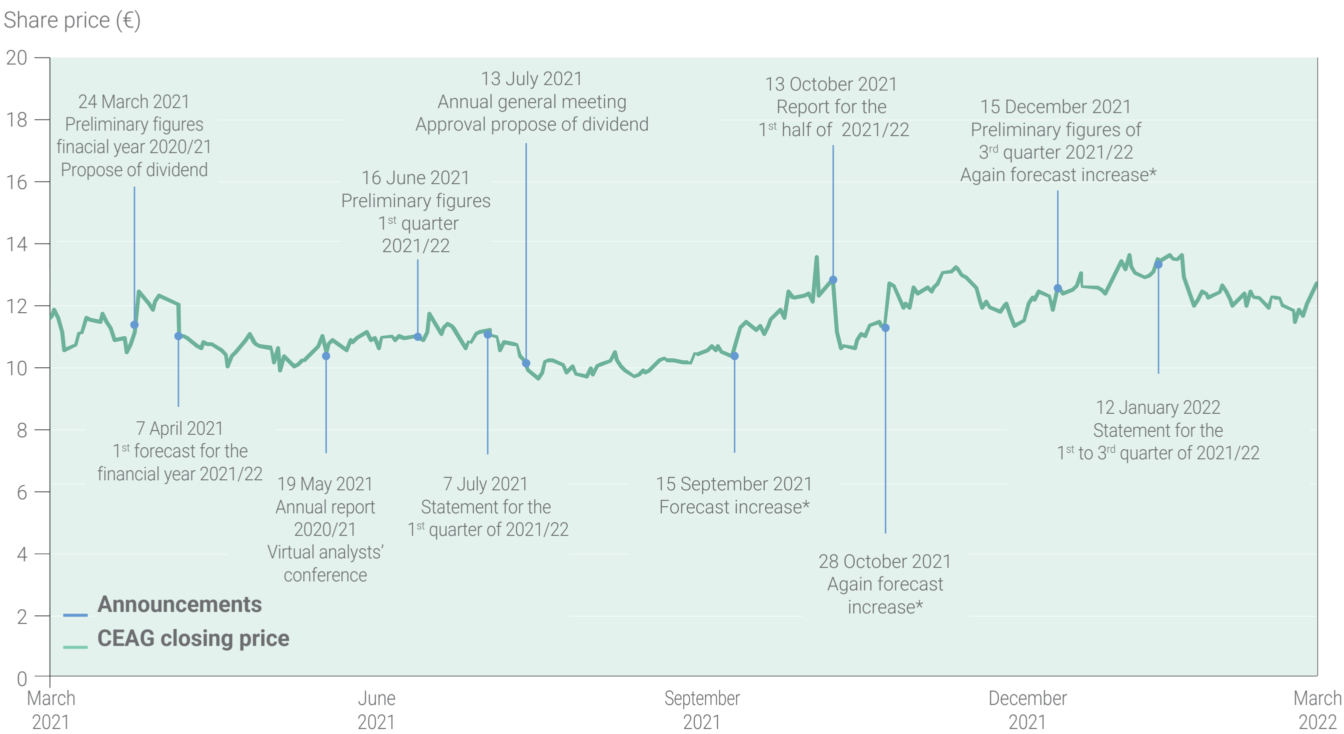
Developments on the stock exchanges continued to be influenced by the coronavirus pandemic in the 2021/22 financial year. The global economy initially recovered rapidly, which was mainly due to the enormous fiscal stimuli provided by many governments. In the USA, in particular, but also in Europe, private consumer demand recovered more quickly than expected at the beginning of the year, which resulted in global supply bottlenecks, which have not yet been overcome. As a result, prices for raw materials and energy skyrocketed.

A sustained low interest level across the world in conjunction with high volatility initially led to record values on the international stock exchanges. In mid-November, the DAX® reached a new all-time high, at 16,290 points, as, despite increasing inflationary tendencies, the European Central Bank left the deposit rate unchanged at -0.5%. As a result, shares continued to be attractive as an investment class. When the new Omicron variant became known, however, the German leading index fell moderately at the end of November, as fear of new restrictions and accompanying economic losses was keenly felt on the capital market. After a brief recovery at the beginning of the 2022 calendar year, the DAX® again recorded significant losses, particularly as a result of the war in Ukraine. After the above-mentioned all-time highs in November 2022, DAX®, MDAX® and SDAX® closed trading on 28 February 2022 at 14,461, 31,873 and 14,475 points, respectively.

Performance of the CropEnergies share

The CropEnergies share started the 2021/22 financial year at a price of € 11.32. At the end of March 2021, the capital market rewarded the record result for the 2020/21 financial year announced in the context of the publication of provisional figures, and a pleasing price hike to over € 12 occurred. The low for the year, at € 9.64, was reached on 4 August 2021 in the wake of high volatility on the ethanol, raw material and energy markets. From the autumn onwards, there was a significant price increase on the European ethanol market,

Performance of the CropEnergies share



Performance of the CropEnergies share from 1 March 2021 until 28 February 2022 (XETRA® closing prices)
** Forecast applies to the expected group operating profit in the financial year 2021/22*

which was also reflected in a rise in price in the CropEnergies share, raising it to just under the € 13 threshold. Against the background of continuing high ethanol prices, CropEnergies again increased the forecast for the current financial year on 28 October 2021. This resulted in stabilisation of the share price, which reached its high for the year of € 13.56 on 20 January 2022. Ultimately, however, the share was unable to escape the declines in price on the international stock markets, triggered, in particular, by the geopolitical tensions, and closed on 28 February 2022 at a price of € 12.46 (the closing price on 26 February 2021 was € 11.18). This meant that there was an overall increase of 10% in the 2021/22 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 2022, 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 2021, CropEnergies shares were located in over 13,500 (10,500) – mainly private – deposit accounts.

Annual general meeting 2021

The annual general meeting on 13 July 2021 was again held in virtual form, due to the pandemic. A total of more than 160 shareholders and guests viewed the transmission from the Mannheim Rosengarten. 84% of the share capital was therefore represented. More than 70 questions, to which members of the executive board and the chairman of the supervisory board provided full responses, grouped by topic, were submitted in advance of the event. In addition to the past financial year and the impact of the coronavirus pandemic, shareholders were particularly interested in the new corporate strategy and developments in the current financial year. All the proposals put forward by the executive and supervisory boards were passed in each case by a majority of over 89%.

Dividend proposal 2022

The executive board and supervisory board will propose to the annual general meeting on 12 July 2022 that a dividend of € 0.45 be distributed. An amount of € 39.3 million is therefore expected to be paid out to shareholders. Based on a closing price of € 12.46 on 28 February 2022, that corresponds to a dividend return of 3.6%.

Details

CropEnergies AG		
ISIN		DE000A0LAUP1
WKN		A0LAUP
Symbol		CE2
Class of share		No-par-value bearer ordinary shares
Sector		Industrial goods
Sub-sector		Renewables
Transparency level		Prime Standard
Market segment		Regulated Market
Stock exchanges		XETRA®, Frankfurt Over-the-counter market: Stuttgart, Düsseldorf, Hamburg/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®)

		2021/22	**2020/21**
Financial year-end closing price	(€)	12.46 (28/02/2022)	11.18 (26/02/2021)
High	(€)	13.56 (20/01/2022)	15.98 (18/09/2020)
Low	(€)	9.64 (04/08/2021)	6.15 (19/03/2020)
Market capitalisation at financial year-end	(in € million)	1,087	975
Average daily turnover of the share	(number of shares)	105,749	116,647
Earnings per share according to IAS 33	(€)	1.02	0.97
Dividend per share	(€)	0.45*	0.35

** Proposal*

Source: Deutsche Börse AG, XETRA® data

Market capitalisation and turnover

CropEnergies had a market capitalisation of € 1,087 (975) million as of the reporting date on 28 February 2022. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 34 (36) million shares. That corresponds to an average daily turnover of approximately 134 (144) 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 insider information) as well as the financial calendar. In addition, the website contains presentations for the capital market and a general investor relations presentation. 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 continued to clarify 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, there being particular interest in issues relating to "ESG" (Environmental Social Governance). 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 manufacturing neutral and fuel ethanol, food and animal feed products as well as biogenic carbon dioxide 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 / Wilton as of 11 November 2021 (United Kingdom)

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. Around 60,000 m³ can also be processed into high-quality food-grade neutral alcohol. Furthermore, it is possible to produce more than 300,000 tonnes of the dried protein animal feed ProtiGrain®, as well as liquid protein animal feed and thermal and electrical energy. 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®, as well as thermal and electrical energy. 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. Since the 2021/22 financial year, ultrapure biogenic CO_2 has also been supplied to a company in the SOL Group, which can manufacture 65,000 tonnes of food-grade liquid CO_2 on-site.

Ensus UK Ltd has a biorefinery with an annual production 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 neighbouring 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.

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, operating profit and EBITDA. 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. After deducting the depreciation and amortisation, the EBITDA results as a measure of the operating cash flow generation of the company. The financial key figures reported currently represent the main performance indicators of relevance to the CropEnergies Group's management.

Financial management

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

The CropEnergies Group's financing is based on the ability to generate consistently positive cash flows, stable relations with the shareholder groups backing the company, access to the capital markets and reliable banking relationships. The communication with capital market participants pursues a policy of financial transparency based on a reporting system which defines both the corporate planning and the reporting processes, using the same 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 sustainable products produced from biomass 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 the deployed biomass. 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 or feed value and reduce European import requirements for vegetable proteins, particularly soy, which needs to be produced with a high consumption of resources in South and North America and transported over long distances to Europe.

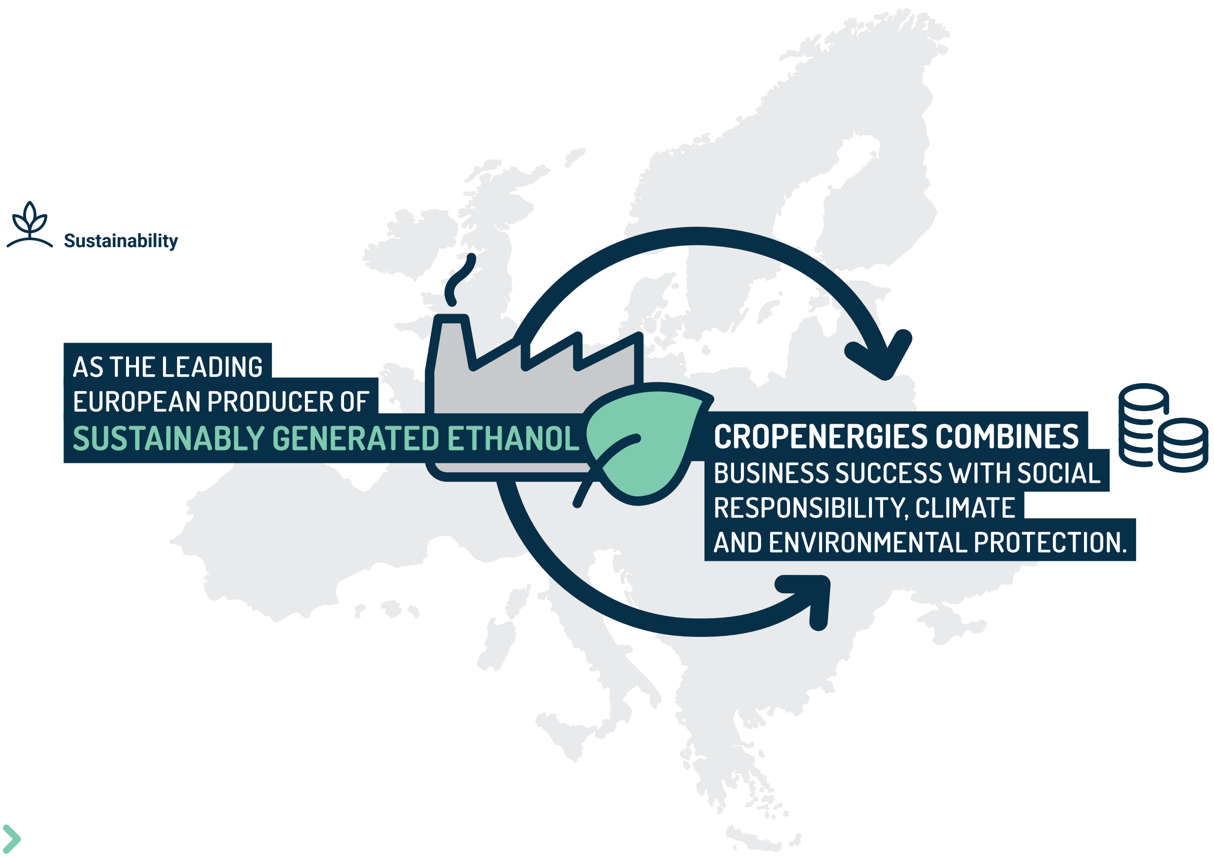
The CropEnergies Group achieves its objectives through operating excellence and innovations, relying on its own core competences – the large-scale processing of biomass into high-grade products in biorefineries and their marketing. What is crucial here is the extensive know-how across the entire value 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. CropEnergies has set itself the goal of cutting greenhouse gas emissions. To this end, it intends, by the year 2030, to lower fossil CO_2 emissions in its existing plants by more than 50 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 95% of the raw materials processed in its European biorefineries to be of European origin. 75% of the raw materials procured in the financial year are expected to come from within a radius of 250 kilometres. Regional value chains 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 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 page 24 – 26.

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 well-being for current and future generations. The Chief Technical Officer has overall responsibility for sustainability. Observing corporate social responsibility includes the planning, implementation and communication of social and ecological measures as well as their integration into strategy and organisational development.

CropEnergies pays particular attention to the following aspects:

- Creating a work culture that actively encourages safe behaviour
- Guaranteeing safe production plants and working conditions
- Reducing the consumption of resources due to the fullest possible use of raw materials
- Procurement of biomass that complies with high quality and sustainability requirements and is of mainly regional origin
- Continuous improvement of business activities in respect of their impact on the environment and climate
- Continually optimising the energy efficiency of the production processes
- Efficient implementation and execution of management systems (environment, energy and quality)
- Respecting the interests of all stakeholders material to CropEnergies
- Maintaining long-term partnerships, e.g., with raw material suppliers and customers

Employees

Information about employees can be found in the section "Employees" on pages 42 –45.

Ratings and initiatives

In addition to credit ratings, sustainability ratings are gaining in importance for capital market participants. CropEnergies was able to confirm 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, in which specific environmental data are published. In addition, the Südzucker Group was subject to an evaluation by EcoVadis focusing on sustainability in the supply chain. Ryssen Alcools SAS was again awarded gold status.

Furthermore, the Südzucker Group has submitted a declaration of intent with regard to participating in the Science-Based Target initiative (SBTi). The identification of concrete science-based corporate targets consistent with the 2015 Paris Climate Agreement is at the core of the internationally recognised standard for climate targets. CropEnergies makes a significant contribution to the Südzucker Group's emission reduction targets and effectively helps mitigate climate change.

Energy, environment and climate

As a company that develops and produces sustainable biomass-based solutions for industries and consumers, CropEnergies bears responsibility for environmentally relevant processes. It uses and further develops site-adapted technologies, from the withdrawal of primary raw materials from the environment to their preparation and transportation through to processing in biorefineries. CropEnergies also deploys and continually improves suitable technologies in distributing and using products as well in collecting and treating waste and waste water.

* Not part of the independent auditor's mandate

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. What is essential here is the fullest possible utilisation of the deployed biomass and the closing of energy and material cycles.

CropEnergies' biorefineries manufacture products based on renewable raw materials which replace fossil raw materials and hence contribute to avoiding greenhouse gas emissions harmful to the climate. This currently includes, in particular, sustainable alternatives to fossil fuels and protein-rich, GMO-free food and animal feed products. Other application areas and products will be increasingly integrated into CropEnergies' portfolio of sustainable, biomass-based solutions in future.

Additional potential in terms of careful and efficient use of resources is realised by means of integration into the Südzucker Group's network of sites. 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.

Biodiversity

Biomass for fuel production is subject to strict statutory regulations, which ensure the sustainability of the raw materials. This means, in particular, that the biomass used must not be acquired from sensitive areas with high levels of carbon, such as moors, or from areas with high biological diversity, such as first-growth forests.

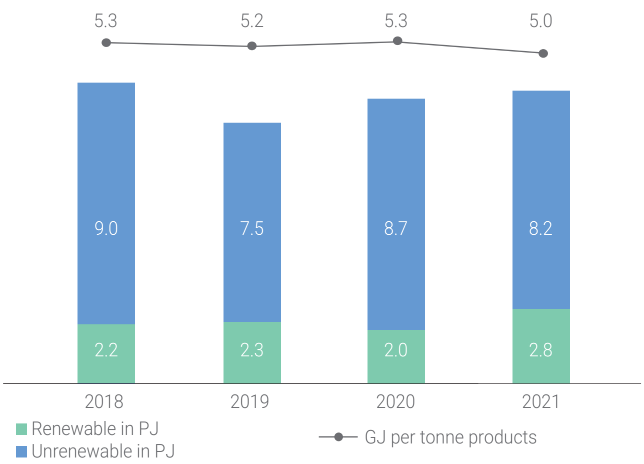
CropEnergies also procures raw materials of European origin in the main, thereby avoiding land use changes in, say, tropical rain forests. Agricultural raw materials from the EU also fulfil the principles of cross-compliance applicable to agricultural production with the corresponding requirements for agriculture. These requirements ensure environmentally sound farming.

Energy

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 the climate.

The requirements arising from 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 ESOS (Energy Savings Opportunity Scheme) was carried out in Wilton. The biorefinery in Wanze 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.

Energy use (direct and indirect)

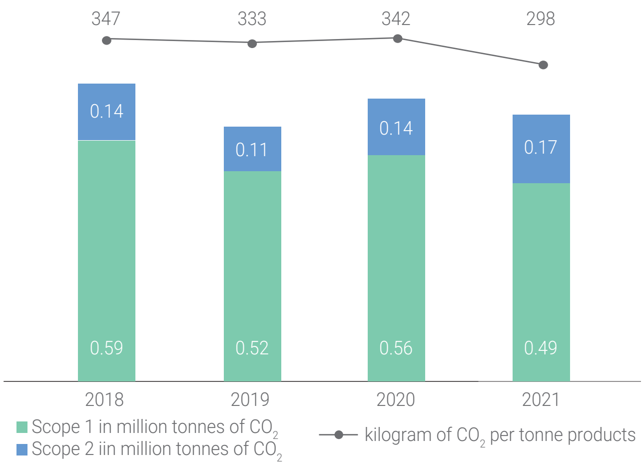


Specific energy use depends not only on process management and applied technologies, but also, among other things, on the type and quality of the raw materials used. The flexibility of the plants means that CropEnergies is able to adjust raw material use to the respective market conditions.

In 2021, 11.0 PJ* of energy were used for the processes, with the proportion of renewable energy already being 25%. The specific energy requirement was 5.0 GJ per tonne of products (see figure).

At Wanze, a large part of the thermal and electrical process energy required is produced from the husks of the wheat grain. The steam supply in Wilton, around half of which comes from a plant for recovering energy from household wastes, is sourced externally. CropEnergies will gradually reduce the consumption of fossil fuels over the next few years. Site-specific measures have been planned and already started, in part, for each biorefinery. The energy supply in Loon-Plage, for example, was converted in 2021, with the result that, going forward, 75% of the steam requirement will be met by waste heat from a neighbouring industrial plant.

Scope 1 and 2 CO_2 emissions

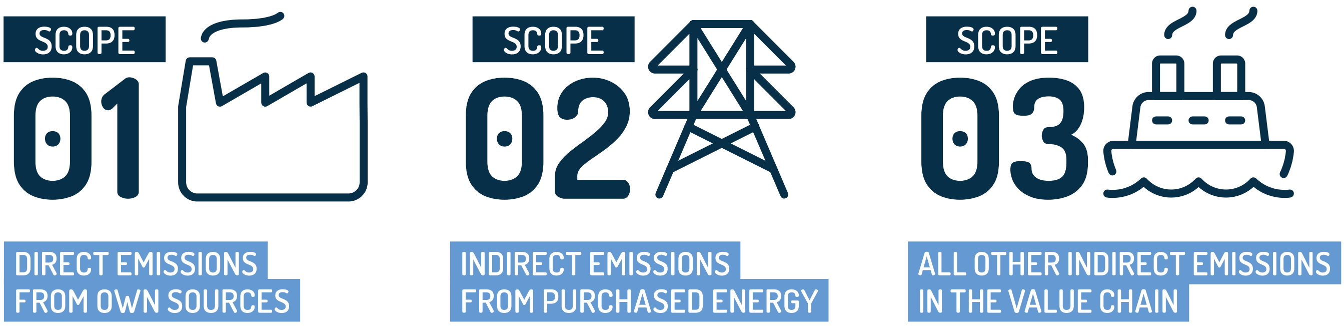


Emissions

Scope 1 and Scope 2 emissions comprise all direct emissions as well as indirect emissions from energy use. So-called Scope 3 emissions include all other indirect emissions in the upstream and downstream supply chain.

Scope 1 and 2 emission

The amount of CO_2 emissions depends on both the total energy demand and the fuel and energy mix. The absolute Scope 1 and 2 emissions in 2021 amounted to 0.66 million tonnes of CO_2. This represents a year-over-year reduction of 5%, which is largely due to the increased use of steam from natural gas in Zeitz.



Examples:
own CHP generation, production process

Examples:
purchased thermal and electric energy

Example Upstream:
raw material supply, transport, auxiliary materials

Example Downstream:
use of products sold, transport

Sustainability

** 1 petajoule (PJ) = 10^{15} joules (equivalent to around 278 million kWh)*

Scope 3 emissions

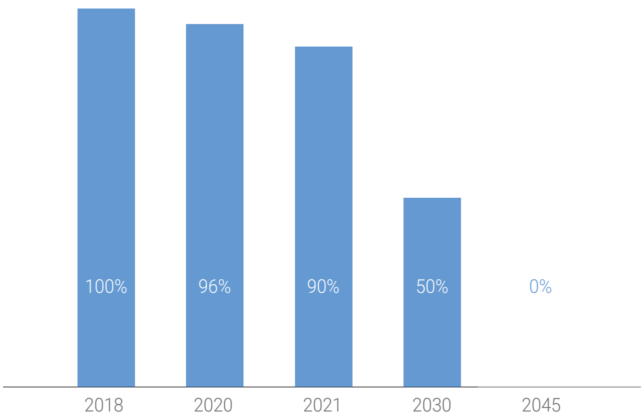
In Scope 3, the upstream activities in raw material cultivation are particularly relevant to CropEnergies. Upstream and downstream transport processes as well as packaging are not significant, as the products are mainly loaded loosely onto ships, trains or lorries. Disposal of the products (end-of-life emissions) is not relevant.

A considerably positive influence is to be found in the downstream activities, particularly in the use of the sold fuel ethanol. By replacing fossil fuels, CropEnergies' renewable fuels bring about emissions savings of more than 1 million tonnes of CO_2 p.a. in the transport sector.

Climate neutrality 2045

CropEnergies aims to have climate-neutral production by the year 2045. As the first milestone, CropEnergies intends, by the year 2030, to reduce direct and indirect emissions (Scope 1 and 2) from production by 50% compared with 2018.

Scope 1 and 2 CO_2 emissions in %



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 started to phase out coal in 2021 and has already covered more than 20% of the required process heat through natural gas. A second important component of the energy supply strategy is the construction of a second biomass boiler in Wanze, which is expected to start operating at the end of 2023. This will create the conditions for being able to supply the biorefinery in Wanze with process energy in a completely climate-neutral manner.

Adaptation to climate change

The opportunities and risks for CropEnergies are described in detail in the section "Risk and opportunities report" on pages 67 – 79.

Significant opportunities arise due to increasing customer demands for regional procurement and security of supply against the background of increasing disruptions of international supply chains. Establishing an early presence in new business areas also offers opportunities for the CropEnergies Group's sustainable development.

Possible risks associated with climate change include harvest losses, disruption of raw material and/or product logistics, damage to production plants due to acute physical risks (extreme weather events such as flooding and storms) or to chronic physical risks (e.g., higher sea level and rising average temperatures), production restrictions due to shortage of water (in the event of heat or low tide) and energy (biomass), as well as loss of reputation due to CO_2-intensive production.

Water, waste water and waste

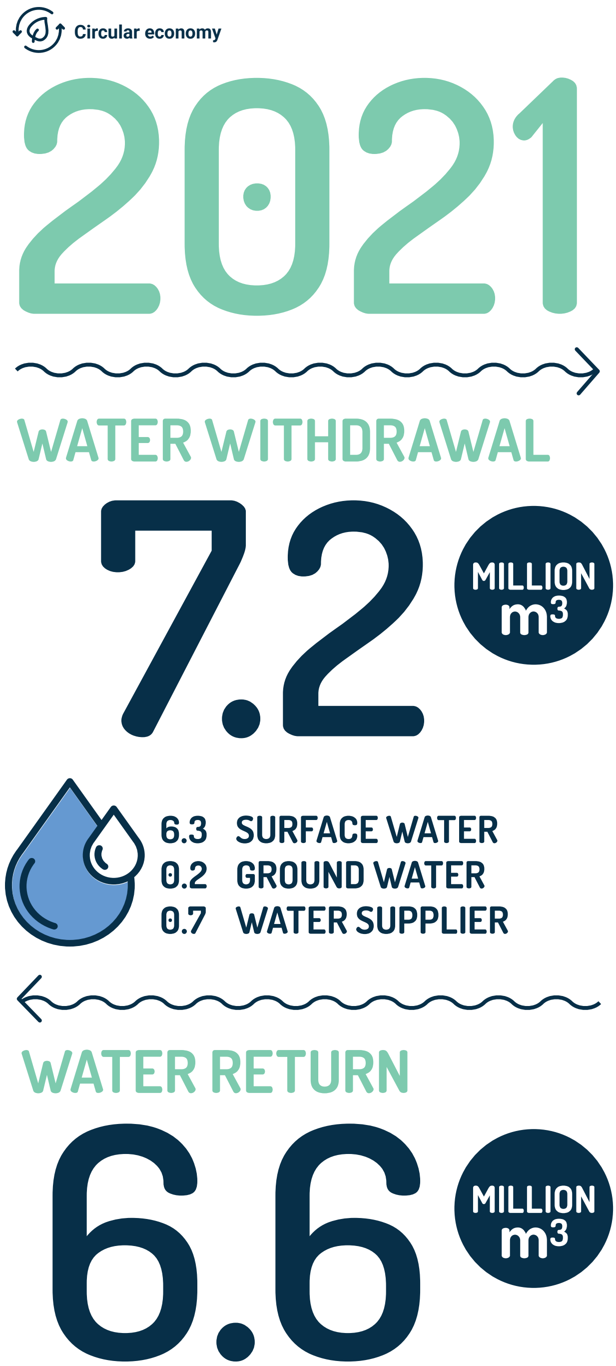
Water sourcing
CropEnergies aims to manage water resources sustainably by reducing fresh water requirements in its production facilities by means of its recycling concept. The water withdrawn is mainly surface water and is usually sourced from adjoining rivers.

Water discharge
To treat the waste water from production, CropEnergies operates biological industrial sewage treatment plants that have both aerobic and anaerobic units, at most of its sites. In the case of the anaerobic units, the biogas arising is used to generate energy. The water that has been cleaned is returned to neighbouring rivers. The remaining quantity of waste water is discharged into third-party waste water treatment plants or urban sewage plants, which means that environmentally responsible treatment is always ensured. The requirements on waste water discharge and disposal to third parties, respectively, are defined by the competent approval authority.

Water withdrawal and return
(information in million m³)

	2019	2020	**2021**
Surface water	5.8	5.6	6.3
Ground water	0.3	0.4	0.2
Water supplier	0.5	0.5	0.7
Water withdrawal	**6.6**	**6.5**	**7.2**
Water return	**5.6**	**5.8**	**6.6**

Strictly speaking, the difference between the withdrawn and the discharged water does not represent consumption of water, as it remains in the natural water cycle. This is mainly water that, for example, is released into the atmosphere via cooling or drying processes or is contained in the product.



Areas with water stress

Water availability depends on water resources, on the one hand, and on water withdrawal, on the other. If withdrawal exceeds a certain percentage of resources, this is referred to as water stress.

According to the World Resources Institute's Aqueduct Water Risk Atlas and local evaluations, the Zeitz, Wanze and Loon-Plage production sites have been identified as areas with high levels of water stress. Wilton, according to the analysis, is in the low-to-medium range in terms of water stress. Measures to increase water efficiency in production processes are being examined.

Waste

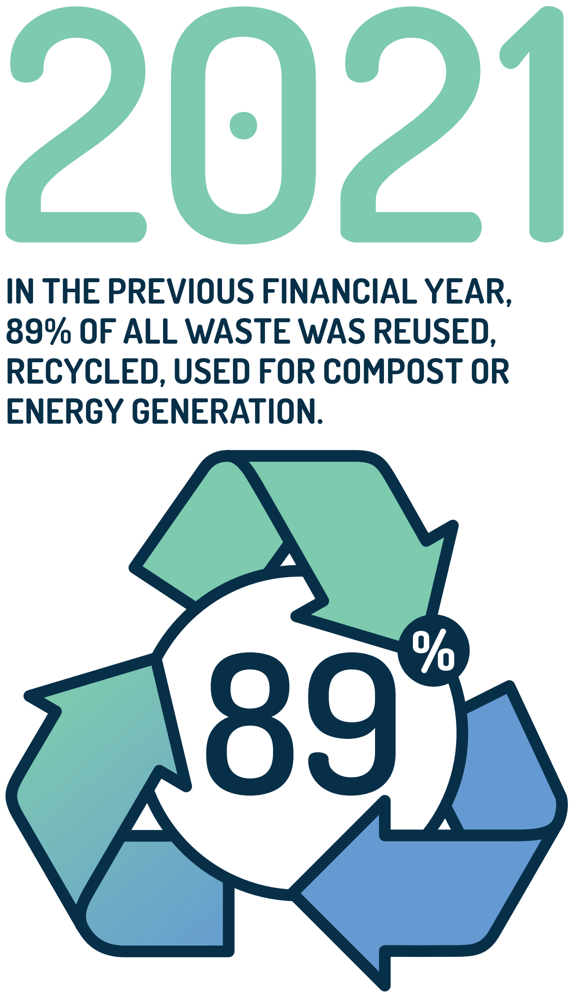
As the components contained in the raw materials are almost completely refined into ethanol and protein-rich products, very little waste quantities are generated. Where wastes cannot be avoided, CropEnergies aims to achieve a high recycling and recovery rate in accordance with sustainability and resource conservation.

Wastes for re-use and disposal
(information in 1,000 tonnes)

	2019	2020	**2021**
Recycling	65.7	81.4	72.0
Composting	7.3	7.8	5.6
Landfilling	0.8	4.8	7.5
Energy recovery	2.1	3.8	2.6
Other	0.5	0.5	2.2
of which hazardous wastes	*0.1*	*0.1*	*0.1*
Total	**76.4**	**98.3**	**90.0**

In the past financial year, 89% of wastes were recycled, composted or used to generate energy. 0.1% of all waste materials involves hazardous waste as defined by the EU Waste Framework Directive. These consist primarily of used lubricants from production, alcohol residues or insulation materials.

Circular economy



Since the components of the raw materials are almost completely refined into ethanol as well as food and animal feed products, only small amounts of waste are generated.

Raw materials, products and logistics

Raw materials
CropEnergies' sustainability activities begin as early as the upstream stages of the value chain, particularly in respect of the procurement of 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.

Agricultural raw materials from 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 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. Compliance with the sustainability criteria is laid down in the contracts with raw material suppliers. More than 95% of the raw materials used by CropEnergies have been certified as sustainable.

Apart from agricultural raw materials, CropEnergies also processes residues into renewable fuel. In the past financial year, this made up 6% 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.

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 (https://www.cropenergies.com/en/downloads).

Product responsibility and quality
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, in Wilton and, since the end of 2021, also in Wanze. It replaces carbon dioxide of fossil origin in the manufacture of beverages, for instance.

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 integrated quality management system defines measures that ensure that all products comply with the statutory specifications and customers' requirements. In 2021, CropEnergies introduced software for central and automated administration of processes at the Mannheim, Wanze and Zeitz sites.

The HACCP concept is a central element of the quality management system, with a structured hazard analysis being 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. The risk assessment is used as the basis for preparing a monitoring plan and defining analyses. The collected data are systematically reviewed, and expert opinions are prepared on a regular basis in order to ensure the continual safety of food and animal feed for the end consumer. Any discrepancy is examined by the HACCP team and, if necessary, by an expert team or even a crisis team.

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. Rigorous complaint management for the entire product portfolio is also integrated into the system as an additional tool for the constant improvement of processes and products.

External certifications

CropEnergies' 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 on the evaluation procedures. Depending on customer requirements, the production sites have various specific certificates that are listed in the table below. In addition, CropEnergies plans to conduct a SMETA (SEDEX Members Ethical Trade Audit) 4-pillar audit in Wanze in 2022, which places additional requirements on social responsibility, ethical behaviour, environment management and business practices.

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 (e.g., REDcert EU, ISCC EU or 2BSvs) 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, with the fuel ethanol produced saving, on average, over 75% of greenhouse gas emissions.

External certifications

Code	Standard for	Sites covered
ISO 9001	Quality management system	CropEnergies AG, BioWanze SA, CropEnergies Bioethanol GmbH, Ryssen Alcools SAS
ISO 50001	Energy management system	CropEnergies Bioethanol GmbH
ESOS	Energy Savings Opportunity Scheme	Ensus UK Ltd
EN 16247	Energy audit	CropEnergies AG, Ryssen Alcools SAS
REDcert²		BioWanze SA, CropEnergies Bioethanol GmbH
REDcert EU	Renewable energies	BioWanze SA, CropEnergies Bioethanol GmbH, Ryssen Alcools SAS
ISCC EU	Renewable energies	Ensus UK Ltd
2BSvs	Renewable energies	Ryssen Alcools SAS
IFS Food	Food safety	BioWanze SA
GMP+	Animal feed safety	CropEnergies AG, BioWanze SA, CropEnergies Bioethanol GmbH
FEMAS	Animal feed safety	Ensus UK Ltd
Koscher		BioWanze SA, CropEnergies Bioethanol GmbH, Ryssen Alcools SAS
Halal		BioWanze SA
VLOG	GMO-free animal feed	CropEnergies Bioethanol GmbH

Logistics
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 capacity.

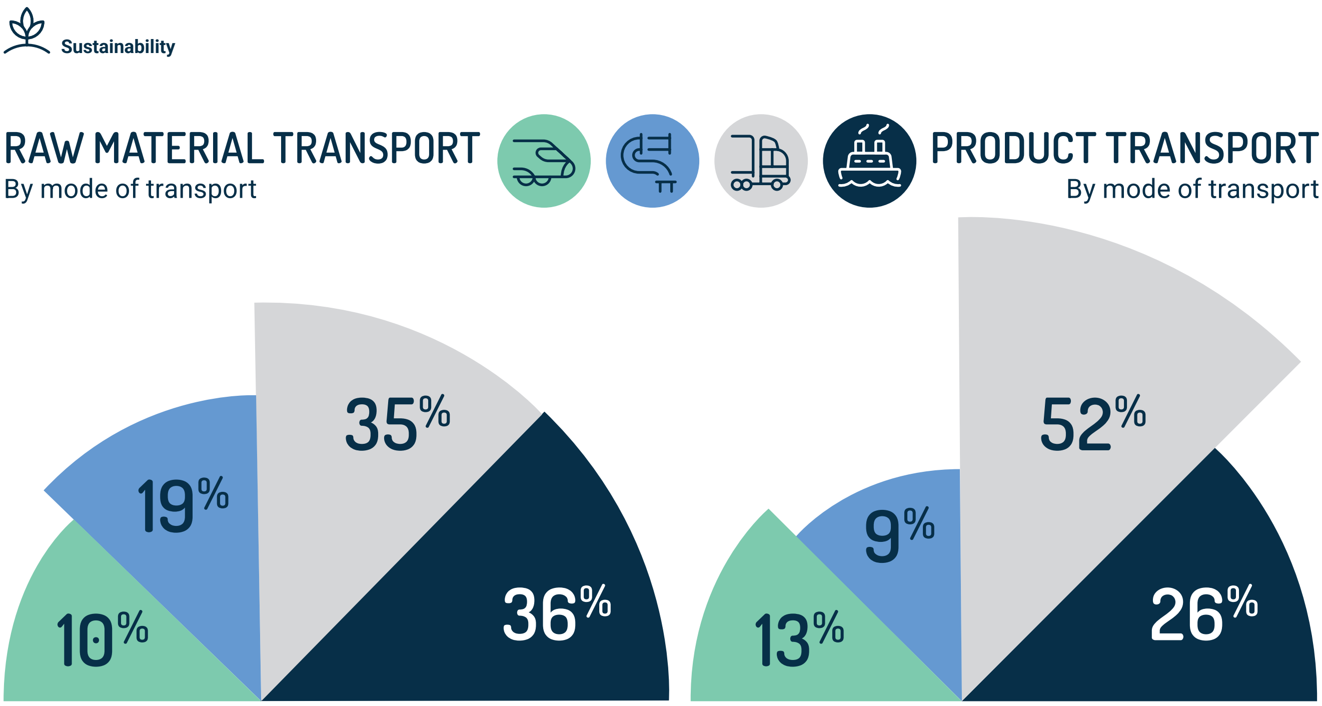
CropEnergies' biorefineries are located in close proximity to raw materials on water routes or near railways. This shortens transport routes or enables low-emission deliveries to be made, mostly via sea or rail. Loon-Plage is connected to the port of Dunkirk via pipeline, procurement being mainly based on the sea route. At Wilton, around 70% of the raw materials used are delivered via sea, while it is more than 55% at Wanze. The plant at the network site in Zeitz is connected to Südzucker AG's sugar and starch production via pipeline networks.

CropEnergies also takes care, when delivering the manufactured products, to reduce the emission 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. In total, around 50% of products are transported by lorry, particularly DDGS, DGS, and CDS, which are mostly delivered over short distances. Two-thirds of the ethanol, on the other hand, is transported by ship or rail. At all sites, the fermentation gas reaches the respective CO_2 liquefaction plant via pipeline.

EU taxonomy

Background
The EU taxonomy (EU sustainable finance taxonomy) is a classification system for defining sustainable economic activities. The regulation supports companies and financial market players in assessing the sustainability of investments objectively. The European Commission's aim is to channel financial flows into sustainable activities so that private invest-



ments also make a contribution to the European Green Deal. The criterion of sustainability is thereby closely linked to six environmental objectives.

A delegated act already exists for the first two environmental objectives (climate change mitigation and adaptation to climate change). This defines the technical screening criteria according to which relevant economic activities within specific sectors (e.g., energy or transport) can be evaluated in respect of their substantial contribution to the environmental objectives. The European Commission is planning to publish a further delegated act for the remaining four environmental objectives in 2022.

Reporting
Sustainability reporting in relation to the EU Taxonomy Regulation is not yet mandatory for CropEnergies. According to the draft Corporate Sustainability Reporting Directive (CSRD), wider obligations in the context of sustainability reporting and hence in the EU taxonomy are expected to apply to CropEnergies from the 2023/24 financial year onwards. CropEnergies has nevertheless opted to publish figures on taxonomy eligibility on a voluntary basis already for the 2021/22 financial year.

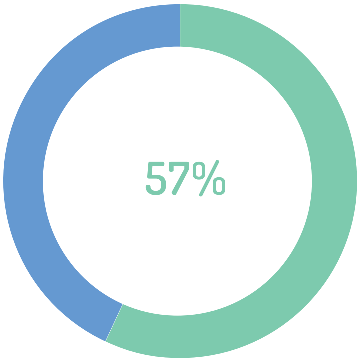
In terms of the two environmental objectives already published, CropEnergies mainly generates revenues in the economic activity “Manufacture of biogas and biofuels for use in transport and of bioliquids”.

The following graphic shows the proportion of CropEnergies’ goods or services in the 2021/22 financial year involving taxonomy-eligible economic activities. The financial indicators revenues, capital expenditure (CapEx) and operating expense (OpEx), include both environmental objectives.

(Source: BMWi; own presentation)

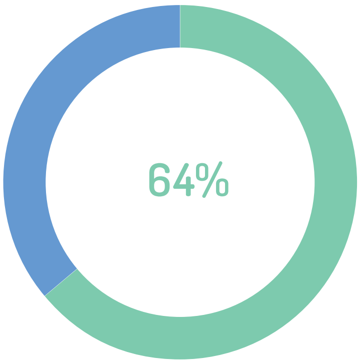
Proportion of taxonomy-eligible business activities

Revenues



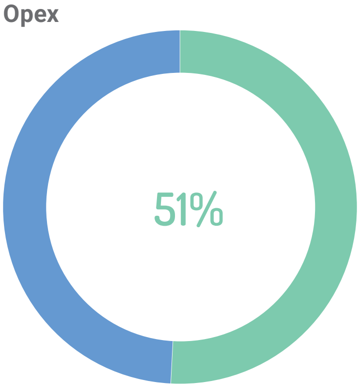
of € 1,075 million

CapEx



of € 36 million

Opex



of € 24 million

Society

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

Responsibility to our employees and respect for human rights along the value chain have a high priority in this regard. The same applies to high value creation in rural areas, societal and social commitment and dialogue with our stakeholders.

Respect for human rights, ethics and integrity
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 https://www.cropenergies.com/en/investor-relations/compliance. It takes account of applicable legislation and international standards such as the United Nations' (UN) Declaration of Human Rights and the Conventions of the International Labour Organisation (ILO). 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 each and every colleague as well as third parties. At the same time, suppliers and/or contractors are expected to behave in line with the requirements.

Societal and social commitment
The focus of CropEnergies' societal and social commitment is on promoting projects in the vicinity of its production sites as well as supporting and sponsoring clubs, schools, science and teaching.

Stakeholders and forms of dialogue

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

Value creation in rural areas

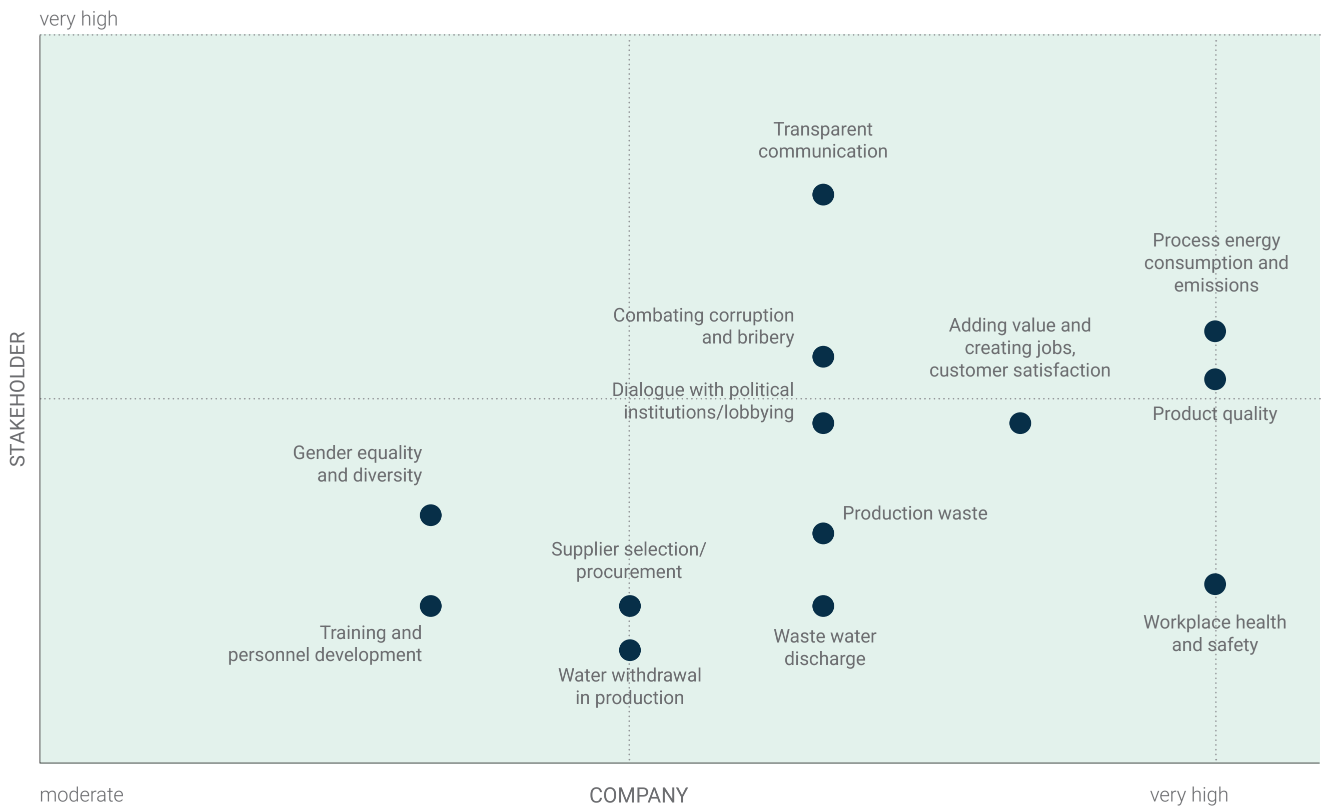
Value-oriented and profitable growth provides the basis for financing further investment and research projects to produce top-quality products and sustainable manufacturing processes, and to open up new markets. The regional economy also benefits from such growth and economic sustainability. All production sites are in rural areas and 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 the development of the regional economy and agricultural holdings.

Materiality analysis

In the 2020/21 financial year, CropEnergies asked the relevant stakeholder groups to identify sustainability aspects in relation to CropEnergies that are important for them. This materiality analysis shows potential for improvement in the areas of "gender equality and diversity" and "training and personal development", in particular. In working groups across the group, the Südzucker Group is developing corresponding measures aimed at more diversity and, in this connection, has signed the Charta der Vielfalt (diversity charter) and launched an Empowering Women programme to more strongly promote and support female managerial staff in future.

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, employee magazine, circulars, video messages, intranet
Shareholders, capital market, investors, financial institutions	Financial reporting, annual general meeting, analysts' conferences, roadshows, conference calls, website
Society and the general public (residents, authorities, industry associations/interest groups, research/scientific bodies, journalists, media, parties, politicians)	Press releases and talks, factory tours, research collaboration and projects, political dialogues, website

Results of the materiality analysis
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 and national 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 various branches of industry, e.g., in the chemical industry, that are likewise showing an ever growing interest in sustainably manufactured products.



INNOVATION, RESEARCH AND DEVELOPMENT

Highlights

Today, CropEnergies is the leading European manufacturer of renewable ethanol. In the last two years, the company has set the course for its future development. With its vision of a climate-friendly world in which renewable resources are the key to securing the well-being of current and future generations, CropEnergies intends to supply customers with sustainable products from biomass.

This development is an ongoing process. CropEnergies operates in an extremely technology-oriented environment here. Sustainability criteria and energy policy issues provide the current framework for being able to implement solutions successfully in an agile market environment. Long-planned research and development activities as well as innovations not only provide support for current tasks here, but are also essential to further developing and unlocking specific key technologies and successful concepts for manufacturing sustainable products.

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. Issues along the entire existing value chain as well as future issues were handled, ranging from renewable raw materials to process technology for the production of ethanol and co-products through to participation in standardisation bodies for new, innovative and sustainable fuels.

In the 2021/22 financial year, technological issues in fermentation and drying for food and animal feed products, in particular, were pursued with a view to optimising process yields and further lowering the specific energy demand.

Investigations into using alternative, particularly lignocellulosic raw materials for the manufacture of renewable ethanol were continued. Projects focusing on the achievement of sustainability targets and the future orientation to CO_2-neutral production were continued in process-oriented research and development work. Renewable chemicals based on CropEnergies' products and the use of CO_2 as a raw material in the manufacture of sustainable products are further focal points of research and development initiatives.

Participation in publicly funded projects and co-operative ventures with universities and research institutions, start-ups and established companies as well as government institutions make it possible to identify innovation potential at an early stage, examine its compatibility with CropEnergies' strategy and integrate it, where applicable.

All the research, development and services performed for CropEnergies in the 2021/22 financial year were settled in defined projects on the basis of a service agreement concluded with Südzucker AG. The total spent in the past financial year was € 1.3 (1.2) million.

Raw material processing and fermentation process

Fermentation is one of the technologically most demanding process steps in ethanol production. In addition to the analysis of alternative raw materials, there was a particular focus on investigating new enzymes for the manufacture of neutral alcohol.

Optimisation of production plants

Technical and technological measures enabled specific energy consumption to be further lowered in all ethanol plants. An optimised and sustainable power plant and energy supply concept was developed for the site in Zeitz in order to further lower the output of emissions.

Furthermore, a new drying technology was tested and assessed in both technological and economic terms. To this end, various drying experiments were carried out and compared with the existing plant configurations.

Service work for neutral alcohol production

The quality of neutral alcohol for use in food or in products of the pharmaceutical and cosmetic industry is measured by purity and sensory impression, which is also influenced by the raw materials used and manufacturing parameters. To ease the burden on sensory testers, an innovative technology – a so-called electronic nose – was successfully tested. This technology is expected to perform fully automatic checks of smell and taste neutrality.

In addition, it was possible to declare neutral alcohol as a vegan product, which customers had increasingly asked for.

Work on standards for ethanol

CropEnergies is active in standardisation committees for the standardisation of ethanol, petrol and fuel blends, both within the European Committee for Standardisation (CEN) at European level and within the Deutsche Institut für Industrienormung e.V. (DIN) at German level. The aim is to standardise an 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. One of the first fleets is located at Stuttgart Airport. Initial results are expected to be published in the course of the 2022/23 financial year.

New product and production concepts

The complete utilisation of the raw materials deployed is part of CropEnergies' business concept. Particular attention is being paid here to the protein-containing side-streams that are processed into food and animal feed products. CropEnergies is continuing investigations into new, textured protein products as a meat substitute in close co-operation with its sister company, BENEO. It also continued to investigate the separation of further highly concentrated protein components for use in the animal feed sector and designed implementation concepts.

Further studies and investigations were carried out with various lignocellulosic alternative raw materials. These so-called 2G concepts were tested on a laboratory and pilot scale. Evidence of implementability was then provided in a demonstration plant. Further studies using CropEnergies' own residues as well as concepts for integrating them into the current plant configuration are now required to assess the implementability.

A concept for manufacturing "green methanol" was pursued in a 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 for Zeitz into account. Implementation of the "green methanol" project requires a correspondingly large supply of green hydrogen. CropEnergies is therefore supporting activities in Central Germany for setting up a hydrogen infrastructure. In 2021, a study on setting up this type of infrastructure, in which CropEnergies participated, was carried out by the Central German Metropolitan Region and Hypos e.V. As a partner in a consortium, CropEnergies aims to investigate the manufacture of synthetic kerosene from green methanol. A BMWi funding application is being assessed.

Furthermore, CropEnergies is active in the Burgenlandkreis hydrogen hub, which combines companies from different business areas into a community of interests.

The manufacture of C2 modules from renewable ethanol as a raw material for bio-based chemicals continues to be an important issue in relation to the sustainability aspect. Particularly ethylene, as a base chemical, has great potential for defossilising the chemical industry because of its wide distribution.

EMPLOYEES

CropEnergies' success is based, to a significant extent, on the dedication and commitment of its employees. CropEnergies' aim is to recruit, foster and retain motivated and highly competent employees by offering them long-term prospects. The working environment is characterised by appreciation, respect, diversity, equal opportunities and team spirit.

As the CropEnergies Group is a member of the Südzucker Group, its employees benefit from the opportunities made available by a large, multinational company.

Corporate responsibility

CropEnergies is committed to treating all people within and outside our corporate group appreciatively and respectfully. This commitment is based on the Südzucker code of conduct, applicable legislation with international standards, operational regulations and corporate guidelines. Further information can be found in the section "Respect for human rights, ethics and integrity".

Employees by employment relationship and gender

As of 28 February 2022, the number of employees by employment relationship and gender is as follows:

Employees by employment relationship and gender

28 February 2022		Permanent	Fixed-term	Total
Full-time	Men	353	10	363
	Women	84	4	88
Part-time	Men	2	0	2
	Women	17	2	19
Total		**456**	**16**	**472**
28 February 2021		**Permanent**	**Fixed-term**	**Total**
Full-time	Men	351	9	360
	Women	81	3	84
Part-time	Men	2	0	2
	Women	16	1	17
Total		**450**	**13**	**463**

Employees

Employees by employee category and gender (CropEnergies Group)

28 February 2022	Men	Women	Total
1st management level (executive board)	3	0	3
2nd management level	18	5	23
Total CropEnergies Group employees	**365**	**107**	**472**

28 February 2021	Men	Women	Total
1st management level (executive board)	3	0	3
2nd management level	16	4	20
Total CropEnergies Group employees	**362**	**101**	**463**

Diversity and equality

CropEnergies observes all legal requirements – including those set out in the General Equal Treatment Act that prohibits discrimination. Age, gender and ethnic origin are irrelevant in the recruitment and development of employees. Employees are hired according to their suitability, qualifications, performance and willingness to learn. In addition, CropEnergies participates in a programme, provided by the Südzucker Group, whose purpose is the targeted professional advancement of women.

As CropEnergies operates in a production- and technology-oriented environment, the proportion of female employees and applicants is still relatively low. Executive board and supervisory board are composed entirely of men. The proportion of women in management positions in CropEnergies AG stood at 19 (17)% and the proportion of women in the core workforce at 22.7 (21.8)%, at the end of the 2021/22 financial year.

Age structure and length of service

More than 70% of employees have been working for the company for more than five years. As of 28 February 2022, the number of employees by age group was as follows:

Employees by age groups in %

Age structure	Men	Women
< 20 years	0.0%	0.2%
21 – 30 years	5.9%	3.2%
31 – 40 years	25.6%	8.7%
41 – 50 years	23.5%	6.6%
51 – 60 years	19.3%	3.4%
> 60 years	3.0%	0.6%

Employer

Work-life balance is an important building block. CropEnergies supports this at its sites through a variety of working conditions (works agreement on mobile work, flexitime arrangements, temporary part-time arrangements, childcare provision in holiday periods, special leave, say, for special family events).

As a rule, compensation consists of remuneration with fixed and variable elements as well as benefits, which, depending on region and company, include monetary and non-monetary components. These include, among other things, a company pension scheme, deferred compensation, profit sharing, Christmas bonus, an employee share programme and various insurance policies, some of which also provide cover outside of work.

Personnel development and training play an important role, particularly in view of a shortage in skilled workers and digitisation. Further measures are therefore being planned to ensure that CropEnergies remains an attractive employer. A digital learning platform, Südzucker Group Campus, makes numerous training opportunities available, for example in the areas of compliance, methodological competence, foreign languages and IT tools. In the current financial year, the Südzucker Group launched a programme for the advancement of managerial staff, which is currently at the pilot stage and which is to be rolled out further in future. This will also be made available to CropEnergies' managerial staff.

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. The CropEnergies Group pursues a holistic management approach to safety at work and health protection.

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.

A key aspect consists in maintaining a safe working environment and raising the awareness of each individual employee for safe behaviour at the workplace according to a "safety first" motto. This "safety first" includes regular instruction, training documentation on main topic areas and the participation, by individual sites, in "work safety action days".

The occupational safety management system defines procedures in respect of hazard detection, accident investigation and instruction of employees and determines responsibilities.

It applies established 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. Null Unfälle – gesund arbeiten!" agreement (zero accidents – working healthily). There were no accidents at the sites in Loon-Plage, Wilton and Wanze in 2021. This meant that CropEnergies' production plants were again amongst the best in the Südzucker Group.

It was possible to lower the accident rate year over year from 5.8 to 1.4. The accident-related lost day rate was also reduced from 78 to 10. There have been no fatal accidents at CropEnergies AG since the company was founded.

Employees

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

Accident statistics*

	2020/21	2021/22
Accident rate	5.8	**1.4**
Number of accidents	4	**1**
Accident-related lost day rate	78	**10**

** Accident rate and accident-related lost day rate refer to one million work hours in each case. Accidents at work are recorded if they have resulted in one or more days' absence.*

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 (no physical attendance at meetings, no events, mobile working, hygiene measures such as providing disinfectants and protective masks, regularly taking body temperature, PCR and rapid tests) at all sites.

For day-to-day well-being, the Südzucker Group offers its employees a wide variety of programmes to protect their physical and mental health. These include preventive measures (back exercises, yoga and health days), age-appropriate workplace design 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. Phased early retirement schemes enable older employees to manage the transition to retirement according to their own individual state of health.

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.

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 involved in the negotiations of the collective bargaining agreements for the majority of employees.

Acknowledgement

The CropEnergies Group's success is based on the commitment, dedication and expertise of its employees. They are committed to the company, thereby ensuring its success even in difficult times like this second year of coronavirus. The executive board wishes to express its sincere thanks to all employees and looks forward to continuing the successful collaboration with them.

INVESTMENTS

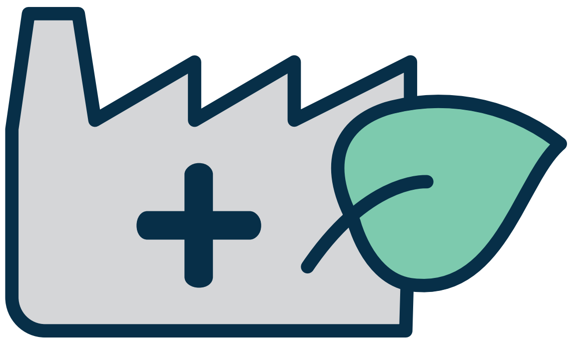
In the 2021/22 financial year, capital expenditure on property, plant and equipment amounted to € 35.6 (28.7) million. Of the total, € 25.8 million was invested at BioWanze SA, € 4.6 million at CropEnergies Bioethanol GmbH, € 4.4 million at Ensus UK Ltd and € 0.7 million at Ryssen Alcools SAS. In addition, a sum of € 0.2 (0.1) million was invested in intangible assets.

At BioWanze SA, the focus of investing activity was on improving plant availability, increasing production capacity and ensuring ever-high product quality. To this end, an investment was made in an optical sorting unit that removes undesirable components from the grain. This ensures that we will always be able to supply our customers with the highest food-grade gluten. Furthermore, important foundation stones for climate-neutral production were laid in Wanze. A milestone here is the construction of a second biomass power plant that is to start operating in 2023. The new construction has an investment volume of € 50 million. This creates the basis at the Wanze site for supplying the required process energy entirely from renewable sources. The commissioning of a new plant for liquefying carbon dioxide enables CropEnergies to implement its successful concept for using biogenic CO_2 from fermentation also in Wanze. The liquefied, biogenic food-quality CO_2 is to be used, among other things, as carbonic acid in the beverage industry. 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.

Production

CONSTRUCTION OF A SECOND BIOMASS BOILER WHICH IS TO BE COMMISSIONED IN 2023

BIO WANZE SA



Basis for generating all process energy from renewable resources

2023

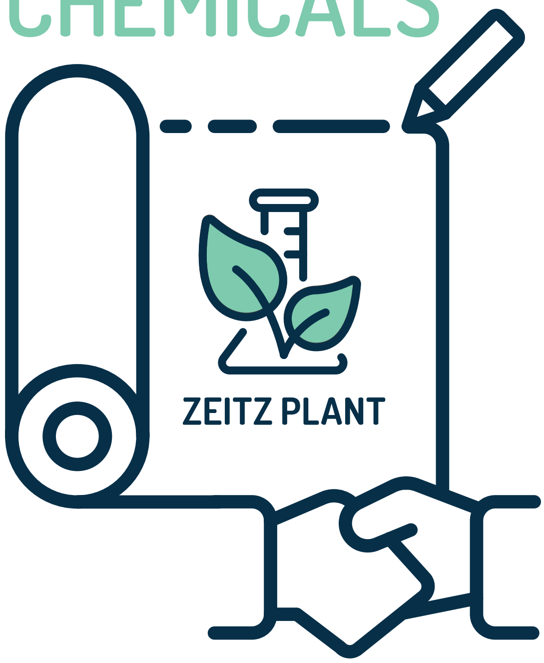
One of the features of the biorefinery in Zeitz is its high raw material and product flexibility. To safeguard this flexibility, the focus of CropEnergies Bioethanol GmbH's investing activity was on optimisation measures relating to the manufacture and loading of protein-containing animal feed. The aim is to ensure that the use of raw materials can continue to be flexibly adapted to market conditions. In a first step towards further diversification, CropEnergies is examining the possibility of constructing a plant for manufacturing renewable ethyl acetate in the vicinity of the production site in Zeitz. To this end, CropEnergies has entered into a planning, licence and technical service agreement with Johnson Matthey, London. Renewable ethyl acetate would enable CropEnergies to offer customers the possibility, in future, of reducing the fossil carbon footprint of a wide range of products and of growing with the trend for sustainability. The construction of the plant would require an investment of around € 80 to € 100 million and lay the first foundation stone for CropEnergies' new business area of Bio-based Chemicals. De Smet Engineers & Contractors has been appointed to provide the engineering and project management services. CropEnergies has already worked closely together with De Smet on the construction of the ethanol plant in Wanze as well as on the currently ongoing construction of an additional biomass power plant in Wanze.

At Ensus UK Ltd, further measures were taken to boost plant availability and to further increase plant safety. In addition, the new construction of a laboratory and administrative building was successfully completed at the Wilton site. In the wake of the construction of the new building, the previous administrative location in Yarm was closed down.

In 2021/22, Ryssen Alcools SAS invested in the modernisation of the natural gas power plant operated at the site. The modernisation enables not only existing equipment to be replaced, but also the demand for primary energy to be reduced. The measures for expanding the energy infrastructure at the Loon-Plage site were completed, which meant that it was possible to start procuring waste heat from a neighbouring industrial company. This will significantly lower the use of fossil primary energy sources.

Production

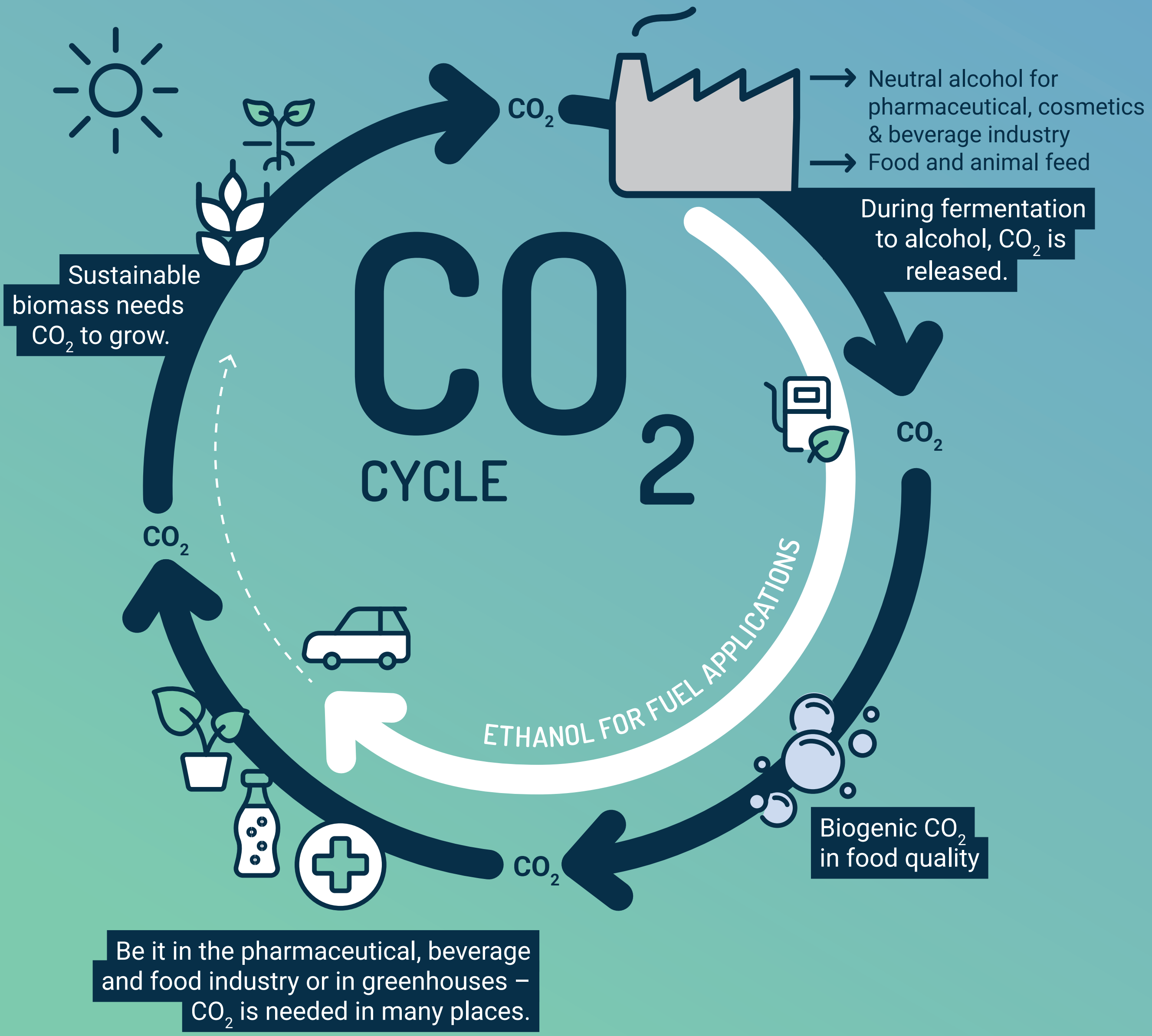
BIOBASED CHEMICALS



Basic engineering for a production plant for ethyl acetate as foundation block for new business area

CIRCULAR ECONOMY

"CropEnergies' goal is to implement the fundamental idea of a circular economy in all biorefineries."



89%

89% of waste is recycled, composted or used to make energy

2021

WATER WITHDRAWAL

7.2 MILLION m^3

WATER RECIRCULATION

6.6 MILLION m^3

HEAT RECOVERY

For above-average energy efficiency

90%

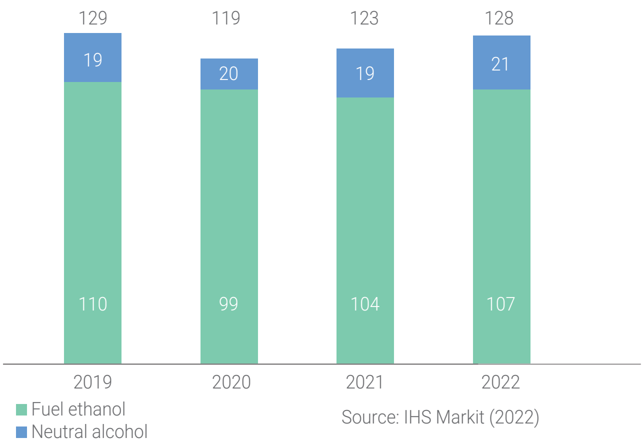
WANZE SITE:
90% of the energy used for ethanol production is generated from the bran of the grain delivered

REPORT ON THE ECONOMIC SITUATION

Overall assertion on business performance

CropEnergies' performance in the past financial year was again heavily influenced by the coronavirus pandemic, which was particularly reflected in extremely volatile prices. The increasing mobility had a positive impact on the development of ethanol prices. By contrast, the high energy and raw material costs had a negative impact on business performance. In this volatile market environment, CropEnergies was able to boost utilisation of production capacity and hence increase ethanol production by 6.5% to 1.1 (1.0) million m³. Despite the sharp increase in energy and raw material costs, CropEnergies generated revenues that exceeded the € 1 billion mark for the first time in the company's history. Operating profit reached € 127 (107) million. The previous year's record result was hence exceeded.

Global ethanol production (million m³)

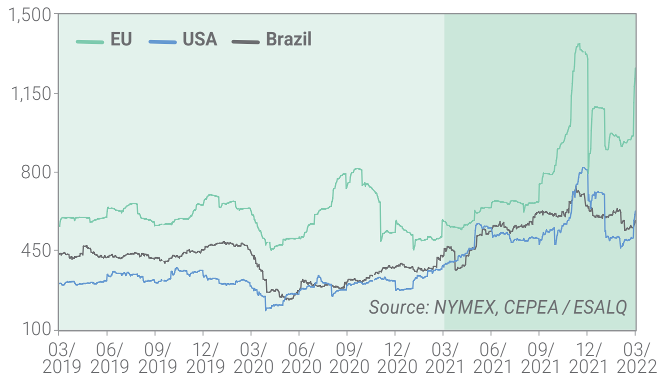


Source: IHS Markit (2022)

Report on business operations

Developments on the international ethanol markets
World | Global ethanol production recovered, in part, in 2021 following the significant decline in 2020, but still did not reach the level of 2019. Fuel ethanol accounted for about 84 (84)% of production volume. The production of fuel ethanol fell significantly in 2020 owing to far-reaching mobility restrictions in the first year of the pandemic. It was possible to make good this decline to some extent in 2021. The production of fuel ethanol is expected to continue to increase in 2022. The remaining 16% of the alcohol produced is used as neutral alcohol in beverages, cosmetics and pharmaceutical and industrial applications.

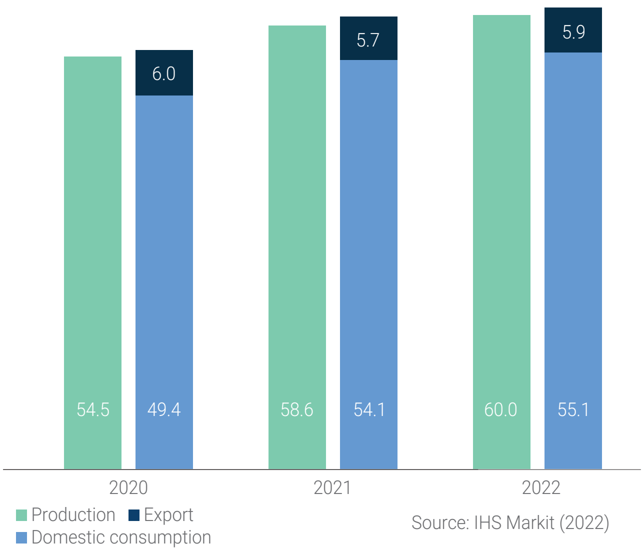
International ethanol prices (€/m³)



International ethanol prices remained at a high level over the course of the financial year. In Europe, in particular, the price development was extraordinary. The high price level can be attributed to the resurgence in mobility and to significantly higher raw material costs. In the second half of the year, not only higher raw material costs, but also the sharp increase in energy costs had an impact on price development.

USA | In the USA, consumption of fuel ethanol rose again significantly in 2021. As domestic production recovered in equal measure, there was again high excess supply and correspondingly robust export activity. Production and domestic consumption are expected to continue to rise in 2022. Exports are also expected to increase slightly again.

USA: ethanol production, consumption and export (million m³)

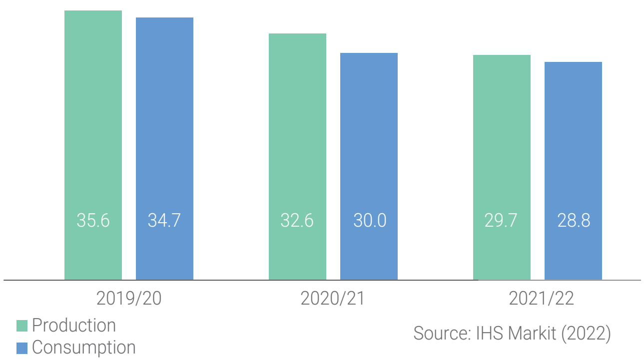


Source: IHS Markit (2022)

Ethanol prices in the USA almost doubled, from around US$ 1.80/gallon at the beginning of March 2021 to US$ 3.45/gallon at the end of November 2021 or from the equivalent of around € 410/m³ to around € 800/m³. Although prices declined slightly again in the further course of the financial year, they were still at a high level at the end of February 2022, at US$ 2.15/gallon or the equivalent of around € 500/m³.

Brazil | Owing to a smaller sugar cane harvest, ethanol production in Brazil declined again in the 2021/22 sugar year. Domestic consumption also continued to decline and is expected to be largely in line with production. As production and consumption are almost evenly balanced, declining net exports of 1.5 (2.4) million m³ are expected.

Brazil: ethanol production and consumption (million m³)

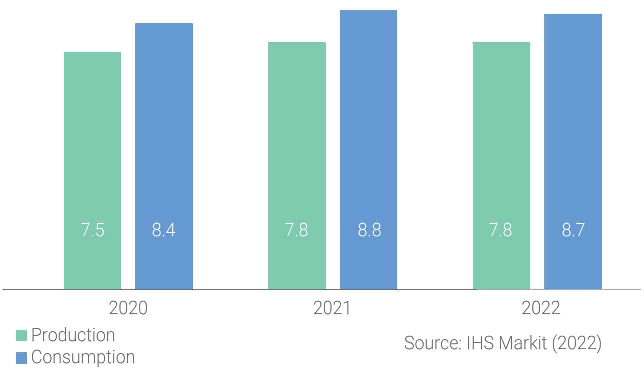


Source: IHS Markit (2022)

In Brazil, prices rose in the course of the 2021/22 financial year, initially from the equivalent of around € 430/m³ at the beginning of March 2021 to over € 700/m³ in November 2021. By the end of the financial year, prices had declined to around € 550/m³.

EU | In the EU-27 and the United Kingdom, ethanol production in 2021 was slightly above the previous year's level. Ethanol consumption increased at the same time, whereas net imports declined slightly. In the case of fuel ethanol, consumption was also above domestic production. The consumption of fuel ethanol is expected to decrease slightly in 2022.

EU-27 and UK: ethanol production and consumption (million m³)



The price development in the course of the financial year is a reflection, among other things, of a normalisation of fuel demand in the wake of the again increased mobility. In the second half of 2021, in particular, prices received additional support through the introduction of E10 in Sweden and the United Kingdom. At the same time, however, there were also very high raw material and energy costs. Ethanol prices rose from around € 580/m³ at the beginning of March 2021 to € 950/m³ at the end of February 2022. An extraordinary price development occurred in the course of the 3rd quarter, in particular. Spot prices achieved new highs almost every day from the end of September to mid-November 2021. On 11 November 2021, the interim high in the financial year, and simultaneously a new all-time high, was reached, at € 1,518.50/m³.

EU-27 and the United Kingdom: Ethanol quantity balance

million m³	2022	2021	2020	2019
Opening stock	1.0	1.1	0.8	0.7
Production	7.8	7.8	7.5	7.6
of which fuel ethanol	5.5	5.4	5.1	5.4
of which neutral alcohol	2.3	2.3	2.4	2.2
Consumption	8.7	8.8	8.4	8.5
of which fuel ethanol	5.9	6.0	5.5	5.9
of which neutral alcohol	2.8	2.8	2.9	2.6
Net imports	0.9	1.0	1.2	1.0
Final stock	1.0	1.0	1.1	0.8

Source: IHS Markit (2022)

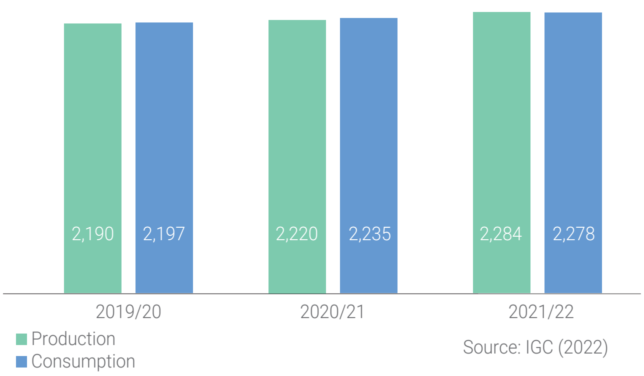
Following the increase in neutral alcohol in 2020 owing to the increased demand for disinfectants, consumption in 2021 was only just below the previous year's level. A constant demand for neutral alcohol is also expected in 2022.

In **Germany**, the largest market for ethanol in the EU, fuel ethanol consumption in 2021 was slightly above the previous year's level, at 1.5 (1.4) million m³. Ethanol blending increased slightly to 4.5% (4.3%). Consumption is expected to reach 1.4 million m³ in 2022. The CO_2 pricing for fossil fuels from January 2021 onwards had a positive impact on sales of Super E10. After several years of stagnation at around 14%, Super E10 achieved a share of around 17% of the petrol fuel market in 2021. The highest share, at 21%, was achieved in December 2021. In November 2021, the 20% mark was exceeded for the first time since the introduction of E10 in 2011.

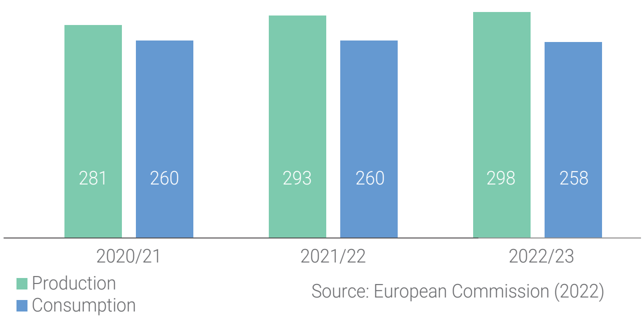
Developments on the raw material and protein markets

Grain markets I The global grain harvest (excluding rice) in the 2021/22 grain year is expected to be above the volume achieved in the previous year. Global grain consumption is set to be slightly lower than the production quantity, which therefore means that a slight rise in global stocks to 607 (600) million tonnes can be expected. The forecast for the 2022/23 GY is subject to considerable uncertainty owing to the continuing conflict between Russia and Ukraine.

Global grain harvest and consumption (million t)

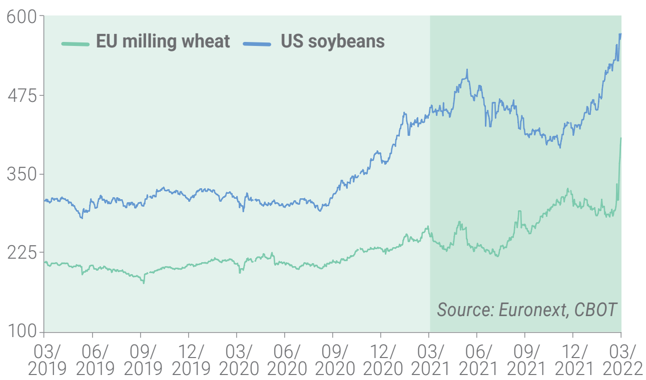


EU-27: grain harvest and consumption (million t)



According to the European Commission, more grain was again harvested in the EU in the 2021/22 GY. Consumption is expected to remain at the previous year's level. The European Commission expects to see a further increase in harvest quantity for the 2022/23 GY. Grain demand is set to decline slightly, with over 60% continuing to be used for animal feed products. By contrast, only the starch content of 11 million tonnes of grain and hence 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.

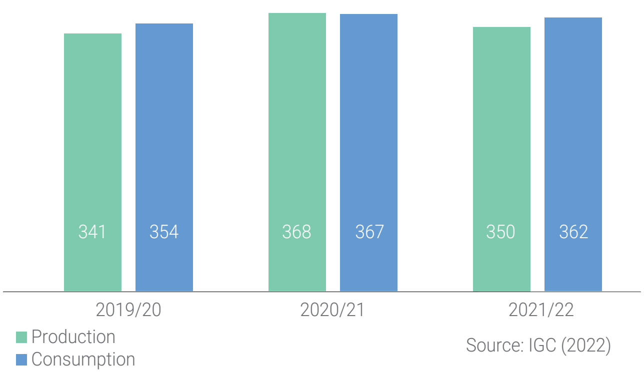
International agricultural prices (€/t)



European wheat prices on the Euronext in Paris also remained at a high level over the course of the 2021/22 financial year. At the beginning of the financial year on 1 March 2021, wheat was already quoted at € 250/tonne. At the end of February 2022, the price of wheat was around € 300/tonne. The price development was particularly due to robust global demand for grain. At the end of the financial year, the war in Ukraine also impacted grain prices.

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, in particular, the prices of which are particularly affected by international soybean listings and European rapeseed meal prices.

Global soybean harvest and consumption (million t)



Source: IGC (2022)

According to the International Grains Council (IGC), the global soybean harvest in 2021/22 will be significantly below the previous year's level. Given the slight decline in demand, stocks are expected to decrease to 42 (54) million tonnes. Due to high demand, soybean prices remained at a high level throughout the 2021/22 financial year. At the beginning of March 2021, the price stood at around US$ 14/bushel*. As of the end of the financial year, soybeans were trading at around US$ 16/bushel. The rapeseed harvest in the EU in 2021/22, at 17 (17) million tonnes, is at the previous year's level. The listings for European rapeseed meal followed the international lead. Prices stood at around € 320/tonne at the beginning of March 2021 and at around € 390/tonne at the end of February 2022.

Energy I At the beginning of March 2021, the Brent oil price stood at around US$ 64/barrel and the gas price at € 17/MWh while, at the end of February 2022, the respective prices were around US$ 101/barrel and € 105/MWh. The causes are many and include, for example, shortage in the context of the economic recovery, declining investments in the development of new gas fields, logistical availability and a stronger dependence on the spot market. The most recent sharp increase was prompted by the Ukraine war.

Developments in the political environment

European Green Deal I The EU intends to lower greenhouse gas (GHG) emissions by at least 55% by the year 2030. In the context of the European Green Deal, the EU is also seeking to achieve climate neutrality by the year 2050. 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, among other things, proposals for amending the "Renewable Energy Directive" and taxing energy products. Furthermore, a separate CO_2 trading system is to be introduced for motor and heating fuels by 2026. The aim is to reduce fuel-related GHG emissions by 43% compared with 2005, by the year 2030. Further proposals relate, among other things, to the specification of CO_2 upper limits for the approval of new vehicles.

"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. This target does not, however, ensure that renewable energies in the transport sector will make a sufficient contribution to the European Green Deal. In the context of the "Fit for 55" package, the European Commission has therefore proposed a paradigm shift, according to which the energy blending target for renewable energies in the transport sector 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 or 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

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

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.

Other Green Deal proposals consist in providing a better fit between taxation of energy products and the EU's climate and energy policy by applying tax rates to the energy content of fuels and their environmental impact in future. Separate trading for fossil CO_2 emissions from fuels is to be established by 2026. Energy- and CO_2-oriented pricing of fuels is broadly in line with demands that the European ethanol industry has been making for a number of years.

By contrast, the industry rejects the European Commission's proposal for specifying CO_2 emission standards for passenger cars and light commercial vehicles, the reason being that 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 at the latest. This proposal is a clear breach of the principle of technology neutrality, as only vehicle exhaust pipe emissions are to continue to be taken into consideration. Consequently, life cycle emissions of vehicles without local emissions, such as electric cars, are ignored. For example, it factors in neither GHG emissions from the manufacture of the 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 and take account of different mobility requirements.

"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 its availability in Europe has continued to increase. 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 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 of CO_{2eq}. In the case of sustainably produced ethanol from European raw materials, this value is a mere 0.5 kg of 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 addition to the "Fuel Quality Directive", in the context of the European Green Deal, with a view to enabling the use of petrol fuels with higher ethanol content (e.g., E20).

Germany I Binding emission ceilings for individual sectors of the economy have been defined in the *Bundes-Klimaschutzgesetz* (Federal Climate Protection Act – KSG) since 2020. GHG emissions in transport are therefore to fall to 85 million tonnes of CO_{2eq} in 2030. By comparison, transport-related emissions stood at around 146 million tonnes of CO_{2eq} in the year 2020.

The *Brennstoffemissionshandelsgesetz* (Fuel Emissions Trading Act - BEHG), pursuant to which distributors of fossil fuels must purchase CO_2 certificates, also contributes to lowering fossil GHG emissions. The price for the certificates rose, as of 1 January 2022, from € 25/tonne of CO_2 to € 30/tonne of CO_2. Further incremental steps are planned to € 55/tonne of CO_2 by 2025. 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.

While a renewed increase in targets for renewable energies is being discussed at EU level, the current version of RED-II has been transposed into national law. Lawmakers in Germany have decided to raise the GHG reduction quota gradually from 6% in 2021 to 25% in 2030, an initial step being taken with the increase to 7% as of 1 January 2022. 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 are counted double towards the GHG quota, and renewable electricity, which is counted three times towards it. The fuel ethanol used in Germany showed greenhouse gas emissions of merely 7.44 g CO_{2eq}/MJ or less than 200 g CO_{2eq}/litre of ethanol in 2020. This is equivalent to a 92% saving in greenhouse gases, across the entire value chain from raw material production through to use in a vehicle.

Belgium I In Belgium, the blending target was raised to at least 10.2% of renewable fuels in 2022. To ensure that all fuel types contribute to achieving the target, the minimum proportion of renewable energies in petrol and diesel fuels is unchanged at 6.5% in each case. Renewable fuels from arable crops can be used for this up to a 7% share. Up to 0.95% can be counted double towards the blending target in the case of renewable fuels from wastes and residues.

United Kingdom I The minimum proportion for renewable energies in fuels was raised to 12.6 vol.-% in the United Kingdom with effect from 1 January 2022. E10 has also contributed to achievement of the blending target since its successful introduction in September 2021. In addition to renewable fuels from arable crops, which in 2022 are allowed to contribute up to 3.67 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 8.6% in 2021 to 9.2% in 2022. 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

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 2021/22 financial year, ethanol production, at 1,051 (987) thousand m³, was significantly above 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. Production of food and animal feed products was also significantly above the previous year's quantity. The quantity of liquefied CO_2 produced was likewise significantly exceeded. This was also due to the successful commissioning of the new CO_2 liquefaction plant at the Wanze site in December 2021.

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.

Sustainability

THE CROPENERGIES BIOREFINERIES EXCLUSIVELY USE EUROPEAN AGRICULTURAL RAW MATERIALS!

TARGET » 75%

75% OF RAW MATERIALS SOURCED WITHIN A RADIUS OF 250 KM

Results of operations, financial position, assets and liabilities

Results of operations

€ thousands	2021/22	2020/21
Revenues	**1,075,345**	**833,116**
EBITDA*	**168,800**	**148,404**
EBITDA margin in %	*15.7%*	*17.8%*
Depreciation*	-41,834	-41,371
Operating profit	**126,966**	**107,033**
Operating margin in %	*11.8%*	*12.8%*
Restructuring costs and special items	0	900
Income from companies consolidated at equity	244	270
Income from operations	**127,209**	**108,203**
Financial result	-2,962	-783
Earnings before income taxes	**124,247**	**107,420**
Taxes on income	-34,847	-22,504
Net earnings for the year	**89,400**	**84,916**
Earnings per share, diluted/undiluted (€)	**1.02**	**0.97**

** Without restructuring costs and special items*

Group revenues I With revenues of € 1,075 (833) million, CropEnergies' business volume in the 2021/22 financial year exceeded the € 1 billion mark for the first time. In addition to higher sales quantities, improved sales prices for all product areas, particularly sustainable fuel ethanol, contributed to this increase.

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

EBITDA I A considerable rise in raw material and energy costs resulted in significantly higher net raw material costs. The higher sales prices were, however, able to more than offset these cost increases, resulting in an improvement in gross margin (total output less material costs). The simultaneous increase in the material expense ratio to 76.4% (71.4%) of overall performance was mainly due to the significantly higher price level. As a result of the growth in margin and volumes, EBITDA, adjusted for special items, improved to € 168.8 (148.4) million, thereby surpassing the previous year's record level.

Operating profit / restructuring and special items I Given that there was little or no change in depreciation of € 41.8 (41.4) million, operating profit, at € 127.0 (107.0) million, was in line with the positive EBITDA development. This gives rise to an operating margin of 11.8% (12.8%). While a reversal of a provision had led to positive net restructuring costs and special items of € 0.9 million in the previous year, there were no special items to be recognised 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 € 127.2 (108.2) million.

Net financial result I Unrealised currency effects led to a decline in the net financial result to € -3.0 (-0.8) million.

Taxes on income I Earnings before taxes rose to € 124.2 (107.4) million. Taking into account current tax expenses of € 38.7 (27.0) million, expenditure of € 34.8 (22.5) million was posted for taxes on income in the financial year.

Net earnings I Consolidated net earnings, at € 89.4 (84.9) million, also reached a record level.

Earnings per share I Based on 87.25 million no-par-value shares, that translates into earnings per share of € 1.02 (0.97).

Financial position

Statement of changes in financial position
As a result of the increase in EBITDA to € 168.8 (148.4) million, cash flow after taxes also increased to € 130.1 (122.3) million. Including the change in net working capital, cash flow from operating activities amounted to € 147.0 (105.9) million.

The cash outflow from investing activities rose to € 86.2 (82.7) million. € 35.8 (28.8) million of this was attributable to investments in property, plant and equipment and intangible assets, which were used, in particular, to expand and improve the production plants, with investments being made, in particular, in the new biomass boiler, which will enable climate-neutral production from 2023 onwards. Current financial receivables increased by € 51.3 (55.2) million. The cash receipts from divestments amounting to € 0.7 (0.5) million relate to the final inflows from the sale of Ryssen Chile SpA.

€ thousands	2021/22	2020/21
Gross cash flow	130,113	122,277
Change in net working capital	16,874	-16,419
Net cash flow from operating activities	**146,987**	**105,858**
Investments in property, plant and equipment and intangible assets	-35,774	-28,829
Cash received on divestments	675	453
Cash received on disposal of non-current assets	129	856
Increase in financial receivables	-51,300	-55,200
Payments into current financial investments	24	1
Cash flow from investing activities	**-86,246**	**-82,719**
Purchase of own shares	-223	0
Dividends paid	-30,538	-26,175
Repayment of lease liabilities	-4,188	-3,953
Decrease (-) / Increase (+) of other financial liabilities	-472	471
Cash flow from financial activities	**-35,421**	**-29,657**
Change in cash and cash equivalents due to exchange rate changes and changes in entities included in consolidation	153	-830
Increase (+) / Decrease (-) in cash and cash equivalents	**25,473**	**-7,348**

A dividend of € 30.5 (26.2) million was paid in July 2021. Payments for lease liabilities of € 4.2 (4.0) million, the acquisition of own shares of € 0.2 (0) million and the decrease (increase) in other financial liabilities of € 0.5 (0.5) million gave rise to a net cash outflow from financing activities of € 35.4 (29.7) million.

Investments I In the 2021/22 financial year, capital expenditure on property, plant and equipment amounted to € 35.6 (28.7) million. Of the total, € 25.8 million was invested at BioWanze SA, € 4.6 million at CropEnergies Bioethanol GmbH, € 4.4 million at Ensus UK Ltd and € 0.7 million at Ryssen Alcools SAS. In addition, a sum of € 0.2 (0.1) million was invested in intangible assets.

Assets and liabilities

Total assets increased to € 982.7 (742.4) million. As a result of earnings, in particular, shareholders' equity rose to € 696.4 (566.1) million. The equity ratio reached 71% (76%).

ASSETS

€ thousands	28/02/2022	28/02/2021
Non-current assets	377,893	377,390
Current assets	604,853	365,043
Total assets	**982,746**	**742,433**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2022	28/02/2021
Shareholders' equity	696,419	566,146
Non-current liabilities	70,082	61,356
Current liabilities	216,245	114,931
Total liabilities and shareholders' equity	**982,746**	**742,433**
Net financial assets	229,919	154,647
Debt-cash flow ratio	n/a	n/a
Equity ratio	70.9%	76.3%
Net financial debt in percent of equity	n/a	n/a

Non-current assets increased by € 0.5 million to € 377.9 million as of 28 February 2022, with fixed assets increasing by € 0.7 million to € 367.2 million, allowing for investments and scheduled depreciation as well as 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. Receivables and other assets declined by €1.0 million to € 0.1 million. Deferred tax assets increased by € 0.5 million to € 7.8 million and the interest in entities consolidated at equity rose by € 0.2 million to € 2.8 million. Shareholders' equity and non-current liabilities cover 209% (171%) of fixed assets.

Current assets rose by € 239.8 million year over year to € 604.9 million, with trade receivables and other assets increasing by € 125.0 million to € 251.5 million in line with higher revenues. This also includes the positive mark-to-market values from derivative hedging instruments of € 73.9 (9.3) million and receivables in the form of ring-fenced credits for hedging transactions of € 47.1 (23.8) million. Current financial receivables increased by € 51.3 million to € 195.0 million. Inventories increased by € 34.8 million to € 108.0 million and cash and cash equivalents rose by € 25.5 million to € 31.5 million. Furthermore, a sum of € 15.0 (15.0) million was invested in fixed-term securities. Tax assets increased by € 3.2 million to € 3.9 million.

Non-current liabilities increased by € 8.7 million to € 70.1 million, with deferred tax liabilities rising by € 6.1 million to € 25.7 million and provisions for pensions and similar obligations – due, among other things, to parameter adjustments – by € 1.6 million to € 32.4 million. Furthermore, non-current lease liabilities of € 7.0 (5.9) million had to be recognised. Other provisions declined by € 0.2 million to € 2.5 million and non-current tax liabilities increased by € 0.1 million to € 2.5 million.

Current liabilities increased by € 101.3 million to € 216.2 million, with trade payables and other liabilities increasing by € 93.7 million to € 185.5 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 34.2 (12.1) million and liabilities in the form of ring-fenced obligations from hedging transactions of € 29.1 (3.6) million. Current tax liabilities increased by € 4.7 million to € 17.3 million. In addition, other provisions increased by

€ 2.5 million to € 8.9 million. Furthermore, current lease liabilities of € 4.6 (4.2) million had to be recognised.

The **net financial position** as of 28 February 2022 shows **net financial assets** of € 229.9 (154.6) 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.

€ thousands	2021/22	2020/21	2019/20	2018/19	2017/18
Operating profit	**126,966**	**107,033**	**103,893**	**32,783**	**71,660**
Property, plant and equipment*	361,129	360,415	371,521	371,369	396,301
Goodwill	6,095	6,095	6,095	6,095	6,095
Working capital	125,144	104,441	78,491	84,877	55,434
Capital employed	**492,368**	**470,951**	**456,107**	**462,341**	**457,830**
Return on capital employed (ROCE)	25.8%	22.7%	22.8%	7.1%	15.7%

** Including intangible assets*

ROCE, at 25.8% (22.7%), continued to be at a high level in the 2021/22 financial year. Capital employed increased to € 492.4 (471.0) million, mainly due to the rise in working capital. Capital expenditures on property, plant and equipment and intangible assets of € 35.8 (28.8) million were below depreciation of € 41.8 (41.4) million. Allowing for right-of-use assets from leases that had to be recognised under IFRS 16, total fixed assets increased slightly to € 367.2 (366.5) million.

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).

Südzucker AG entered, on 12 July 2019, into an agreement with a bank consortium in respect of a syndicated line of credit totalling € 600 million. The term ends in 2026 after exercise of the options to extend. CropEnergies AG has joined this line of credit with a sub-credit line of € 100 million. The credit line was not drawn as of 28 February 2022.

€ thousands	2021/22	2020/21	2019/20	2018/19	2017/18
Debt factor					
Net financial assets	229,919	154,647	107,309	36,813	36,874
Cash flow	130,113	122,277	120,196	59,094	89,609
Debt-cash flow ratio	n/a	n/a	n/a	n/a	n/a
Debt equity ratio					
Net financial assets	229,919	154,647	107,309	36,813	36,874
Shareholders' equity	696,419	566,146	502,881	448,711	445,678
Net financial debt in percent of equity	n/a	n/a	n/a	n/a	n/a
Equity ratio					
Shareholders' equity	696,419	566,146	502,881	448,711	445,678
Total assets	982,746	742,433	669,628	585,748	592,293
Equity ratio in percent	70.9%	76.3%	75.1%	76.6%	75.2%

The capital structure continues to be very robust, characterised by a high equity ratio of 71% (76%) and significantly increased net financial assets.

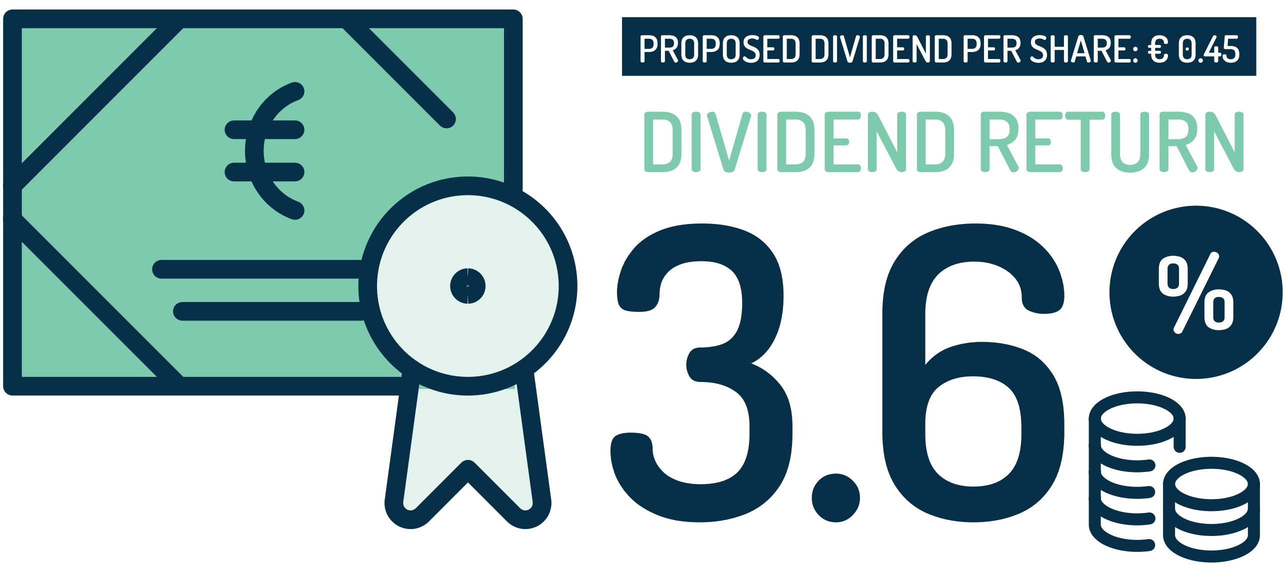
Dividend
In its dividend policy, CropEnergies takes into account the sustainable operating profit performance, the cash flow, risks and further possibilities of growth.

€ thousands	2021/22	2020/21	2019/20	2018/19	2017/18
Operating profit	126,966	107,033	103,893	32,783	71,660
Net earnings for the year	89,400	84,916	74,551	21,263	50,809
Cash flow	130,113	122,277	120,196	59,094	89,609
Earnings per share (€)	1.02	0.97	0.85	0.24	0.58
Dividend per share (€)	**0.45***	**0.35**	**0.30**	**0.15**	**0.25**
Payout ratio	44.1%	36.1%	35.3%	62.5%	43.1%

** Proposed*

Proposed appropriation of profit
The CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 89.4 (84.9) million. After a statutory allocation of € 42.5 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 € 42.8 million.

The executive board and supervisory board will propose to the annual general meeting on 12 July 2022 that, from the unappropriated profit of CropEnergies AG of € 39.3 million, a corresponding dividend of € 0.45 per share be distributed, a further € 3.0 million be allocated to the revenue reserves and the remaining unappropriated profit of € 0.6 million be carried forward. In the above proposal for the appropriation of profit, the total number of shares of 87,250,000 has been reduced by 18,694 treasury shares. This means that there are 87,231,306 dividend-bearing shares.



Actual and forecast business performance

Outlook 2021/22	19/05/2021 Annual report 2020/21	07/04/2021 Insider information Art. 17 MAR 2020/21	16/06/2021 Insider information Art. 17 MAR 2020/21	15/09/2021 Insider information Art. 17 MAR 2020/21	28/10/2021 Insider information Art. 17 MAR 2020/21	15/12/2021 Insider information Art. 17 MAR 2020/21	Actual 2021/22	Actual 2020/21
Revenues € million	870 to 920	870 to 920	925 to 975	970 to 1,010	1,020 to 1,070	1,070 to 1,110	1,075	833
EBITDA € million	90 to 125	90 to 125	90 to 125	105 to 135	135 to 170	150 to 185	169	148
Operating profit € million	50 to 80	50 to 80	50 to 80	65 to 90	95 to 125	110 to 140	127	107

The table above compares the actual performance in the 2021/22 financial year with the forecasts for the 2021/22 financial year published in the 2020/21 annual report and in the insider information pursuant to Art. 17 MAR. The date indicated in each case relates to the publication date. The primary reason for this development was price developments, especially for ethanol, which were difficult to foresee in this form.

Insider information pursuant to Art. 17 MAR is published on the CropEnergies website under “Press”.

REVENUES

1,075 MILLION EURO

> € 1 BILLION FOR THE FIRST TIME

OPERATING PROFIT

127.0 MILLION EURO

EBITDA

168.8 MILLION EURO

OUTLOOK

Macroeconomic climate and industry-specific environment
Before the start of the war between Russia and Ukraine, the European Commission, in its winter forecast, still expected the EU economy to grow by 4% in 2022. In the previous year, economic performance had already increased by 5.3%. Although, after the robust rebound in the economy since the spring of 2021, there was a significant slowdown in the economy in the 4th quarter of 2021 due to a fresh increase in COVID-19 infections, high energy prices and persistent shortfalls in supply. The European Commission initially expected that all member states would achieve gross domestic product at pre-pandemic levels again by the end of 2022. In light of the impact of the Ukraine war, market observers now expect energy prices to remain at a high level and therefore to be a drag on the economy for an extended period and increase inflation pressure. The uncertainty and risks regarding further development are therefore high, with geopolitical tensions and the war in Ukraine being the determining factors of further economic development.

Ethanol markets
Consumption of fuel ethanol and neutral alcohol in the EU-27 and the UK is expected to decline slightly to 8.7 (8.8) million m³ in 2022. Demand is expected to be met by domestic production of 7.8 (7.8) million m³. Net imports, at around 0.9 (1.0) million m³, are expected to be slightly below the previous year's level. Many EU member states are increasingly making better use of the potential of sustainably produced ethanol to provide a low-carbon, high-quality and cost-efficient alternative to fossil fuels by increasingly using E10. There was also a significant increase in the demand for E10 in Germany, the EU's largest fuel market, in the last few months of the financial year. 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.

After the extraordinary price development in the previous year, CropEnergies expects continuing volatile ethanol sales prices at a high level in the 2022/23 financial year. This assessment is based on the expectation that fuel demand in the EU will reach pre-pandemic levels again and demand for ethanol will continue to increase. An additional factor here is energy and raw material prices, which are likely to continue to be at a high level. At the same time, continuing uncertainty about further inflation developments, the further course of the pandemic and the duration of disruptions to the international movement of goods as well as those caused by the Ukraine war might be reflected in high price volatility.

Grain markets
In its latest forecast, the International Grains Council (IGC) expects world grain production (excluding rice) of 2,284 (2,220) million tonnes in 2021/22. Global stocks are expected to rise only slightly to 607 (600) million tonnes due to an anticipated rise in consumption. Owing, among other things, to the globally high demand for grain, prices were consistently at a high price over the course of the financial year. Overall, CropEnergies expects continuing high raw material expenses for grain in the 2022/23 financial 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. Several options for further lowering the use of fossil fuels and the GHG emissions associated with them are currently being examined in the European Parliament and the Council as part of the discussions about the European Commission's "Fit-for-55" package. The use of renewable energies has a key role to play here. 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 € 1,075 (833) million and operating profit of € 127 (107) million in the 2021/22 financial year. Owing to the apparent weakening of the Corona pandemic, CropEnergies expects a normalisation of mobility behaviour in the course of the 2022/23 financial year. However, the impact of the Ukraine war on sales, energy and commodity markets is difficult to assess. From today's perspective, CropEnergies assumes that sufficient energy and raw materials will be available for the production of food and animal feed products as well as renewable ethanol. Furthermore, EU Member States are expected to largely maintain their biofuel blending targets and this will continue to lead to high capacity utilisation. In addition, CropEnergies expects that higher energy and raw material costs will continue to be offset by higher sales prices for ethanol and for food and animal feed products.

Against this background, CropEnergies expects revenues in the 2022/23 financial year to range between € 1.35 to 1.45 (previous year: 1.08) billion and an operating profit of € 105 to 155 (previous year: 127) million. This is equivalent to an EBITDA of between € 145 and € 195 (previous year: € 169) million.

RISK AND OPPORTUNITIES REPORT

Risk management system

CropEnergies is one of the largest and most efficient producers of renewable fuel ethanol in Europe and, owing to the production and distribution 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. Overall, this reduces the dependence on developments on the individual fuel ethanol and raw material markets.

With its aim of manufacturing renewable ethyl acetate from sustainable ethanol, CropEnergies intends to open up a further sales market in the area of renewable products for the chemical industry. The manufacture of renewable ethyl acetate would enable dependence on fuel ethanol markets to be further reduced.

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 and its competitiveness. To that end, CropEnergies uses an integrated system for the early detection, monitoring and management of group-specific risks, in which opportunities that present themselves are likewise identified and assessed.

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 measures 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 with due regard for countermeasures 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 2022/23 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".

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

	Valuation in 2022/23	
Overview of short-term risks and opportunities	**Risks**	**Opportunities**
Economical environment		
Changes in the legal and political framework	low	low
Operational risks and opportunities		
Procurement	high	medium
Sales and credit risks	medium	high
Quality and environment	medium	low
Information technology	medium	low
Production	medium	low
Compliance	low	low
Finance		
Financial risks and opportunities	low	low

Coronavirus pandemic

The continuing 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.

CropEnergies is part of the Südzucker Group's coronavirus task force, consisting of members of the executive boards and senior officers 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 disruption of business operations to occur and sick leave in production and administration to increase in the short term. To contain the virus, quarantine at home, lockdowns and other government requirements may, for example, be imposed. These disruptions cannot always be countered by suitable measures such as adjusting shifts or mobile working. The restriction on travel activities also poses special challenges to many areas. These disruptions can also occur at suppliers, customers and other business partners and hence lead, in turn, to disruptions to business operations at CropEnergies.

It is still not possible to provide a reliable estimation of the duration of the pandemic or its consequences. Following the significant slump in economic performance in 2020, an economic recovery took place in the EU in 2021. The gradual lifting of restrictions and the advancing vaccination campaigns were crucial in this. The EU is also forecasting stronger economic growth again for 2022 and the following years. What will be crucial is how quickly after the economic recovery the increasing demand curve can be covered by the supply side and how the further course of the coronavirus pandemic and the accompanying containment measures turn out.

Ukraine war 2022

On 24 February 2022, Russian forces marched into Ukraine. The goods and financial markets, including the grain, ethanol, energy and food and animal feed markets, reacted instantly with higher prices and price volatilities. The European Union and other countries have imposed mandatory sanctions against companies and individuals from Russia and Belarus. CropEnergies' business partners are not directly affected by this.

CropEnergies' risk committee was immediately convened. At repeated meetings, the current position and the resulting risks for the group were assessed and measures prepared.

Supply chains for grain, for example, were interrupted by the conflict. Sowing for the coming harvest in the conflict region has been made more difficult and is expected to be significantly below the previous year's level. CropEnergies can counter this increased procurement risk to some extent by adapting the conditions of use of raw materials. Russia is the biggest supplier of natural gas to the EU, which, in the event of a suspension of deliveries, could have an impact on CropEnergies' production. The procurement risk increases owing to the smaller supply of grain and natural gas and the associated increasing uncertainty regarding supply reliability and suppliers.

CropEnergies' sales markets are not in the conflict area, which means that regional restrictions of sales are not to be expected. CropEnergies has not made any investments in the conflict area and does not hold any shares in companies based there. There is currently no expectation of any impact due to possible short-term changes to the investment and consumer climate.

In the context of the Ukraine war, cyber-attacks have also intensified, which may lead to critical infrastructure being impaired.

The effects of changes to supply, demand and prices and the respective hedging strategies are explained in the section "Operational risks and opportunities".

Statements about the duration of the conflict and the resulting crisis, which may also intensify, are scarcely possible at the present time. 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, in statutory support schemes for renewable energies existing in a number of EU countries as well as in tariff rates may also result in opportunities or risks.

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 2021 with its introduction in Sweden as well as in the United Kingdom. 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 over the next few years.

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 further limit these risks, CropEnergies also 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.

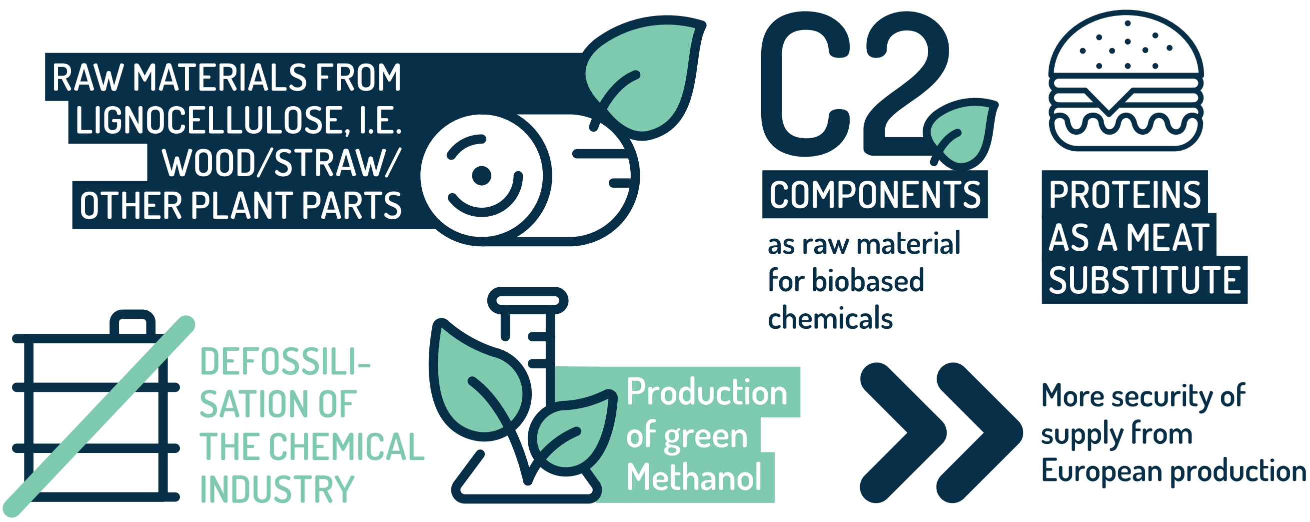
In addition, different rates of duty and other non-tariff trade restrictions have an impact on the sales price of ethanol. It may therefore be subject to major fluctuations. CropEnergies controls these risks as far as possible by means of derivative instruments and by using ethanol plants flexibly, depending on market situation. The use of derivative hedging instruments takes place within defined limits and rules, and is subject to an extensive control process, with a decision being taken on the hedging ratio according to the market situation and expectation.

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 new “Renewable Energy Directive” in the EU member states had to be transposed into national law by mid-2021. In addition to an anticipated rise in the demand for ethanol, continually increasing customer requirements in respect of

Diversification

NEW PRODUCT AND PRODUCTION CONCEPTS



greenhouse gas savings are to be expected in Germany and other EU countries. Fuels from residues and wastes offer high market potential with prospects of growth. Use outside the fuel sector, such as in further processing and refinement into chemical products, also offers sales potential. The demand for high-quality protein-containing food and animal feed products continues to be high. New application areas for vegetable proteins, e.g., as a meat substitute, offer further market potential.

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 or heavy rainfall may cause flooding 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 predominantly short maturities. Accordingly, the creditworthiness of banks and customers 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 security and technology

Information and information technology have already become important, and will continue to grow in importance, for CropEnergies' market position and business activity. Information is exchanged, both to and beyond production sites, with employees, customers and suppliers to support numerous business processes, from planning to manufacture through to sales and general management and monitoring processes. To provide comprehensive protection for information and knowledge, irrespective of whether it is available in digital form or not, CropEnergies is currently introducing an information security management system.

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 the Südzucker Group, 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 opportunities and risks as a result of changes in exchange rates and interest rates. Exchange rate opportunities and 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. These risks can be hedged by means of derivative instruments. 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 2022. Negative interest is, however, increasingly charged on sight deposits held by banks. Detailed information on currency, interest rate and price risks as well as liquidity and credit risks can be found in the notes to the consolidated financial statements in item (29) "Risk management within the CropEnergies Group".

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

Climate change
The climate data of the past few decades demonstrate global warming. Scientific investigations show that atmospheric changes, in particular, which are due to the increase in anthropogenic greenhouse gas emissions, cause climate change.

Climate changes are attended by higher average temperatures, rising sea levels as well as increased frequency and geographical extent of extreme weather events such as drought, heavy rain and storms. As a result, biotic and abiotic damage events, soil erosions as well as high and low water situations will increasingly occur in future.

Agriculture is directly dependent on weather and climate. Higher temperatures, heavy rain or water shortage have a direct impact on agricultural production. An extended vegetation period and higher temperatures may result in higher yields in the event of sufficient soil water content, but in lower yields in the event of water shortage. The risk of late frosts in the event of a premature start of vegetation as well as the spread of harmful organisms and plant diseases that were previously only found in warmer regions may have a negative impact on yields. Cultivation of new varieties and species, particularly those native to warmer regions like soy or sorghum, is becoming possible. Changes in the availability, and hence prices, of agricultural products have a direct impact on CropEnergies' business activity.

Damage due to weather extremes and flooding at CropEnergies' and business partners' sites may cause the availability of raw materials, production and products to be impaired. The navigability of inland waterways or damage to roads, railway tracks, traffic management systems, overhead cables and electricity masts may impair both raw material and product logistics and the accessibility of sites to employees and service providers.

Higher temperatures cause the demand for cooling energy and cooling water for the production processes to increase.

Lower water levels and higher water temperatures in rivers may result in a shortage of cooling water and hence in lower production output.

Investments in adapted production technologies and modes of transport may be necessary to ensure that sales and production activity is maintained.

Higher temperatures, which can have a negative impact on employees' performance and physical well-being, are expected in urban conurbation areas, in particular, owing to climate change. Pathogen carriers typical of warmer regions and the associated diseases may also become native to Europe and harm people.

The risk of investments losing value as a result of climate risks is increasing. Risks due to climate-related damage events are arising for insurance service providers. Requirements on risk analysis and risk management in the financial area may increase.

Customers and consumers may develop a greater awareness of regional and environmentally friendly procurement. Establishing an early presence in new business areas related to biomass and active communication with shareholders may lead to reputational gains. Continuing use of fossil energy sources may involve a loss of reputation.

Further opportunities and risks arise from transitioning to an environmentally friendly economy.

Requirements on environmental protection may be increased as a result of tightened regulations for existing products and services and as a result of a tightening of environmental legislation. In relation to energy supply, it is possible that related emissions and the energy sources used will be more heavily regulated. Reduced emissions from agricultural raw materials, focusing on residues and further requirements on suppliers may cause raw material costs to rise. Now that electric vehicles are being increasingly approved and registrations of new passenger cars with combustion engines phased out, the current main sales market for ethanol is being narrowed. The fact that it is unclear how markets for non-fossil fuels will develop increases the risk of investments in this area.

The attractiveness of biogenic fuels may be boosted as a result of increasing CO_2 pricing of fossil fuels. Increasing provision of added value, such as further CO_2 reduction or discussions on the subject of sustainability, may result in stronger customer loyalty and reduce the importance of the commodity character of the products. An expansion of the product portfolio to include bio-based and/or CO_2-based products to lower the fossil carbon footprint offers new sales potential.

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. In the context of the European Green Deal, the EU has set itself the target of lowering greenhouse gas emissions by at least 55% compared with 1990 by the year 2030. The sectors included in the EU emissions trading system are to lower their emissions by 61% compared with 2005. The sectors not subject to the emissions trading system, such as transport, buildings, agriculture and waste, are, in turn, to lower emissions by 40% compared with 2005. 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 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%.

The fact that all economic sectors need to reduce their fossil carbon footprint significantly gives rise to new development options for biomass-based products in, for example, the area of biochemicals as a sustainable alternative to petrochemical products.

Declining animal husbandry due to changes in the political framework gives rise to risks for the sale of high-quality animal feed products. The demand for high-quality protein-containing food and animal feed products continues to be high. Opportunities are provided by further market potential for new application areas for vegetable proteins, for instance in the form of meat substitute products.

“Farm to Fork” refers to a strategy at the heart of the “European Green Deal” which aims to organise the socially fair, reliable and environmentally friendly production of healthy food. The associated reorientation of agriculture may give rise to opportunities and risks for the raw material supply of CropEnergies.

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 in future.

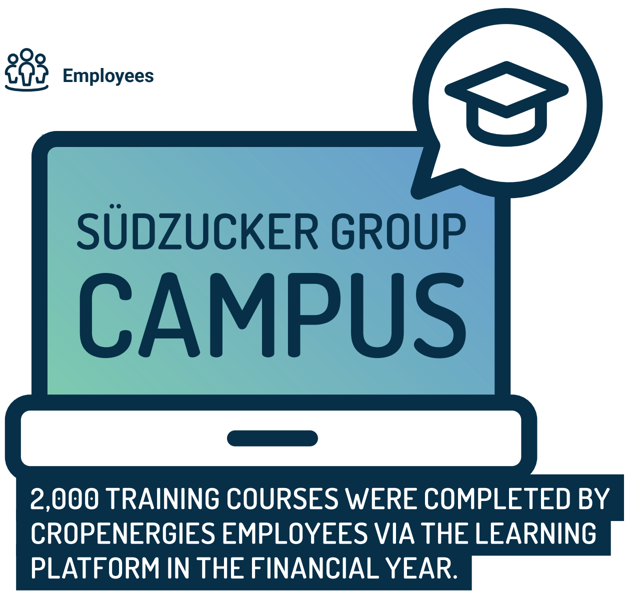
Development of demand and change in consumer behaviour
The products of the CropEnergies Group are exposed to the risk of fluctuations in demand due to the development of the economy as a whole. Changes in consumer behaviour on the sales markets relevant to CropEnergies may also result in fluctuations 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.

Owing to the European Green Deal and the demand for sustainable products, the demand for low-carbon raw materials can be expected to increase. CropEnergies can meet these sustainability requirements even today in the case of renewable ethanol and sees further sales potential in this area. However, the sustainability requirements may also increase further as part of the European Green Deal.

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.

CropEnergies is planning to manufacture renewable ethyl acetate based on renewable ethanol using the technology of Johnson Matthey, a leading manufacturer of special chemicals and global market leader for state-of-the-art materials technology. Fossil-based ethyl acetate is to be replaced and new markets opened up using a sustainable alternative from Europe.

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. To ensure that statutory regulations are complied with, CropEnergies has established a code of conduct and guidelines and set up a compliance management system. In addition, training courses are conducted across the group and repeated at regular intervals.

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 € 230 million. Thanks to agreed internal and external 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 volatilities of the raw materials and energy sources used, of ethanol as well as the high-quality 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. There is little correlation between raw material and ethanol markets and 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. The coronavirus pandemic continues to be an exceptional situation whose duration and financial consequences cannot be entirely foreseen. Overall, the progress of the vaccination campaign and the outlook for economic growth in the EU is to be regarded positively. The impact of the war in Ukraine can be seen in increasing price levels and higher price volatilities on the markets in which CropEnergies is active. Opportunities arise in the long term from ambitious climate protection targets that the EU has set itself. Opportunities may also arise if, in the context of the desired energy independence, renewable energies are increasingly reverted to. Climate change, measures against it and their impact on CropEnergies will take on central importance in future. Owing to the stronger demand for ethanol, overall opportunities have improved year over year. The year-over-year higher economic risk due to price volatility is offset by a lower economic risk from the coronavirus pandemic going forward. It is not currently possible to predict the duration of the war in Ukraine or its financial consequences. CropEnergies' overall risk position is therefore increased compared with the previous year. There are no risks posing a threat to the company's continued existence and there are none 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 principle", 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.

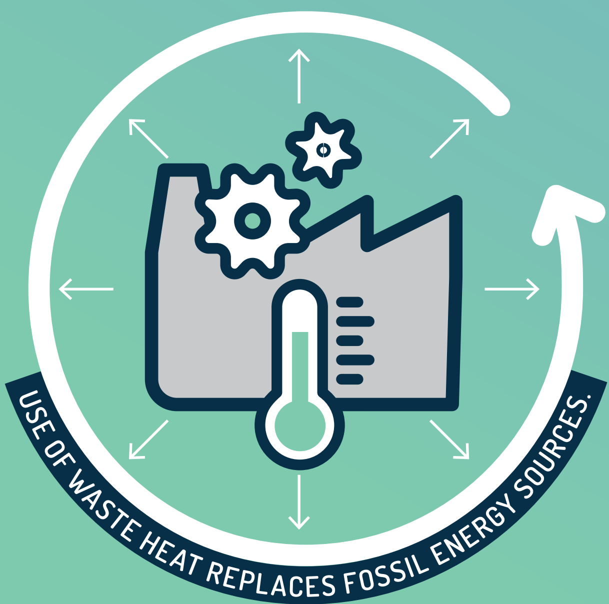
External audit

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.

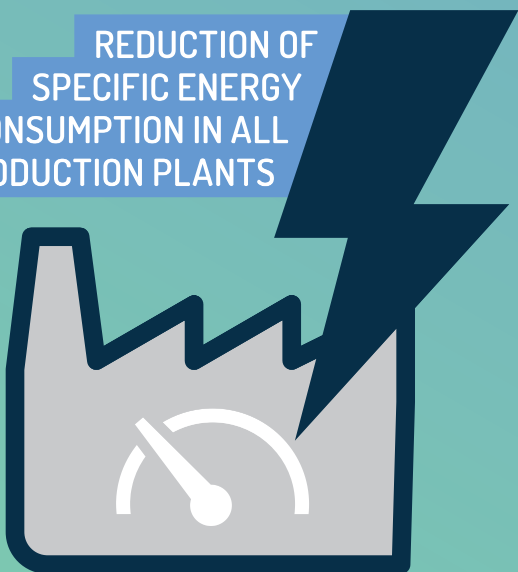
PRODUCTION

"With innovative production plants, CropEnergies sets standards in terms of efficiency, flexibility, and sustainability."

All ethanol plants are certified as sustainable by at least one certification system approved by the EU Commission and are audited annually.



REDUCTION OF SPECIFIC ENERGY CONSUMPTION IN ALL PRODUCTION PLANTS



WANZE (B)

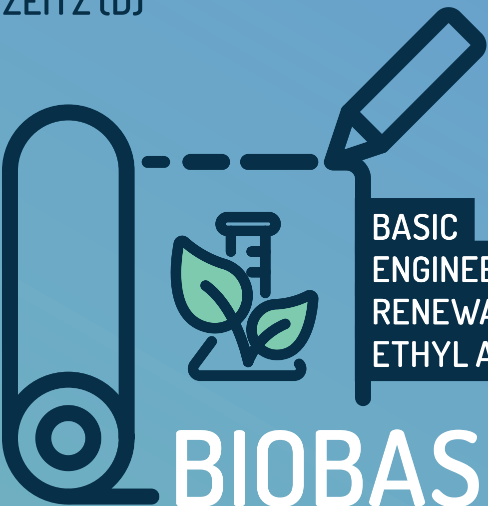
CO_2

NEW PLANT FOR THE PRODUCTION OF BIOGENIC CO_2 IN FOOD QUALITY

WANZE (B)

SORTING SYSTEM FOR THE PRODUCTION OF GLUTEN IN HIGHEST FOOD QUALITY

ZEITZ (D)



BASIC ENGINEERING: RENEWABLE ETHYL ACETATE

BIOBASED CHEMICALS

OPTIMISATIONS in production and loading of animal feed products

WILTON (UK)

NEW CONSTRUCTION OF A LABORATORY AND ADMINISTRATION BUILDING

LOON-PLAGE (F)

75%

OF THE HEAT ENERGY REQUIREMENTS WILL IN FUTURE BE COVERED BY WASTE HEAT FROM A NEIGHBOURING INDUSTRIAL PLANT.

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.

General
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 supervisory board has drawn up rules of procedure for the executive board; these 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. In addition to the duties that are assigned to the supervisory board by means of the articles of association, rules of procedure and the applicable statutory regulations, the supervisory board regularly advises the executive board on all matters that are important to strategic orientation and to management of the company and the CropEnergies Group that is geared to the principles of ecological and social sustainability. These matters include, in particular, the development of new business areas, the reorientation of business areas, all kinds of structural measures, equity interests in companies or the sale thereof, important research and development projects as well as measures for ensuring corporate management that is geared to ecological and social sustainability.

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 planning, development of the business operations, strategic orientation in accordance with ecological and social sustainability and the position of the group, including risk management, as well as about 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 also convenes regularly without the executive board. 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 audit committee now has an extended company-internal right to information in accordance with the Stock Corporation Act. 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.

Supervisory board self-assessment
The supervisory board regularly assesses how effectively the supervisory board as a whole and its committees fulfil their duties and responsibilities. This is performed every year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the text of the current Code. The evaluation of the questionnaires, the discus-

sion of the results and the discussion of proposed improvements take place at the November meeting. The objective is the continuous improvement of the activities of the supervisory board and its committees.

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 terms 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 at 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 5 April 2022 (taking into account the sector, the company’s size and the scale of the international activities), by the following objectives and expertise profile for the committee as a whole:

- 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 recommendations C.6 and C.7 of the German Corporate Governance Code.
- The supervisory board should not have more than two former members of the company’s 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 two members of the supervisory board should have expertise in the area of accounting or auditing (financial experts).
- The supervisory board seeks an appropriate degree of female representation. By means of a resolution dated 5 April 2022, the supervisory board defined the following target for the proportion of women in the supervisory board– for the period up to 4 April 2027. The supervisory board shall include at least one woman.
- 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, in order to ensure responsible performance of the monitoring and advisory tasks within the company. In selecting suitable candidates, the supervisory board is committed to the diversity of the entire committee, paying particular attention to different professional backgrounds and experience, internationality as well as appropriate gender representation.

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. 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 current 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, as well as internationality.
- 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.
- A proven record of setting an example in implementing corporate objectives in line with existing 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.

This being said, regarding the composition of the executive board, the supervisory board is guided, pursuant to a resolution passed on 5 April 2022, – taking into account the sector, the company's size, and the scale of the international activities – by the following objectives and expertise profile:

- 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. 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. 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. The supervisory board bases its decision primarily on suitability, not on gender. By means of a resolution passed at its meeting on 5 April 2022, it defined the following target for the proportion of women in the executive board for the period up to 4 April 2027. The executive board shall include at least one woman. 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 should be retained at 20% until 14 May 2022. In the 2021/22 financial year, this proportion was 25%, which meant that the target was achieved.
- 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. 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 at least one member with international experience or particular expertise in a market outside Germany that is important to the company. It is advisable for the executive board to have at least 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, nomination committee and personnel committee, the supervisory board has formed committees which prepare and supplement its activities. By means of a resolution passed on 12 July 2021, the supervisory board renamed the ad hoc "executive board compensation" committee as the "personnel committee". It continues to operate as a permanent committee and comprises the same members. All 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 21 February 2022 and those for the audit committee of 21 February 2022. 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 2022
The invitation to the annual general meeting, which is expected to be held on 12 July 2022, 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, compliance and the auditing of the financial statements; it checks the effectiveness of the internal control system, risk management and the internal auditing system. In the coming financial year, the audit committee is also to concern itself with risks in the context of sustainability reporting, such as long-term climate risks. Details on risk management at CropEnergies are outlined in the risk and opportunities report on pages 67 – 79.

Corporate governance report

The following corporate governance report 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. Effective and efficient cooperation between the executive and supervisory boards forms the basis of transparency and fulfills the need to keep shareholders and the public comprehensively informed in a timely manner. CropEnergies AG has published this corporate governance report in consideration of the rules and regulations of the German Corporate Governance Code.

Good corporate governance is a given at Südzucker and has been an integral part of its policies for many years. It has been consistently geared to the Code's recommendations and suggestions and is a key executive board and supervisory board responsibility.

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 2021
In November 2021, executive board and supervisory board issued the declaration of conformity with the recommendations of the German Corporate Governance Code as amended on 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 2021 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. However, CropEnergies AG 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 5 April 2022, the supervisory board, taking all relevant criteria and particularly the current and expected future status quo into account, determined the following target for the proportion of women in the supervisory board until 4 April 2027: The supervisory board shall include at least one woman.

At its meeting on 5 April 2022, the supervisory board, likewise taking all relevant criteria and particularly the current and expected future status quo into account, determined the following target for the proportion of women in the executive board until 4 April 2027: The executive board shall include at least one woman.

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

At its meeting on 7 March 2022, the executive board decided as the third target specification (first target specification up to 30 June 2017; second target specification up to 14 May 2022) 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 increased from 20% to 30% until 6 March 2027.

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.

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

With effect from the 2021/22 financial year, a separate report on executive board and supervisory board compensation will be published on the CropEnergies website. The total compensation for the executive board and the supervisory board including the previous year's amounts is disclosed in the notes to the consolidated financial statements at item (35), "Related party transactions".

Financial loss liability insurance

The company has taken out financial loss liability insurance with a deductible which incorporates cover for the activities of the members of the executive board and the supervisory board (D&O insurance). § 93 (2) AktG stipulates that the deductible for executive board members must amount to at least 10% of the loss up to at least the level of one-and-a-half times the fixed annual compensation.

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 2021/22 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 ("tone from the top").

- 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, capital market/reporting obligations, data protection and corruption and bribery prevention.

- 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 business partner checking.

  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 and its compliance business values and principles 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". Any indication of potential breaches is followed up.

The aforementioned documents and access to the whistleblower system are available on the CropEnergies website under "Investor Relations/Compliance".

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, 315a 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 2022 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)*.

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)*.

On the balance sheet date, the company held 18,694 own shares, which were acquired in connection with the new remuneration system for the executive board.

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 2022, Südzucker AG, Mannheim (Südzucker) 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 of CropEnergies AG, as amended on 13 July 2021, 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 [1] No. 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 own shares has not been exercised to date (§ 315a [1] No. 7 HGB) with the exception of an acquisition under the new executive board remuneration system.

The annual general meeting on 13 July 2021 extended the above resolution of 14 July 2020 so that the treasury shares can be used to service the share programme under the new remuneration system for the executive board.

Change of control and compensation agreements

Südzucker AG entered, on 12 July 2019, into an agreement with a bank consortium in respect of a syndicated line of credit totalling € 600 million. The term ends in 2026 after exercise of the options to extend. 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)*.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

1 March 2021 to 28 February 2022

€ thousands	Note	2021/22	2020/21
Income statement			
Revenues	(6)	**1,075,345**	**833,116**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	24,729	1,854
Other operating income	(8)	16,001	12,418
Cost of materials	(9)	-840,901	-596,083
Personnel expenses	(10)	-41,509	-41,395
Depreciation	(16), (17)	-41,834	-41,371
Other operating expenses	(11)	-64,866	-60,606
Income from companies consolidated at equity	(18)	244	270
Income from operations	(12)	**127,209**	**108,203**
Financial income	(13)	435	733
Financial expenses	(13)	-3,397	-1,516
Earnings before income taxes		**124,247**	**107,420**
Taxes on income	(14)	-34,847	-22,504
Net earnings for the year		**89,400**	**84,916**
Earnings per share, diluted/undiluted (€)	(31)	**1.02**	**0.97**
Table of other comprehensive income			
Net earnings for the year		**89,400**	**84,916**
Mark-to-market gains and losses after deferred taxes		99,151	6,173
Revaluation not affecting income		40,011	4,619
Realisation resulting in a profit or loss from revenues		59,140	1,554
Foreign currency differences from consolidation		4,179	-1,105
Income and expenses to be reclassified in future in the profit and loss account		**103,330**	**5,068**
Remeasurement of defined benefit plans and similar obligations after deferred taxes		10	4,425
Income and expenses not to be reclassified in future in the profit and loss account		**10**	**4,425**
Income and expenses recognised in shareholders' equity		**103,340**	**9,493**
Total comprehensive income		**192,740**	**94,409**

Cash flow statement

1 March 2021 to 28 February 2022

€ thousands	Note	2021/22	2020/21
Net earnings for the year		89,400	84,916
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	41,834	41,371
Change in non-current provisions and deferred tax liabilities		-2,393	-3,164
Other income not affecting cash		1,272	-846
Gross cash flow		130,113	122,277
Loss (+) / Gain (-) on disposal of non-curren assets		1,079	697
Increase (+) / Decrease (-) in current provisions		2,502	-4,704
Increase in inventories, receivables and other current assets		-88,953	-30,124
Increase in liabilities (excluding financial liabilities)		102,246	17,712
Change in working capital		15,795	-17,116
I. Net cash flow from operating activities		**146,987**	**105,858**
Investments in property, plant and equipment and intangible assets	(16), (17)	-35,774	-28,829
Cash received on divestments		675	453
Cash received on disposal of non-current assets		129	856
Increase in financial receivables		-51,300	-55,200
Payments into current financial investments		24	1
II. Cash flow from investing activities		**-86.246**	**-82.719**
Purchase of own shares		-223	0
Dividends paid		-30,538	-26,175
Repayment of lease liabilities		-4,188	-3,953
Decrease (-) / Increase (+) of other financial liabilities		-472	471
III. Cash flow from financial activities		**-35,421**	**-29,657**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**25,320**	**-6,518**
due to exchange rate changes		153	-127
due to changes in entities included in consolidation		0	-703
Increase (+) / Decrease (-) in cash and cash equivalents		**25,473**	**-7,348**
Cash and cash equivalents at the beginning of the year		6,011	13,359
Cash and cash equivalents at the end of the year		**31,484**	**6,011**

€ thousands	Note	2021/22	2020/21
Interest receipts	(32)	69	0
Interest expense	(32)	661	445
Tax payments	(32)	37,025	17,078

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

Balance sheet

28 February 2022

ASSETS

€ thousands	**Note**	**28/02/2022**	**28/02/2021**
Intangible assets	(16)	7,490	7,858
Property, plant and equipment	(17)	359,734	358,652
Shares in companies consolidated at equity	(18)	2,781	2,538
Receivables and other assets	(28)	41	1,027
Deferred tax assets	(14)	7,847	7,315
Non-current assets		**377,893**	**377,390**
Inventories	(19)	107,952	73,165
Current financial receivables	(25), (26), (28)	195,000	143,700
Trade receivables and other assets	(20), (27), (28)	251,532	126,480
Current tax receivables	(14)	3,917	696
Securities	(25), (26), (28)	14,968	14,991
Cash and cash equivalents	(25), (26), (28)	31,484	6,011
Current assets		**604,853**	**365,043**
Total assets		**982,746**	**742,433**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	**Note**	**28/02/2022**	**28/02/2021**
Subscribed capital		87,250	87,250
Nominal value of treasury shares		-19	0
Capital reserves		197,847	197,847
Other reserves and other comprehensive income		411,341	281,049
Shareholders' equity	(21)	**696,419**	**566,146**
Provisions for pensions and similar obligations	(22)	32,352	30,725
Other provisions	(23)	2,459	2,685
Financial liabilities	(25), (26), (28)	6,980	5,889
Non-current tax liabilities	(14)	2,536	2,397
Deferred tax liabilities	(14)	25,755	19,660
Non-current liabilities		**70,082**	**61,356**
Other provisions	(23)	8,851	6,345
Financial liabilities	(25), (26), (28)	4,553	4,166
Trade payables and other liabilities	(24), (27), (28)	185,522	91,841
Current tax liabilities	(14)	17,319	12,579
Current liabilities		**216,245**	**114,931**
Total liabilities and shareholders' equity		**982,746**	**742,433**

Development of shareholders' equity

1 March 2021 to 28 February 2022

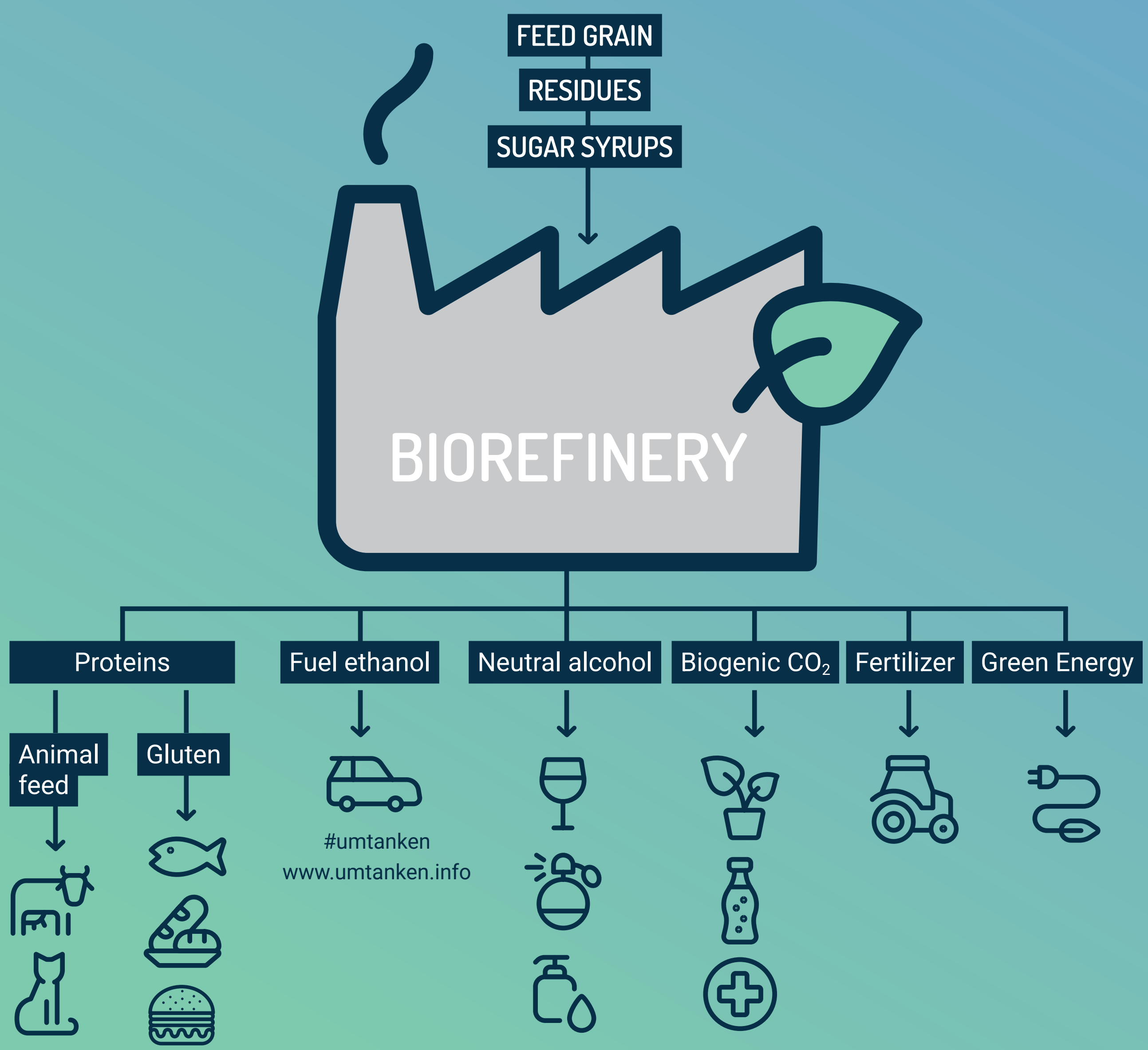
€ thousands	Subscribed capital	Nominal value of treasury shares	Capital reserves
1 March 2020	**87,250**	**0**	**197,847**
Net earnings for the year			
Mark-to-market gains and losses on cash flow hedging instruments after deferred taxes			
Foreign currency differences from consolidation			
Remeasurement of defined benefit plans and similar obligations after deferred taxes			
Income and expenses recognised in shareholders' equity			
Total comprehensive income			
In the acquisition costs of non-financial assets reclassified hedges from cost of materials			
Dividends paid			
28 February 2021	**87,250**	**0**	**197,847**
1 March 2021	**87,250**	**0**	**197,847**
Net earnings for the year			
Mark-to-market gains and losses on cash flow hedging instruments after deferred taxes			
Foreign currency differences from consolidation			
Remeasurement of defined benefit plans and similar obligations after deferred taxes			
Income and expenses recognised in shareholders' equity			
Total comprehensive income			
In the acquisition costs of non-financial assets reclassified hedges from cost of materials			
Dividends paid			
Other changes		**-19**	
28 February 2022	**87,250**	**-19**	**197,847**

** The changes in shareholders' equity are explained at item (21) of the notes.*

Other reserves and other comprehensive income				
Other reserves	**Cash flow hedges**	**Cumulative foreign currency differences**	**Total**	**Total consolidated shareholders' equity**
219,148	-2,749	1,385	217,784	502,881
84,916			84,916	84,916
	6,173			
		-1,105		
4,425				
4,425	6,173	-1,105	9,493	9,493
89,341	6,173	-1,105	94,409	94,409
	-4,969		-4,969	-4,969
-26,175			-26,175	-26,175
282,314	-1,545	280	281,049	566,146
282,314	-1,545	280	281,049	566,146
89,400			89,400	89,400
	99,151			
		4,179		
10				
10	99,151	4,179	103,340	103,340
89,410	99,151	4,179	192,740	192,740
	-31,900		-31,900	-31,900
-30,538			-30,538	-30,538
-10			-10	-29
341,176	65,706	4,459	411,341	696,419

DIVERSIFICATION

"CropEnergies offers a broad portfolio of products for different markets and customer segments."



WANZE (BE)

65,000 t

LIQUEFIED, BIOGENIC CO_2 IN FOOD QUALITY

WILTON (UK)

250,000 t

BIOGENIC CO_2 FROM FERMENTATION

ZEITZ (D)

100,000 t

LIQUEFIED CO_2 IN FOOD QUALITY

SUPER ECO 20

FUEL WITH AN ETHANOL CONTENT OF

20 VOL.-%

Fleet tests with vehicles of Stuttgart airport, among others

ADDITIONAL RESEARCH IN

PROTEINS

AS MEAT SUBSTITUTE

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 13 July 2021, 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 ethanol (ethyl alcohol) and its derived products as well as other products which are produced from renewable raw materials, particularly agricultural and non-agricultural biomass, 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 2022 were released by the executive board on 25 April 2022 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 10 May 2022 and reviewed and approved by the supervisory board at its meeting on 16 May 2022. The publication date is 18 May 2022.

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

In addition to the statement of comprehensive income, which comprises the income statement and a statement of income and expenses recognised in shareholders' equity 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 at item (5) "Accounting principles".

IFRSs and IFRICs adopted for the first time: The following standards were mandatory for the first time in the 2021/22 financial year.

Standard		Passed by IASB	Adopted by the EU
IAS 39	Financial Instruments: Recognition and Measurement	27/08/2020	13/01/2021
IFRS 4	Insurance Contracts	25/06/2020	15/12/2020
IFRS 4	Insurance Contracts	27/08/2020	13/01/2021
IFRS 7	Financial Instruments: Disclosures	27/08/2020	13/01/2021
IFRS 9	Financial Instruments	27/08/2020	13/01/2021
IFRS 16	Leases	27/08/2020	13/01/2021
IFRS 16	Leases	28/05/2020 and 31/03/2021, respectively	09/10/2020

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 2022/23 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	2023/24	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	02/03/2022	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	02/03/2022	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 12	Income Taxes (amendment)	07/05/2021	No	2023/24	The initial recognition exemption (IAS 12.15) applied, under certain conditions, to assets and liabilities recognised for the first time, which meant that, exceptionally, no deferred taxes had to be recognised in these cases. As it was uncertain, in practice, whether this exemption also applied to leases and disposal and restoration obligations, a limited-scope amendment to IAS 12 has been made. Owing to the amendment to IAS 12, the initial recognition exemption no longer applies to such transactions in which both deductible and taxable temporary differences of equal amounts arise on first-time recognition even if the other conditions that were previously valid are met. The amendments lead to deferred taxes having to be recognised for leases accounted for by the lessee and for disposal and restoration obligations. CropEnergies is examining whether the amendment is relevant.
IAS 16	Property, Plant and Equipment (amendment)	14/05/2020	28/06/2021	2022/23	The amendments concern proceeds before the intended use of property, plant and equipment and prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, must be recognised in profit or loss. The rules are assumed not to be relevant on a regular basis.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment)	14/05/2020	28/06/2021	2022/23	The amendments relating to onerous contracts (costs of fulfilling a contract) specify that the cost of fulfilling a contact comprises the costs that relate directly to the contract. These can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be depreciation of production facilities). The rules become relevant if onerous contracts exist.
IFRS 3	Business Combinations (amendment)	14/05/2020	28/06/2021	2022/23	The amendments update the reference to the 2018 framework concept, specify the scope of application of IAS 37 or IFRIC 21 and add the explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments may become relevant but are insignificant.
IFRS 17	Insurance Contracts	18/05/2017 and 25/06/2020, respectively	19/11/2021	2023/24	The standard is not relevant to CropEnergies.
IFRS 17	Insurance Contracts (amendment)	09/12/2021	No	2023/24	The standard is not relevant to CropEnergies.
Miscellaneous	Annual Improvements of IFRS (2018 – 2020 cycle)	14/05/2020	28/06/2021	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 (smallest group). 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 / Wilton as of 11 November 2021 (United Kingdom)

A detailed presentation of the equity interests can be found in the list of subsidiaries and equity interests on page 152.

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 earnings from entities consolidated at equity. The contributions from entities consolidated at equity increase or decline annually by the share of earnings from CT Biocarbonic GmbH:

€ thousands	**28/02/2022**	**28/02/2021**
Non-current assets	5,555	6,128
Inventories	*74*	*63*
Receivables and other assets	*545*	*444*
Cash and cash equivalents	*679*	*325*
Current assets	1,297	832
Total assets	**6,853**	**6,960**
Shareholders' equity	**5,549**	**5,062**
Non-current liabilities	308	348
Current liabilities	996	1,550
Total liabilities	**1,304**	**1,898**
Income	3,351	3,640
- Expenses	-2,864	-3,100
= Net earnings for the year	487	540

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

CT Biocarbonic GmbH is a strategic joint venture established for the production and sale of food-grade liquefied CO_2. The book value of the shares of CT Biocarbonic GmbH amounts to € 2.8 (2.5) 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, Wilton, are prepared in British pounds (GBP). 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 28/02/2022**	**Average rate 2021/22**	**Year-end rate 28/02/2021**	**Average rate 2020/21**
Great Britain	GBP	0.84	0.85	0.87	0.90

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. Intangible assets with a definite useful life are amortised on a straight-line basis.

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 taxes. 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 amortized cost". **Financial liabilities** are classified upon initial recognition in the categories "at amortized 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 or liquid assets.

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 intragroup 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, energy as well as food and animal feed products are key influencing factors in the CropEnergies Group’s planning, with the prices for ethanol, grain and energy 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) Sales revenue

€ thousands	2021/22	2020/21
Ethanol	836,936	647,628
Food and animal feed products	223,784	175,472
Other revenues	14,625	10,016
	1,075,345	**833,116**

Revenues increased by € 242.2 million to € 1,075.3 million. Not only higher sales quantities but, in particular, improved sales prices for all product areas, particularly sustainable fuel ethanol, were a significant factor in this increase in revenues.

The price development on the ethanol markets in the course of the financial year is a reflection, among other things, of a normalisation of fuel demand in the wake of the again increased mobility. In the second half of 2021, in particular, prices received additional support from the introduction of E10 in Sweden and the United Kingdom.

Under IFRS 15, CropEnergies makes no disclosures on the remaining lease obligations as of 28 February 2022 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 € 149 (34) thousand.

(8) Other operating income

The other operating income of € 16.0 (12.4) million mostly comprises income from derivative transactions of € 9.8 (0.9) million, sales commission and recharged logistics costs of € 3.5 (2.6) million as well as currency gains of € 0.4 (0.4) million.

(9) Cost of materials

€ thousands	2021/22	2020/21
Cost of raw materials, consumables and supplies and of purchased merchandise	819,258	574,701
Cost of purchased services	21,643	21,382
	840,901	**596,083**

The cost of materials rose by € 244.8 million to € 840.9 million, with a considerable rise in raw material and energy costs resulting in significantly higher net raw material and manufacturing costs. The higher sales prices were, however, able to more than offset these cost increases, resulting in an improvement in gross margin (total output less material costs). The simultaneous increase in the material expense ratio to 76.4% (71.4%) of overall performance was mainly due to the significantly higher price level.

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 € 23.3 (19.7) million in the reporting period.

To further reduce greenhouse gas emissions, important foundation stones for climate-neutral production were laid in Wanze. The second biomass power plant, which is currently under construction, is expected to start operating in 2023 and to involve an investment volume of € 50 million. This will create the conditions for covering the demand for process energy at the Wanze site entirely from renewable sources.

(10) Personnel expenses

€ thousands	2021/22	2020/21
Wages and salaries	31,559	31,071
Social security, pension and welfare expenses	9,949	10,324
	41,509	**41,395**

Number of employees (full-time equivalents)

	2021/22	2020/21
Number of employees by region		
Germany	187	179
Other European countries and United Kingdom	268	271
	455	**450**
Number of employees by category		
Wages earners	222	226
Salary earners	233	224
	455	**450**

The number of employees (full-time equivalents) employed as of 28 February 2022 stood at 455 (450). 452 (452) employees (full-time equivalents) were employed on a yearly average.

Personnel expenses remained virtually unchanged at € 41.5 (41.4) million. The personnel expense ratio (as a percentage of overall performance) declined to 3.8% (5.0%).

Share-based executive board remuneration was introduced for the three-year vesting period from the 2021/22 financial year to 2023/24, depending on the average return on capital (ROCE) achieved, the corresponding award is issued annually for a further three-year period. To this end – with the exception of the current financial year with the introduction of the new system during the year – the corresponding number of shares is acquired at the beginning of the financial year in the amount of the share commitment with a target achievement level of 100% and held until the actual target achievement is determined in the fourth year. Upon determination of the target achievement, the number of shares acquired is to be adjusted, taking into account the dividends paid in the meantime and the existing remuneration limits, and submitted to the executive board. Over the vesting period, the number of shares vested pro rata temporis, taking into account the expected target achievement on the basis of the share price at the time of the commitment, is to be recorded in personnel expenses.

The personnel expenses of € 0.1 million recognised from this in the current financial year are based on the number of shares vested pro rata temporis in accordance with the expected target achievement and the share price at the time of receipt. The one-year variable compensation for the 2020/21 financial year recognised in personnel expenses amounted to € 0.3 million.

(11) Other operating expenses

€ thousands	2021/22	2020/21
Selling and advertising expenses	23,183	22,319
Operating and administrative expenses	20,520	16,425
Other expenses	21,163	21,862
	64,866	**60,606**

Selling and advertising expenses increased to € 23.2 (22.3) million and mainly consisted of logistics costs for supplying customers. Operating and administrative costs amounted to € 20.5 (16.4) million.

The other expenses mainly comprised the cost of shared services provided by the Südzucker Group of € 5.6 (5.2) million, rental and leasing expenses of € 2.6 (2.1) million, other taxes of € 2.3 (2.3) million, licence and commission costs of € 1.3 (0.8) million and currency losses of € 0.4 (4.5) million.

Research and development costs are included in other expenses.

(12) Income from operations

€ thousands	2021/22	2020/21
Income from operations	**127,209**	**108,203**
of which operating profit	126,966	107,033
of which restructuring costs and special items	0	900
of which income from companies consolidated at equity	244	270

Income from operations, amounting to € 127.2 (108.2) 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. There were no special effects in the past financial year.

The operating margin decreased to 11.8% (12.8%) of revenues.

(13) Financial income and expenses

€ thousands	2021/22	2020/21
Interest income	62	119
Other financial income	373	614
Financial income	**435**	**733**
Interest expense	-1,232	-985
Other financial expense	-2,164	-531
Financial expense	**-3,397**	**-1,516**
Net financial result	**-2,962**	**-783**

The net financial result declined by € 2.2 million year over year to € -3.0 million, mainly due to unrealised currency losses from the measurement of clearing accounts. The net financial result includes the interest unwinding expense of € 0.5 (0.4) 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 2021/22 financial year gives rise to a theoretical tax rate of 29.98% (29.98%).

€ thousands	2021/22	2020/21
Earnings before taxes on income	124,247	107,420
Theoretical tax rate	*29.98%*	*29.98%*
Theoretical tax expense	**37,249**	**32,205**
Change in theoretical tax expense as a result of:		
Different tax rates	-2,551	-4,459
Tax reduction for tax-free income	-2,547	-982
Tax increase for non-deductible expenses	2,150	1,754
Trade tax adjustment	-5	-5
Taxes for prior years	-1,831	-1,442
Tax effects from loss carry-forwards and temporary differences	3,128	-4,298
Other	-746	-269
Taxes on income	**34,847**	**22,504**
Effective tax rate	**28%**	**21%**

The tax effects from the measurement and recognition of loss carry-forwards and temporary differences of € 3.1 (-4.3) million are due to unused loss carry-forwards to current earnings in respect of Ensus UK Ltd and to changes in the tax rate in the United Kingdom.

The non-deductible expenses of € 2.2 (1.8) million mainly concern dividend payments and expenses at Ensus UK Ltd.

The impact from diverging tax rates amounting to € -2.6 (-4.5) 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.

The tax reductions due to tax-exempt income of € 2.5 (1.0) million mainly relate to tax effects at Ensus UK Ltd and the German companies.

The effects from current taxes from previous years amounting to € -1.8 (-1.4) million mainly relate to the effects at the German companies.

No deferred tax liabilities were recognised on temporary differences in connection with shares in subsidiaries of € 2.5 (1.8) 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 2021/22 financial year consist of current tax expenses of € 38.7 (27.0) million and deferred taxes of € -3.9 (-4.5) million.

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

€ thousands	**Deferred tax assets**		**Deferred tax liabilities**	
28 February	**2022**	**2021**	**2022**	**2021**
Property, plant and equipment	539	539	19,190	20,361
Inventories	0	0	674	62
Other assets	1,955	68	15,672	342
Tax-free reserves	0	0	526	563
Provisions	6,634	3,803	1,171	802
Liabilities	9,171	3,358	1,279	195
Tax loss carry-forwards	2,305	2,212	0	0
	20,604	9,980	38,512	22,325
Offsets	-12,757	-2,665	-12,757	-2,665
Balance sheet	**7,847**	**7,315**	**25,755**	**19,660**

Of the deferred tax assets amounting to € 20.6 (10.0) million before netting, € 9.8 (6.6) million are non-current. Of the deferred tax liabilities amounting to € 38.5 (22.3) million before netting, € 20.4 (21.2) million are non-current.

Deferred taxes were not recognised for loss carry-forwards and temporary differences amounting to € 76.9 (53.8) 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	2021/22			2020/21		
	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	122,314	-23,163	99,151	8,473	-2,300	6,173
Foreign currency differences from consolidation	4,179	0	4,179	-1,105	0	-1,105
	126,493	**-23,163**	**103,330**	**7,368**	**-2,300**	**5,068**
Income and expenses not to be reclassified in future in the profit and loss account						
Remeasurement of defined benefit plans and similar obligations	-2	12	10	6,329	-1,904	4,425
	126,491	**-23,151**	**103,340**	**13,697**	**-4,204**	**9,493**
Net earnings for the year			89,400			84,916
Total comprehensive income			**192,740**			**94,409**

Of the tax assets of € 3.9 million, € 3.3 million arise in France and € 0.6 million in Belgium. Tax liabilities amount to € 19.8 million, € 18.3 million of which stem from the German companies and € 1.5 million from the French companies.

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 CropEnergies Group's research and development activities focused on raw material processing and the fermentation process, the optimisation of production plants, service work for neutral alcohol production, standardisation work for ethanol and new product and production concepts.

Research and development costs amounted to € 1.3 (1.2) 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.

2021/22 **€ thousands**	**Goodwill**	**Concessions, industrial and similar rights**	**Total**
Acquisition costs			
1 March 2021	6,095	8,952	15,047
Change due to currency translation	0	7	7
Additions	0	213	213
Transfers	0	0	0
Disposals	0	-528	-528
28 February 2022	6,095	8,643	14,738
Depreciation			
1 March 2021	0	-7,189	-7,189
Change due to currency translation	0	-5	-5
Depreciation for the year	0	-578	-578
Impairments	0	0	0
Disposals	0	524	524
28 February 2022	0	-7,248	-7,248
Net book value at 28 February 2022	**6,095**	**1,396**	**7,490**

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**

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 2022, the correspondingly determined discount rate was 9.6% (6.8%) before taxes and 7.5% (5.2%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGUs, CropEnergies uses a constant growth rate of 1.5% (0.6%). 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 2021/22 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. In light of the most recent macroeconomic developments, the validation that had been undertaken was re-examined as of the balance sheet date. Updated planning and updated parameters for the discount rates were used. As a result, no need for impairment was identified, even when taking these parameters into account.

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

2021/22 € 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 2021	150,646	596,278	21,677	11,196	779,797
Change due to currency translation	296	2,562	27	51	2,935
Additions	2,779	7,802	904	24,072	35,557
Transfers	557	3,250	80	-3,887	0
Disposals	-234	-7,669	-1,672	0	-9,575
28 February 2022	154,043	602,223	21,016	31,432	808,714
Depreciation					
1 March 2021	-59,413	-354,943	-16,329	0	-430,685
Change due to currency translation	-13	-1,153	-12	0	-1,178
Depreciation for the year	-5,136	-30,229	-1,568	0	-36,933
Impairment losses	0	0	0	0	0
Disposals	171	6,573	1,631	0	8,375
28 February 2022	-64,391	-379,752	-16,278	0	-460,421
Net book value at 28 February 2022	**89,652**	**222,471**	**4,738**	**31,432**	**348,293**

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**

There were no devaluations to the respective value in use in the 2021/22 financial year.

The additions in the 2021/22 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

2021/22 € 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 2021	7,573	1,485	482	0	9,540
Additions	4,040	1,599	422	0	6,061
Depreciation for the year	-2,436	-1,619	-269	0	-4,323
Change due to currency translation	87	0	0	0	87
Disposals	0	0	77	0	77
Net book value at 28 February 2022	**9,264**	**1,465**	**712**	**0**	**11,441**
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
Disposals	0	0	0	0	0
Net book value at 28 February 2021	**7,573**	**1,485**	**482**	**0**	**9,540**

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

The weighted average incremental borrowing rate as of 28 February 2022 was 3.6% (3.8%).

Total payments from leases amount to € 4.2 (4.0) million. Of this figure, € 3.8 (3.1) million are from capitalised leases, € 0.3 (0.8) 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

2021/22	€ thousands	Companies consolidated at equity
1 March 2021		**2,538**
Share of profits		244
28 February 2022		**2,782**

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

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

(19) Inventories

€ thousands	28/02/2022	28/02/2021
Raw materials and supplies	33,895	30,764
Work in progress	6,669	4,875
Finished goods and merchandise	67,388	37,526
	107,952	**73,165**

There was a mainly price and volume-related increase of € 34.8 million in inventories to € 108.0 million. No impairments resulted in the current financial year.

(20) Trade receivables and other assets

€ thousands	28/02/2022	28/02/2021
Trade receivables	92,103	68,732
Other assets	159,428	57,748
	251,532	**126,480**

Trade receivables increased by € 23.4 million to € 92.1 million in line with the higher revenue volume. Their book value is derived as follows:

€ thousands	28/02/2022	28/02/2021
Total trade receivables	93,162	69,981
Allowance for doubtful receivables	-1,058	-1,249
Book value	**92,103**	**68,732**

The valuation allowances for trade receivables have developed as follows:

€ thousands	2021/22	2020/21
Allowance for doubtful receivables at 1 March	**1,249**	**1,226**
Additions	0	23
Released	-191	0
Allowance for doubtful receivables at 28 February	**1,058**	**1,249**

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

€ thousands	28/02/2022	28/02/2021
Receivables not past due	86,325	67,272
Past due receivables		
less than 10 days	5,265	712
between 11 and 30 days	449	572
between 31 and 90 days	16	171
more than 90 days	48	5
Book value	92,103	68,732
Valuation allowances for doubtful receivables	1,058	1,249
Total trade receivables	**93,162**	**69,981**

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

Other assets, amounting to € 159.4 (57.7) million, mainly consist of receivables from positive mark-to-market values of derivative hedging instruments of € 73.9 (9.3) million, receivables in the form of ring-fenced credits for hedges of € 47.1 (23.8) million, purchased CO_2 emission rights of € 21.6 (12.6) million, other taxes of € 12.7 (8.4) million, receivables from advance payments of € 2.9 (2.1) million and other receivables of € 1.2 (1.5) 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.

Nominal value own shares I In November 2021, 18,694 own shares at the price of € 11,94 were acquired to service the share-based executive board remuneration system. The acquisition costs of € 0.2 million attributable to this were offset against shareholders' equity.

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 € 99.2 (6.2) million. The amounts reported under wheat, ethanol, gas and currency derivatives are largely recognised through profit or loss in the next financial year. In the current financial year, the amount written back to revenues was € 59.1 (1.6) million and that to the cost of materials was € -31.9 (-5.0) million.

In the previous year, the signs in the statement of comprehensive income and the statement of changes in shareholders' equity were incorrect. For better comparability, an adjustment was made without impact on shareholder's equity.

Together with revenue reserves and other comprehensive income of € 411.3 (281.0) million, shareholders' equity amounts to € 696.4 (566.1) 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, with the exception of the acquisition in the course of the new executive board compensation system.

The annual general meeting on 13 July 2021 extended the above resolution of 14 July 2020 so that the treasury shares can be used to service the share programme under the new remuneration system for the executive board.

(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 € 2.7 (3.1) 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	28/02/2022	28/02/2021
Defined benefit obligation for direct pension benefits	36,243	34,276
Fair value of plan assets	-3,891	-3,551
Provisions for pensions and similar obligations (net defined benefit obligation)	**32,352**	**30,725**
Discount rate in %	1.98	1.60

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 apply to members of the executive board. In respect of the pension plans for active members of the executive board, please refer to the disclosures at item (35) “Related party transactions” in these notes. The pension obligations of CropEnergies AG and CropEnergies Bioethanol GmbH of € 28.7 (26.9) million are financed by provisions, with the present values of € 28.8 (27.0) 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 € 7.0 (6.8) million is offset by plan assets totalling € 3.8 (3.5) 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 2021	**34,276**	**-3,551**	**30,725**
Expenses for company pension plans (Income statement)			
Current service cost	1,800		1,800
Past service cost	0		0
Interest expense / income	547	-46	501
	2,347	**-46**	**2,301**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-119	-119
Losses (+) and gains (-) from changes of demographical assumptions	0		0
Gains (-) and losses (+) from changes in financial assumptions	-122		-122
Losses (+) and gains (-) on experience adjustments	243		243
	121	**-119**	**2**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-398	-398
Participants contributions to plan assets	29	-29	0
Benefit payments	-583	205	-378
Transference	100		100
Other	-47	47	0
	-501	**-175**	**-676**
28 February 2022	**36,243**	**-3,891**	**32,352**

€ 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**

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 € 10 thousand and resulted from the adverse effects in the past financial year from the adjustment of the discount rate and from 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 %	28/02/2022	28/02/2021
Discount rate	1.98	1.60
Salary growth	2.50	2.11
Pension growth	1.80	1.30

Pension provisions were calculated on the basis of an interest rate of 2.10% (1.70%) in Germany and an interest rate of 1.50% (1.25%) 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 2022			
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	32,289	-10.9%
	Decrease by 0.50 percentage point	40,896	12.8%
Salary growth	Increase by 0.25 percentage point	37,295	2.9%
	Decrease by 0.25 percentage point	35,350	-2.5%
Pension growth	Increase by 0.25 percentage point	37,299	2.9%
	Decrease by 0.25 percentage point	35,235	-2.8%
Life expectancy	Increase by one year	37,328	3.0%
	Decrease by one year	35,141	-3.0%

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%

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 € 3.9 (3.6) million were invested in insurance contracts.

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

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

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

Future payments
The weighted duration of pension obligations is around 24 (24) years. Employer contributions to plan assets amounting to € 0.4 (0.4) million are expected in the 2022/23 financial year.

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

Future pension and single payments	€ thousands
2022/23	327
2023/24	376
2024/25	445
2025/26	937
2026/27	1,072
2027/28 to 2031/32	5,359
	8,516

(23) Development of other provisions

2021/22 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2021	**1,681**	**7,349**	**9,030**
Change due to currency translation	0	4	4
Addition	288	10,424	10,712
Utilised	-312	-5,231	-5,542
Released	-80	-2,814	-2,894
28 February 2022	**1,577**	**9,732**	**11,310**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 1.4 (1.4) million and for phased early retirement schemes of € 0.1 (0.2) million. Of the total of € 1.6 million, € 0.1 million is expected to be utilised in the 2022/23 financial year.

The provisions for uncertain liabilities amounting to € 9.7 (7.3) million mainly relate to CO_2 emission rights of € 4.7 (2.5) million, customs duties of € 2.7 (0) million and excise duties of € 1.1 (4.2) 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 for contingent liabilities of € 9.7 million, € 8.8 million are expected to be utilised in the 2022/23 financial year and the remaining amount over the next five years. The additions to the provisions include compounding costs of € 11 (18) thousand.

(24) Trade payables and other liabilities

€ thousands	28/02/2022	28/02/2021
Trade payables	101,803	59,371
Other liabilities	83,719	32,470
	185,522	**91,841**

Trade payables increased by € 42.4 million to € 101.8 million, particularly due to the higher price level for raw materials.

Other liabilities, amounting to € 83.7 (32.5) million, mainly comprise negative mark-to-market values of derivative hedging instruments of € 34.2 (12.1) million, liabilities in the form of ring-fenced obligations from hedging transactions of € 29.1 (3.6) million, liabilities in respect of other taxes amounting to € 10.5 (7.1) million, liabilities in respect of personnel expenses of € 8.6 (9.0) million and other liabilities of € 1.3 (0.7) million.

(25) Financial receivables / liabilities

€ thousands	28/02/2022	28/02/2021
Financial receivables	195,000	143,700
Securities	14,968	14,991
Cash and cash equivalents	31,484	6,011
Liabilities from leases	-11,533	-9,584
Other financial liabilities	0	-471
Net financial assets	**229,919**	**154,647**

The net financial position as of 28 February 2022 shows net financial assets of € 229.9 (154.6) million. These net financial assets consist of short-term investments in fixed-interest securities totalling € 15.0 (15.0) million, cash and cash equivalents of € 31.5 (6.0) million and current financial receivables from Südzucker AG amounting to € 195.0 (143.7) million less liabilities from leases of € 11.5 (9.6) million. There were no other financial liabilities in the current financial year.

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

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

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

Südzucker AG entered, on 12 July 2019, into an agreement with a bank consortium in respect of a syndicated line of credit totalling € 600 million. The term ends in 2026 after exercise of the options to extend. CropEnergies AG has joined this line of credit with a sub-credit line of € 100 million. The credit line was not drawn as of 28 February 2022.

Loan receivables of € 0.4 (0.7) 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 € 31.5 (6.0) million consist of short-term bank deposits with banks of prime credit standing. The group also has current financial receivables of € 195.0 (143.7) 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 hedge 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 February	**2022**	2021	**2022**	2021
Cash flow hedge derivatives				
Wheat futures	203,504	102,258	36,573	6,597
Ethanol derivatives	95,800	195,549	-31,869	-9,334
Currency derivatives	21,031	6,985	338	-21
Gas swaps	38,698	1,143	35,115	138
Total cash flow hedge derivatives	**359,033**	**305,935**	**40,157**	**-2,620**

€ thousands	**Nominal value**		**Market value**	
28 February	**2022**	2021	**2022**	2021
Derivatives held for trading				
Wheat options	21,200	4,881	-445	-98
Total derivatives held for trading	**21,200**	**4,881**	**-445**	**-98**

The nominal volume of derivatives having a maturity of more than one year amounts to € 65.5 million.

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 € 203.5 (102.3) million with a market value of € 36.6 (6.6) 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 € 24.0 million.

Exchange-traded options were entered into in order to hedge risks arising from the volatility of wheat prices. On the balance sheet date, the volume of wheat options amounted to € 21.2 (4.9) million with a market value of € -0.4 (-0.1) million. 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 € 45 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 € 95.8 (195.5) million with a market value of € -31.9 (-9.3) 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 ethanol 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 € 12.8 million.

The total volume of currency derivatives was € 21.0 (7.0) million, with a market value of € 0.3 (0) million. 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 € -1.9 and € 2.4 million, respectively.

Gas swaps were used to hedge energy price risks. As of the balance sheet date, the volume of gas swaps amounted to a nominal volume of € 38.7 (1.1) million with a market value of € 35.1 (0.1) 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 € 7.4 million.

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 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 2022 was € 40.2 (-2.6) million. On the reference date, effects from completed cash flow hedges amounting to € 35.2 (0.3) million 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 essential 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.

€ thousands	Valuation category according to IFRS 9	28 February 2022 Book value	28 February 2022 At fair value through profit or loss	28 February 2021 Book value	28 February 2021 At fair value through profit or loss
Financial assets					
Current financial receivables	At amortized cost	195,000	195,000	143,700	143,700
Trade receivables	At amortized cost	92,103	92,103	68,732	68,732
Other assets	At amortized cost	48,339	48,339	26,329	26,329
Securities	At amortized cost	14,968	14,968	14,991	14,991
Cash and cash equivalents	At amortized cost	31,484	31,484	6,011	6,011
Derivatives held for trading (positive market value)	At fair value through profit or loss	0	0	0	0
Cash flow hedge derivatives (positive market value)	n/a (Hedge Accounting)	73,893	73,893	9,347	9,347
		455,787	455,787	269,110	269,110
Financial liabilities					
Liabilities from leases	n/a	11,533	-	9,584	-
Trade payables	At amortized cost	101,803	101,803	59,371	59,371
Other liabilities	At amortized cost	30,411	30,411	4,797	4,797
Derivatives held for trading (negative market value)	At fair value through profit or loss	445	445	97	97
Cash flow hedge derivatives (negative market value)	n/a (Hedge Accounting)	33,736	33,736	11,968	11,968
		177,928	166,395	85,817	76,233

Sum totals of valuation categories € thousands	28 February 2022 Book value	28 February 2022 At fair value through profit or loss	28 February 2021 Book value	28 February 2021 At fair value through profit or loss
Assets valuated at amortized costs	381,894	381,894	259,763	259,763
Assets valuated at fair value through profit or loss	0	0	0	0
Liabilities valuated at fair value through profit or loss	445	445	97	97
Liabilities valuated at amortized costs	132,214	132,214	64,168	64,168

€ thousands	Net result profit (+) / loss (-) according to valuation category IFRS 9 2021/22	2020/21
Assets valuated at amortized costs	685	4,725
Assets and liabilities valuated at fair value through profit or loss	9,440	1,093
Liabilities valuated at amortized costs	-3,823	-6,041

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 € -1.2 (-0.9) million. This consists of interest income of € 0.1 (0.1) million and interest expenses of € 1.2 (1.0) million.

Ineffectiveness, which arose from maturity mismatches between hedged item and hedging transaction, needed to be recognised in the amount of € 15 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 2021/22 financial year, no reclassifications were made between the respective measurement levels.

	Fair Value Hierarchy							
€ thousands	**28 February 2022**	**Level 1**	**Level 2**	**Level 3**	**28 February 2021**	**Level 1**	**Level 2**	**Level 3**
Positive market values – Cash flow hedge derivatives	73,893	36,573	37,320	0	9,347	9,174	173	0
Positive market values – Derivatives held for trading	0	0	0	0	0	0	0	0
Financial assets	**73,893**	**36,573**	**37,320**	**0**	**9,347**	**9,174**	**173**	**0**
Negative market values – Cash flow hedge derivatives	33,736	31,869	1,867	0	11,968	11,911	57	0
Negative market values – Derivatives held for trading	445	445	0	0	97	97	0	0
Financial liabilities	**34,181**	**32,314**	**1,867**	**0**	**12,065**	**12,008**	**57**	**0**

Impairments on financial instruments were only necessary in trade receivables and amounted to € 1.1 (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 gas and currency derivatives are calculated based on discounted cash flows expected in the future, taking into account forward rates for currencies, raw materials and energy (market comparison procedure).

In the 2021/22 financial year, CropEnergies incurred expenses of € 0.5 (0.4) 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 at 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.

Südzucker AG entered, on 12 July 2019, into an agreement with a bank consortium in respect of a syndicated line of credit totalling € 600 million. The term ends in 2026 after exercise of the options to extend. CropEnergies AG has joined this line of credit with a sub-credit line of € 100 million. The credit line was not drawn as of 28 February 2022.

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

€ thousands	28 February 2022	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		11,533	31,639	4,928	1,745	512	479	439	23,536
Trade payables		101,803	101,803	101,803	0	0	0	0	0
Other liabilities		30,411	30,411	30,411	0	0	0	0	0
Derivatives held for trading (negative market value)		445	445	325	120	0	0	0	0
Cash flow hedge derivatives (negative market value)		33,736	33,736	33,392	344	0	0	0	0
		177,928	**198,034**	**170,859**	**2,209**	**512**	**479**	**439**	**23,536**

€ 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**

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 2022, CropEnergies has no other financial liabilities. However, negative interest may increasingly 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.

EMPLOYEES

"The dedication, commitment and expertise of our employees is the basis for the success of the CropEnergies Group."

EMPLOYEES 2022

472

EMPLOYEES

♂ 77%

♀ 23%

WORK WHERE YOU LIVE

VISION ZERO

ZERO ACCIDENTS – WORKING HEALTHILY

IN 2021, ZERO ACCIDENTS AT THE LOON-PLAGE, WILTON AND WANZE SITES; ZERO FATAL ACCIDENTS SINCE THE FOUNDATION OF CROPENERGIES.

AS PART OF SÜDZUCKER GROUP, CROPENERGIES IS A CO-SIGNER OF THE "CHARTA DER VIELFALT" (DIVERSITY CHARTER).

www.charta-der-vielfalt.de

EMPOWERING WOMEN PROGRAMME

The Empowering Women Programme forms the basis for targeted personnel development of women with management responsibility in the Südzucker Group.

MOBILE WORK

2000 TRAINING COURSES

WERE COMPLETED BY CROPENERGIES EMPLOYEES VIA THE LEARNING PLATFORM IN THE FINANCIAL YEAR. THESE INCLUDE, E. G. WORK SAFETY, QUALITY, DATA PROTECTION, COMPLIANCE, SOFT SKILLS.

Employees can now complete a large part of the training courses that previously took place at fixed times at the sites according to their individual requirements.

WORK-LIFE-BALANCE

Other disclosures

(30) Contingent liabilities and other financial obligations

On the reporting date, there were open purchase order commitments of € 25.7 (29.0) million for capital expenditures and € 348.4 (212.2) 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 € 27.1 (14.6) 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 € 89.4 (84.9) million. Throughout the 2021/22 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 € 1.02 (0.97), 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 € 168.8 (148.4) million, cash flow after taxes also increased to € 130.1 (122.3) million. Including the change in net working capital, cash flow from operating activities amounted to € 147.0 (105.9) million.

The cash outflows for tax payments amounted to € 37.0 (17.1) million and are attributable to operating activities. In addition, there were interest expenses of € 0.7 (0.4) million and interest receipts of € 0.1 (0) million, likewise attributable to operating activities. The capital expenditures of € 35.8 (28.8) 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 € 51.3 (55.2) million. The cash receipts from divestments amounting to € 0.7 (0.5) million relate to the final inflows from the sale of Ryssen Chile SpA.

As of 28 February 2022, cash and cash equivalents amounted to € 31.5 (6.0) million.

The total cash outflow from financing activities consisted of the dividend distribution of € 30.5 (26.2) million which took place in July 2021, payments for lease liabilities of € 4.2 (4.0) million, the acquisition of own shares of € 0.2 (0) million and the decrease (increase) in other financial liabilities of € 0.5 (0.5) million.

(33) Group auditor's fees

For services performed by the Group's independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, expenses of € 149 (136) thousand were incurred in the 2021/22 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 € 17 (16) thousand. The fees for other attestation services mainly comprise services in the context of energy legislation and for investment proofs 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 8 November 2021. 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 € 31.2 (17.1) million. In addition, services worth € 3.7 (3.4) million, research & development work worth € 1.3 (1.1) million as well as other services worth € 1.1 (1.1) million were provided.

Set against this, the CropEnergies Group received € 7.8 (2.4) million from Südzucker AG for supplies of goods, € 0.4 (0.2) million for services provided and € 0.1 (0.1) million for other services.

On the balance sheet date, receivables of € 5.9 (0) million were outstanding from Südzucker AG in respect of the aforesaid related party transactions. Liabilities outstanding to Südzucker AG amounted to € 16.6 (3.5) million, while financial receivables outstanding from Südzucker AG totalled € 195.0 (143.7) million. For this, a custody fee of -0.11% for a volume of € 195 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 € 40.0 (19.7) million. In addition, services worth € 0.8 (0.8) million were provided.

Set against this, the CropEnergies Group received € 62.8 (56.8) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 3.1 (2.2) million and compensation payments of € 0.4 (0.3) million.

On the balance sheet date there were receivables of € 8.2 (8.9) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 7.8 (3.3) 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 € 0.4 (0.7) 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 For the 2021/22 financial year, the entire executive board received a total remuneration in accordance with IAS 24 of € 1,348 (1,402) thousand, of which short-term benefits accounted for € 1,038 (1,202) thousand, post-employment benefits for € 100 (200) thousand and share-based payments for € 210 (0) thousand. The outstanding balances due to the executive board as of 28 February 2022 amounted to € 3.5 (3.2) million.

The total compensation pursuant to § 314 para. 1 no. 6 HGB amounts to € 1,248 (1,202) thousand. Of this amount, € 210 (0) thousand is attributable to the share-based system. Pension provisions for active executive board members amounted to € 3.3 (3.2) million. In the 2021/22 financial year, an amount of € 0.1 (0.2) million was added to the provisions. Pension provisions of € 6.2 million exist for former executive board members.

Supervisory board I Assuming that the annual general meeting approves the proposed dividend on 12 July 2022, the remuneration for the entire activities of the supervisory board members of CropEnergies AG will amount to € 450 (349) thousand for the 2021/22 financial year, with the fixed and variable remuneration excluding committee compensation accounting for € 338 (263) thousand. In addition, out-of-pocket expenses amounting to € 5 (4) thousand were reimbursed.

With effect from the 2021/22 financial year, a separate report on executive board and supervisory board remuneration will be published on the CropEnergies website.

(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 until 17 May 2021

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
- *Freiberger Holding GmbH, Berlin*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Dr. Hans-Jörg Gebhard

Eppingen
Former 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, Vienna (Austria), (1st Deputy Chairman)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (2nd Deputy Chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart (Deputy Chairman)*
- *Vereinigte Hagelversicherung VVaG, Gießen*

Dr. Thomas Kirchberg
Deputy Chairman since 17 May 2021

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*

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

Supervisory board committees

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

Nomination committee
Dr. Thomas Kirchberg *(Chairman since 17 May 2021)*
Thomas Kölbl *(Chairman until 17 May 2021)*
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

Personnel committee
Dr. Hans-Jörg Gebhard *(Chairman)*
Dr. Thomas Kirchberg
Thomas Kölbl
Prof. Dr. Markwart Kunz

(37) Executive board

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

Jürgen Böttcher (CTO)
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	Wilton	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 € 89.4 (84.9) million. After an allocation of € 42.5 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 € 42.8 million.

The executive board and supervisory board will propose to the annual general meeting on 12 July 2022 that, from the unappropriated profit of CropEnergies AG of € 39.3 million, a corresponding dividend of € 0.45 per share be distributed, a further € 3.0 million be allocated to the revenue reserves and the remaining unappropriated profit of € 0.6 million be carried forward. In the above proposal for the appropriation of profit, the total number of shares of 87,250,000 has been reduced by 18,694 treasury shares. This means that there are 87,231,306 dividend-bearing shares.

(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	**28/02/2022**	**28/02/2021**
Total assets	982.7	742.4
Capital Employed	492.4	471.0
Inventories	108.0	73.2
Total liabilities	-286.3	-176.3
Net financial position	229.9	154.6
Expenditures on property, plant and equipment and intangible assets	35.8	28.8
Number of employees	455	450

€ million	**28/02/2022**	**28/02/2021**
Carrying amount fixed and intangible assets		
Germany	120.5	129.3
Other countries	246.7	237.2
	367.2	**366.5**
Expenditures on property, plant and equipment and intangible assets*	**2021/22**	**2020/21**
Germany	4.8	11.4
Other countries	31.0	17.4
	35.8	**28.8**

** Including assets under construction*

Statement of comprehensive income

1 March 2021 to 28 February 2022

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**1,399,157**	**-323,812**	**1,075,345**
Change in work in progress and finished goods inventories and internal costs capitalised	26,216	-1,487	24,729
Other operating income	19,938	-3,937	16,001
Cost of materials	-1,169,403	328,502	-840,901
Personnel expenses	-41,648	139	-41,509
Depreciation	-42,519	685	-41,834
Other operating expenses	-68,999	4,133	-64,866
Operating profit	**122,742**	**4,224**	**126,966**
Restructuring costs and special items	0	0	0
Income from companies consolidated at equity	0	244	244
Income from operations	**122,742**	**4,467**	**127,209**
Financial result	-2,986	24	-2,962
Earnings before income taxes	**119,756**	**4,491**	**124,247**
Taxes on income	-33,400	-1,447	-34,847
Net earnings for the year	**86,356**	**3,044**	**89,400**

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**

Income from operations, amounting to € 127.2 (108.2) million, less net restructuring costs and special items as well as at equity earnings gives rise to operating profit of € 127.0 (107.0) million. It comprises the reporting segment amounting to € 122.7 (110.7) million and consolidation of € 4.2 (-3.7) 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	**2021/22**	**2020/21**
Germany	241,072	209,747
United Kingdom	298,345	192,338
Belgium	204,694	125,428
Netherlands	145,623	120,460
France	94,450	71,069
Poland	5,312	27,401
Other countries	85,849	86,673
	1,075,345	**833,116**

In the 2021/22 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, 25 April 2022

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, 25 April 2022

THE EXECUTIVE BOARD

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

INDEPENDENT AUDITORS' 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 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 March 2021 to 28 February 2022, 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 2021 to 28 February 2022. 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 2022, and of its financial performance for the financial year from 1 March 2021 to 28 February 2022, 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 2021 to 28 February 2022. 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 203.5 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 36.6 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. The total notional volume in the fiscal year amounted to EUR 21.2 million. The negative fair values amount to EUR 0.4 million.

On the ethanol market, purchase agreements are entered into with customers, with the sales price indexed to a variable ethanol price. The companies of the CropEnergies Group have therefore concluded derivative financial instruments (ethanol futures) with a notional volume of EUR 95.8 million to hedge against price fluctuations arising from the sale of ethanol. The negative fair values of the derivative financial instruments used as ethanol price hedges amount to EUR 31.9 million are offset by positive fair values of EUR 0 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 with a notional volume of EUR 38.7 million that are designated in a hedge accounting relationship. The negative fair values of the derivative financial instruments of EUR 1.9 million are offset by positive fair values of EUR 37 million.

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. A further component of the audit was the recognition in the balance sheet of derivative financial instruments not designated as hedges. We verified that the conditions for applying hedge accounting and the estimates and assumptions made by the executive directors were sufficiently substantiated and documented.

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 other information comprises

- 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 cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with 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

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

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the ”ESEF documents”) contained in the electronic file CE_AG_KA_KLB_ESEF-2022-02-28.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 work extends only 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 these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 March 2021 to 28 February 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: 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 renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 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 supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work 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 work. 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 opinion.
- Obtain an understanding of internal control relevant to the assurance work 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 opinion 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 in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering 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) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on 13 July 2021. We were engaged by the supervisory board on 13 July 2021. 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).

REFERENCE TO ANOTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Stefan Hartwig.

Frankfurt am Main, den 25 April 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Hartwig	sgd. ppa. Nils Kern
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

GLOSSARY

Alcohol I ➔ Ethanol.

anthropogenic I The term a. denotes all human influences that have a direct or indirect impact on the environment. The a. ➔ greenhouse gases emitted by human activities, in particular since the beginning of the industrial age, lead to a change in the atmosphere and their effect is referred to as man-made climate change.

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 to 27.5 vol.-% in Brazil; 10 to 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.

Climate variability I Internally and externally caused climate fluctuations that go beyond individual weather events. External drivers can be both natural (volcanic eruption) as well as ➔ anthropogenic.

CO_2 I ➔ Carbon dioxide.

Commodity I Standardised, homogeneous commodities traded on exchanges.

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®.

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.

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 materials.

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. In addition, all disclaimers published on the CropEnergies website apply.

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Innovation from Biomass

Financial calendar

Statement for the 1st quarter of 2022/23	6 July 2022
Annual general meeting 2022	12 July 2022
Report 1st half-year 2022/23	12 October 2022
Statement for the 1st to 3rd quarter of 2022/23	11 January 2023
Annual press and analysts' conference financial year	24 May 2023

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