



**cropenergies**

Innovation from Biomass

22



23



Annual Report





## CROPENERGIES – GROUP FIGURES OVERVIEW

IFRS/IAS		2022/23	2021/22	2020/21	2019/20	2018/19
<b>Result</b>						
<b>Revenues</b>	€ thousands	1,488,273	1,075,345	833,116	899,175	778,612
<b>EBITDA</b>	€ thousands	293,979	168,800	148,404	146,139	72,051
in % of revenues	%	19.8	15.7	17.8	16.3	9.3
<b>Operating profit</b>	€ thousands	251,002	126,966	107,033	103,893	32,783
in % of revenues	%	16.9	11.8	12.8	11.6	4.2
<b>Income from operations</b>	€ thousands	251,345	127,209	108,203	104,090	43,087
Net earnings	€ thousands	196,556	89,400	84,916	74,551	21,263
in % of revenues	%	13.2	8.3	10.2	8.3	2.7
<b>Cash flow and capital expenditures</b>						
Cashflow	€ thousands	238,689	130,113	122,277	120,196	59,094
in % of revenues	%	16.0	12.1	14.7	13.4	7.6
Capital expenditures in property, plant and equipment*	€ thousands	46,828	35,774	28,829	29,884	13,222
<b>Balance sheet</b>						
Total assets	€ thousands	1,046,870	982,746	742,433	669,628	585,748
Net financial assets	€ thousands	318,095	229,919	154,647	107,309	36,813
Equity	€ thousands	783,750	696,419	566,146	502,881	448,711
in % of total liabilities and shareholders' equity	%	74.9	70.9	76.3	75.1	76.6
<b>Performance</b>						
Property, plant and equipment*	€ thousands	372,030	361,129	360,415	371,521	371,369
Goodwill	€ thousands	6,095	6,095	6,095	6,095	6,095
Working Capital	€ thousands	162,786	125,144	104,441	78,491	84,877
Capital Employed	€ thousands	540,911	492,368	470,951	456,107	462,341
ROCE	%	46.4	25.8	22.7	22.8	7.1
<b>Shares</b>						
Market capitalization	€ million	1,016	1,087	975	812	462
Total shares issued of 28/29 February	million	87.25	87.25	87.25	87.25	87.25
Closing price on 28/29 February	€	11.64	12.46	11.18	9.31	5.29
Earnings per share	€	2.25	1.02	0.97	0.85	0.24
Dividend per € 1 share	€	0.60**	0.45	0.35	0.30	0.15
Yield as of 28/29 February	%	5.2	3.6	3.1	3.2	2.8
<b>Production</b>						
Ethanol	1,000 m <sup>3</sup>	1,057	1,051	987	1,002	967
<b>Employees</b>						
Number of employees (full-time equivalents)		480	455	450	450	433

\* Including intangible assets

\*\* Proposed



**Innovation from Biomass – with intelligent, successful solutions for our customers, for less CO<sub>2</sub>. This is what CropEnergies stands for. We will continue to write this success story – and further develop our five focus topics in the process. These indicate how CropEnergies can achieve the vision of a more climate-friendly world with sustainable products. What are our plans and what do they look like in concrete terms? You can read more about that in this annual report. Find out from 5 employees from 5 locations how we bring the CropEnergies strategy to life!**

**Sustainability** (Page 20/21)



**Circular Economy** (Page 56/57)



**Production** (Page 88/89)



**Diversification** (Page 106/107)



**Employees** (Page 154/155)



## TABLE OF CONTENTS

<b>Group figures overview</b>	<b>2</b>
<b>Company profile</b>	<b>6</b>
<b>To our shareholders</b>	<b>8</b>
Letter to shareholders	8
Supervisory board and executive board	10
Supervisory board report	12
Share and capital market	22
<b>Group management report</b>	<b>26</b>
Foundations of the group	26
Group structure	26
Corporate management	27
Value-based management	27
Financial management	28
Guiding principles and corporate strategy	28
Sustainability	30
Strategy and governance	30
Environment and climate	34
Supply chains and products	40
Society	43
Innovation, research and development	46
Employees	48
Investments	54
Report on the economic situation	58
Overall assertion on business performance	58
Report on business operations	58
Results of operations, financial position, assets and liabilities	66
Results of operations	66
Financial position	67
Assets and liabilities	68
Economic value added, capital structure and dividend	69
Actual and forecast business performance	72

<b>Outlook</b>	<b>73</b>
<b>Risk and opportunities report</b>	<b>75</b>
Risk management system	75
Overview of short-term risks and opportunities	76
Coronavirus pandemic	76
Ukraine war	77
Operating environment	78
Operational risks and opportunities	78
Finance	81
Overview of medium-term and long-term opportunities and risks	81
Compliance	85
Summary of the risks and opportunities	85
Accounting-related internal control and risk management system	86
<b>Corporate management and responsibility / corporate governance</b>	<b>90</b>
Executive board and supervisory board	90
Corporate governance	95
Internal control system and risk management system	96
Compliance	97
General meeting	98
Takeover-related disclosures	99
<b>Consolidated Financial Statements</b>	<b>101</b>
Statement of comprehensive income	101
Cash flow statement	102
Balance sheet	103
Development of shareholders' equity	104
Notes to the consolidated financial statements	108
<b>Responsibility statement</b>	<b>167</b>
<b>Independent auditor's report</b>	<b>168</b>
<b>Glossary</b>	<b>175</b>
<b>Forward-looking statements and forecasts</b>	<b>179</b>

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

# Company profile

CropEnergies AG has its headquarters in Mannheim and is the leading producer and marketer of renewable ethanol in Europe. As a European technology leader with innovative plant concepts, however, we produce more than just fuel substitutes. We produce sustainable products from renewable biomass.

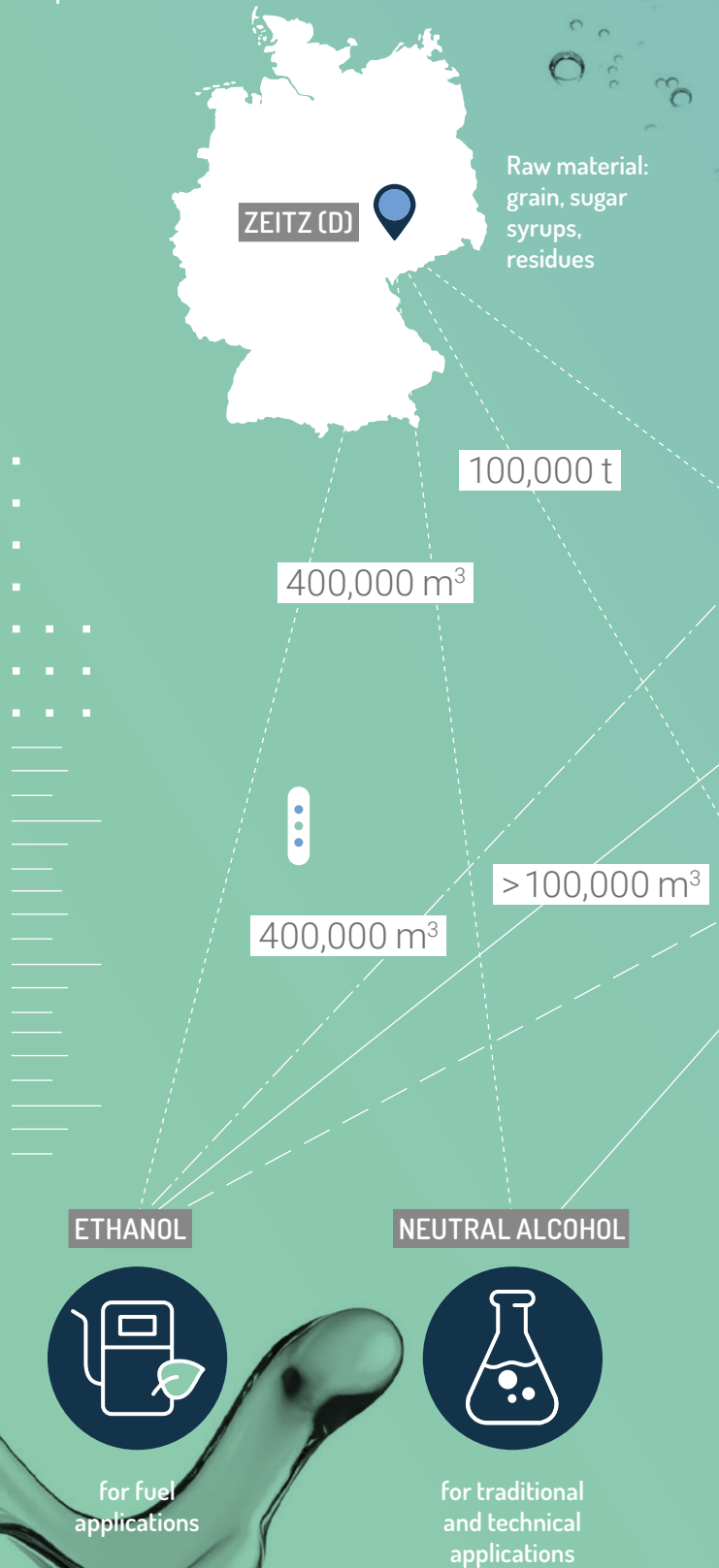
Capacity:  
1,300,000 m<sup>3</sup>  
Ethanol per year

>1,000,000 t  
food and animal feed per year

415,000 t  
liquefied CO<sub>2</sub> per year

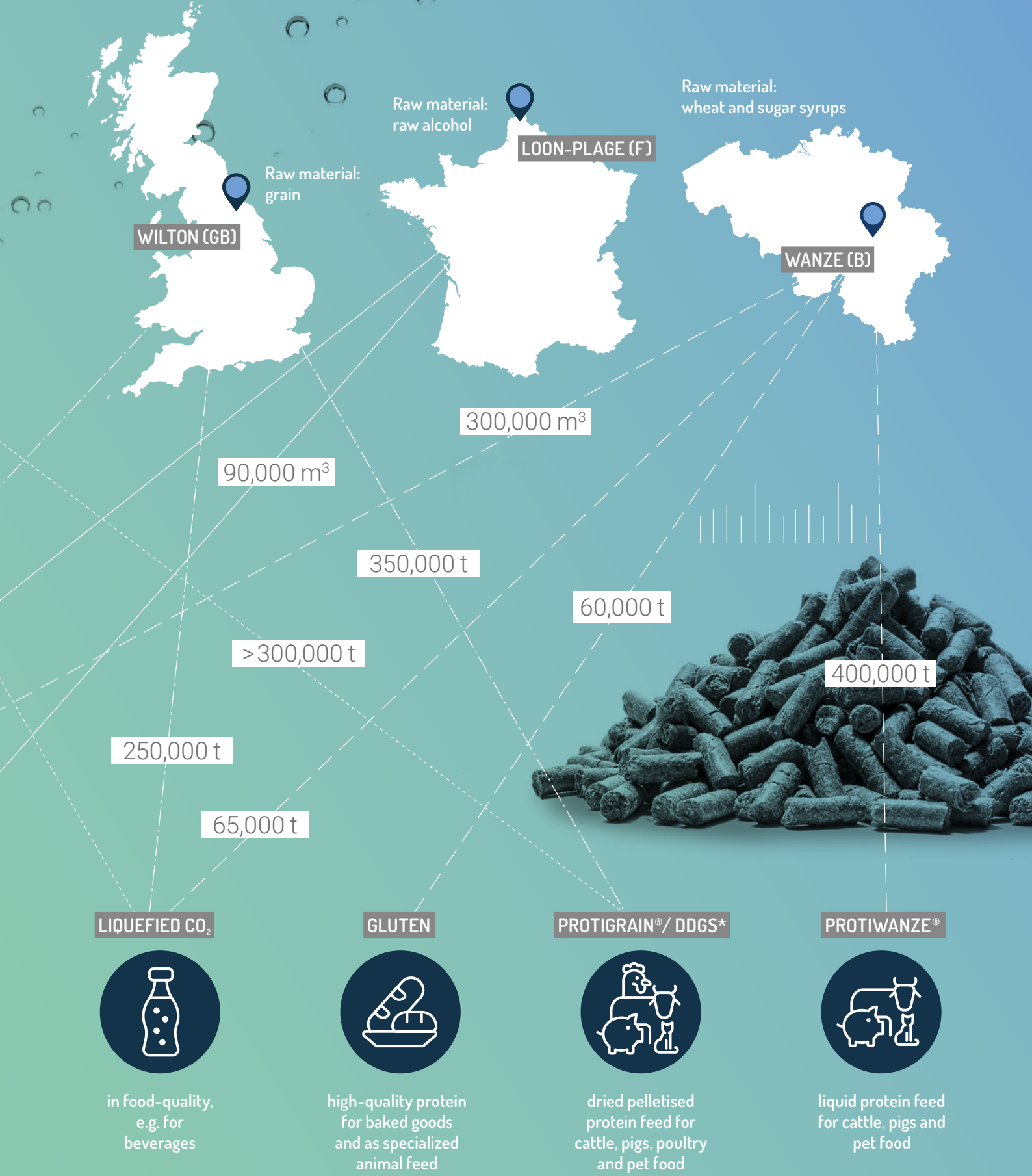
Market capitalisation:  
1,016 million euros  
end of financial year 2022/23

Capacity:  
by location  
and product





Production sites & products



\*Distillers' Dried Grains with Solubles

## LETTER TO SHAREHOLDERS

**Dear Shareholders,**

We look back on a very successful, but also very challenging financial year in 2022/23. Russia's attack on Ukraine in violation of international law shocked us all. The impact on raw material and energy markets was enormous. Despite the numerous challenges, we closed the year with a new record result thanks to our long-term hedging strategy. We are, of course, especially pleased about this.

The markets were subject to great fluctuations throughout the entire financial year. European wheat prices reached a historical high, at around € 440/tonne, in mid-May. This was not, however, due to a lack of grain quantities, but rather to uncertainty about the further course of the war. At the end of February 2023, grain prices were back at pre-war levels. The development on the ethanol markets was similarly turbulent. Spot prices that were around € 1,150/m<sup>3</sup> at the beginning of March 2022 rose to around € 1,300/m<sup>3</sup> in June 2022 only to fall back again to around € 850/m<sup>3</sup> by the end of February 2023. Against this background, CropEnergies significantly increased revenues year over year to around € 1,488 million, generating operating profit of € 251 million. The executive board and supervisory board will therefore propose to the annual general meeting on 11 July 2023 that a dividend of € 0.60 per share be distributed.

At this juncture, we would like to offer our particular thanks to our employees. Although the coronavirus pandemic faded into the background in the financial year, it still presented us with challenges, particularly at the production sites. This time, however, it was mainly the many uncertainties and an ever-increasing volatility due to the war in Ukraine that demanded a great deal from everyone. Commitment of this kind is not a given, and we are very grateful and proud of our team.

After providing you with a detailed presentation of our new strategy and our focal issues (sustainability, production, employees, diversification and circular economy) over the past few years, we now find ourselves in the middle of the implementation phase. This year, we introduce a number of employees behind these strategic issues. They are representative of the various teams at CropEnergies that are working on our focal issues.

We made great progress with a variety of projects in the course of the financial year. In December 2022, we decided to build a plant for producing renewable ethyl acetate in the Zeitz Chemical and Industrial Park. The new production plant will be the first of its kind in Europe. It will manufacture renewable ethyl acetate from sustainable ethanol, using renewable energy sources. This will extend CropEnergies' value chain, enabling us to contribute to additional value creation in Burgenlandkreis. 50,000 tonnes of ethyl acetate a year are expected to be produced there from 2025 onwards. CropEnergies is investing between € 120 and € 130 million in the plant; 50 new jobs are expected to be created.

LXP, the Brandenburg biotech start-up, in which we acquired an equity interest in the summer of 2022, has developed a patented process that enables energy-efficient decomposition of lignocellular biomass. Another partner, Syclus, in which CropEnergies has acquired a 50% stake, is planning to build an industrial-scale plant for the production of renewable ethylene from sustainable ethanol. CropEnergies' third equity interest involves East Energy, an experienced project developer that intends to construct photovoltaic parks with a capacity of one gigawatt over the next few years. In addition, possible projects for manufacturing green hydrogen and methanol are being examined with our partner, East Energy.

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. At the beginning of 2023, promising first results were presented by our partners at specialist congresses. For example, E20 is not only able to lower the existing fleet's greenhouse gas emissions significantly, but also to contribute, owing to lower pollutant emission, to improving air quality, particularly in inner cities.

At the political level, the negotiations on amending the "Renewable Energy Directive", begun in 2021, made progress and were successfully concluded in March 2023 with the provisional agreement of European Parliament and Council. In the transport sector, member states are, in future, to have a choice between a GHG reduction target of 14.5% and an energy blending target of at least 29%. This is expected to significantly increase demand for renewable energy sources in the transport sector compared with the current blending target of 14% in the year 2030.

CropEnergies' overriding aim is to ensure the well-being of current and future generations through sustainable business activity. Our sustainability strategy is therefore particularly important. We are focusing on objectives and measures that are in accord with the vision of an economically and ecologically sustainable company that acts in a socially responsible manner. In addition, we intend to promote CropEnergies' transparency and sustainable networking. In the 2022/23 financial year, CropEnergies disclosed information to the Carbon Disclosure Project (CDP) and joined the United Nations (UN) Global Compact. By participating in the UN Global Compact, CropEnergies has also committed to the so-called Sustainable Development Goals (SDGs). Further details about this can be found in the section on sustainability.

We would like to continue to design our path to a climate-friendly future together with you, dear shareholders. 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)

## To our shareholders

Supervisory board and executive board

# SUPERVISORY BOARD AND EXECUTIVE BOARD

## Supervisory board

### **Dr. Thomas Kirchberg**

*Chairman since 12 July 2022*

### **Würzburg**

*Former member of the executive board of Südzucker AG*

### **Prof. Dr. Markwart Kunz (until 12 July 2022)**

*Chairman*

### **Braunschweig**

*Former member of the executive board of Südzucker AG*

### **Helmut Friedl (since 12 July 2022)**

*Deputy chairman*

### **Egling a. d. Paar**

*Chairman of the executive board of  
Verband bayerischer Zuckerrübenanbauer e. V.*

### **Thomas Kölbl**

### **Speyer**

*Member of the executive board of Südzucker AG*

### **Dr. Hans-Jörg Gebhard**

### **Eppingen**

*Former chairman of the executive board of  
Verband Süddeutscher Zuckerrübenanbauer e. V.*

### **Franz-Josef Möllenberg (until 12 July 2022)**

### **Rellingen**

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

### **Ökonomierat Norbert Schindler (until 12 July 2022)**

### **Bobenheim am Berg**

*President of the Chamber of Agriculture of  
Rhineland-Palatinate*

### **Dr. Stefan Streng (since 12 July 2022)**

### **Uffenheim**

*Chairman of the executive board of  
Verband Süddeutscher Zuckerrübenanbauer e. V.*

### **Dr. Susanna Zapreva (since 12 July 2022)**

### **Hanover**

*Chairwoman of enercity AG, Hanover*

## 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*

### Jürgen Böttcher

Chief Technical Officer (CTO)

#### Erfurt

First appointed: 1 May 2020  
Appointed until: 31 July 2025

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

### Dr. Fritz Georg von Graevenitz

Chief Sales Officer (CSO)

#### Heidelberg

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

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



Dr. Stephan Meeder



Jürgen Böttcher



Dr. Fritz Georg von Graevenitz

*A list of mandates held can be found on page 160  
onwards of the annual report.*

## SUPERVISORY BOARD REPORT

### **Dear Shareholders,**

Russia's invasion of Ukraine had a significant influence on our 2022/23 financial year. Price developments, which were already volatile as it was, fluctuated in increasingly extreme ranges. This was observable on both energy and raw material markets. The EU was very painfully reminded of the European economy's dependence on energy imports. The impact of the coronavirus pandemic, on the other hand, continued to decline, with the last restrictions in public life also being lifted towards the end of the financial year.

Climate protection became increasingly prominent in public perception and political debate during the last financial year, the main driver being the so-called "Fit-for-55" reform package, by means of which the EU regulatory framework for climate and energy policy is to be brought into line with the objective of lowering net GHG emissions by at least 55% by the year 2030. In this context, Council and Parliament agreed to amend the "Renewable Energy Directive" and to increase renewable energies' share of the EU's total energy consumption to 42.5% by 2030.

CropEnergies made important progress in realigning the company for the future in the past financial year, focusing on sustainability of raw materials, products and production processes as well as diversification of the portfolio. CropEnergies will follow its mission to be the best partner for its customers and suppliers and to supply them with sustainable products from biomass. Our aim is to offer sustainable, renewable products which ensure that fossil carbons permanently remain in the ground.

The supervisory board actively involved itself in these developments in the 2022/23 financial year and, in doing so, 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 strategic development, the course of business, the position and the development of the corporate group, including the risk situation, and about risk management, sustainability and compliance issues. The executive board reported on the course of business and the position of the company at all ordinary meetings of the supervisory board. These reports were mainly concerned with the company's position and development, strategy, corporate policy, profitability, risk management and the corporate, financial, investment, research and personnel planning, related to CropEnergies AG and the CropEnergies Group in each case. Issues of sustainability, the ecological and social impact of corporate activities and the challenges of climate change for future business development were regularly discussed.

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 supervisory board was regularly informed by the executive board, from the beginning of the Russian war of aggression against Ukraine, about the actual and potential impact on the company as well as about the measures taken in this respect. The same applies to the company's situation in respect of the coronavirus pandemic.

**Supervisory board meetings and resolutions** | Six ordinary and two extraordinary meetings of the supervisory board took place in the 2022/23 financial year. The executive board attended all meetings except for the discussion of supervisory board internal matters and the extraordinary meeting on 24 February 2023. The meetings on 16 May, 11 and 12 July and 7 November 2022 were held exclusively in person. The meetings on 5 April, 2 December 2022 and 24 February 2023 were video conferences. The meeting on 20 February 2023 was held as a hybrid event – some supervisory board members were physically present and some connected virtually via video conference.

In addition to the meetings, the supervisory board adopted four resolutions by written procedure.

Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board.

On **29 March 2022**, the supervisory board gave its approval, by written procedure, to the annual general meeting being held virtually.

At the meeting on **5 April 2022**, the medium-term planning was presented. Furthermore, the possible equity investment in LXP Group GmbH was discussed. The supervisory board updated the diversity concepts for supervisory board and executive board, thereby implementing the new requirements of the German Corporate Governance Code and the *Finanzmarktintegritätsstärkungsgesetz* (Financial Market Integrity Strengthening Act). At the same time, the target specifications for the proportion of women on the supervisory board and the executive board were updated. Furthermore, internal matters of the supervisory board were addressed.

On **2 May 2022**, the supervisory board approved, by written procedure, the equity investment in LXP Group GmbH.

At its annual account meeting on **16 May 2022**, the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2021/22, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2021/22 annual financial statements and consolidated financial statements. The independent auditor, PwC, subsequently reported on the focus and results of the audit. 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. The supervisory board prepared the 2022 virtual annual general meeting and adopted its agenda and resolution proposals (including the candidate proposals for the election of the new supervisory board). Based on the audit committee's recommendation, it also approved the proposal to be made to the annual general meeting in respect of the election of the independent auditor. The supervisory board also approved CropEnergies AG's compensation report for the 2021/22 financial year presented in the invitation to the annual general meeting. Furthermore, owing to the sharp increase in energy prices, the status of the CropEnergies Group's energy security was discussed. In addition, the possible equity investment in East Energy GmbH was addressed and the equity investment in Syclus BV approved. Lastly, internal matters of the supervisory board were addressed.

## To our shareholders

### Supervisory board report

At the meeting on **11 July 2022** – on the day before the virtual annual general meeting – the updated earnings projection for 2022/23 was presented. The supervisory board approved the investment plans for 2023/24 and the long-term investment plans. Furthermore, the supervisory board approved the start of detailed engineering for the ethyl acetate project. In addition, internal matters of the supervisory board were addressed.

At its meeting subsequent to the annual general meeting on **12 July 2022**, the newly elected supervisory board constituted itself. The chairman and deputy chairman of the supervisory board were elected and positions in the committees of the supervisory board filled. Furthermore, an amendment to the declaration of conformity was decided and the newly formed supervisory board informed about the current status of the project regarding the possible equity investment in East Energy GmbH.

On **1 August 2022**, the supervisory board approved, by written procedure, the equity investment in East Energy GmbH.

On **12 October 2022**, the supervisory board passed a resolution, by written procedure, on extending Jürgen Böttcher's executive board appointment until 31 July 2025.

At the meeting on **7 November 2022**, the supervisory board addressed the earnings projection for the 2022/23 financial year and approved an investment supplement. As always at the November meeting, the supervisory board focused on the issue of corporate governance, conducted the annual self-assessment of its activity and approved the declaration of conformity for 2022. The rules of procedure of the supervisory board and the audit committee were also amended and the regular agenda item of compliance was addressed. Lastly, internal matters of the supervisory board were discussed.

At the extraordinary meeting on **2 December 2022**, the supervisory board approved the investment in the plant for manufacturing renewable ethyl acetate.

At the meeting on **20 February 2023**, the current earnings projection for the 2022/23 financial year and the medium-term planning were presented. The supervisory board approved an investment supplement. It passed a resolution concerning the proposal to the annual general meeting for the election of the new independent auditor. Furthermore, the supervisory board's diversity concept and expertise profile were amended. The amendment of the executive board compensation system was also discussed.

At the extraordinary meeting on **24 February 2023**, the supervisory board approved the amended executive board compensation system and the new executive board service contracts.

**Supervisory board committees** | In order to carry out its duties efficiently, the supervisory board has formed an audit committee, a nomination committee and a personnel committee. The current composition of the committees is presented under item (36) "Supervisory board" in the notes to the consolidated financial statements. The chairmen of the respective committees reported on the committee meetings at the next supervisory board meeting in each case.



The **audit committee** met six times in the past financial year – in the form of two in-person meetings, three video conferences and one hybrid event.

At its meeting on **10 May 2022**, the audit committee closely studied the annual financial statements of CropEnergies AG and the consolidated financial statements as of 28 February 2022 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. The audit committee had previously carried out an assessment of the quality of the audit of the financial statements.

At the meeting on **4 July 2022**, the audit committee discussed the quarterly statement for the 1<sup>st</sup> quarter of 2022/23.

At the meeting on **12 July 2022** – after the annual general meeting and the constitutive meeting of the supervisory board – the newly formed audit committee addressed the independent auditor's quotation for the audit of the annual financial statements and, following the latter's election by the annual general meeting, issued the mandate for the audit of the financial statements. PwC was also instructed to conduct a formal review of the compensation report.

At the meeting on **11 October 2022**, the audit committee discussed the 2022/23 interim report. It also addressed the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal auditing system as well as IT security. In addition, it focused on the compliance management system and the extended requirements for ecological and social sustainability.

At the meeting on **10 January 2023**, the audit committee discussed the quarterly statement for the 3<sup>rd</sup> quarter of 2022/23 as well as the planning of the audit of the financial statements with the executive board and, without the presence of the executive board, it discussed audit committee internal matters with the independent auditor.

At the additional meeting on **27 January 2023**, a resolution was passed in connection with the proposal to the supervisory board on the election of the new independent auditor.

The **nomination committee** convened on **28 April 2022** and addressed the election of the supervisory board.

The **personnel committee** convened on **12 May 2022**, on **29 September 2022** and on **27 January 2023**. It addressed personnel matters and the further development of the executive board compensation system and prepared the meetings of the supervisory board on 16 May 2022 and 20 February 2023 as well as the supervisory board's written resolution procedure on 12 October 2022.

**Attendance records** | No member was absent from the meetings of the supervisory board or its committees in the 2022/23 financial year.

Overview of member attendance at the respective meetings in the 2022/23 financial year up to the end of the annual general meeting on 12 July 2022:

	<b>Members</b>	<b>Number of participants / number of meetings</b>	<b>thereof in-person meetings</b>	<b>thereof video conferences</b>
Supervisory board	Prof. Dr. Markwart Kunz (Chairman)	3/3	2	1
	Dr. Thomas Kirchberg (Deputy chairman)	3/3	2	1
	Dr. Hans-Jörg Gebhard	3/3	2	1
	Thomas Kölbl	3/3	2	1
	Franz-Josef Möllenberg	3/3	2	1
	Ökonomierat Norbert Schindler	3/3	2	1
<b>Supervisory board committees</b>				
Audit committee	Thomas Kölbl (Chairman)	2/2	1	1
	Prof. Dr. Markwart Kunz	2/2	1	1
	Franz-Josef Möllenberg	2/2	1	1
	Dr. Thomas Kirchberg	2/2	1	1
Nomination committee	Dr. Thomas Kirchberg (Chairman)	1/1	–	1
	Thomas Kölbl	1/1	–	1
	Prof. Dr. Markwart Kunz	1/1	–	1
	Franz-Josef Möllenberg	1/1	–	1
Personnel committee	Dr. Hans-Jörg Gebhard (Chairman)	1/1	–	1
	Dr. Thomas Kirchberg	1/1	–	1
	Thomas Kölbl	1/1	–	1
	Prof. Dr. Markwart Kunz	1/1	–	1

Overview of member attendance at the respective meetings in the 2022/23 financial year from the end of the annual general meeting on 12 July 2022:

	Members	Number of participants / number of meetings	thereof in-person meetings	thereof video conferences	thereof hybrid meeting
Supervisory board	Dr. Thomas Kirchberg (Chairman)	5/5	2	2	1
	Helmut Friedl (Deputy chairman)	5/5	2	2	1
	Dr. Hans-Jörg Gebhard	5/5	2	2	1
	Thomas Kölbl	5/5	2	2	1
	Dr. Stefan Streng	5/5	2	2	1
	Dr. Susanna Zapreva	5/5	2	2	1
<b>Supervisory board committees</b>					
Audit committee	Dr. Susanna Zapreva (Chairwoman)	4/4	1	2	1
	Thomas Kölbl (Deputy chairman)	4/4	1	2	1
	Helmut Friedl	4/4	1	2	1
	Dr. Thomas Kirchberg	4/4	1	2	1
Nomination committee	Thomas Kölbl (Chairman)	0/0	–	–	–
	Dr. Hans-Jörg Gebhard	0/0	–	–	–
	Dr. Thomas Kirchberg	0/0	–	–	–
	Dr. Stefan Streng	0/0	–	–	–
Personnel committee	Dr. Hans-Jörg Gebhard (Chairman)	2/2	–	2	–
	Dr. Thomas Kirchberg	2/2	–	2	–
	Thomas Kölbl	2/2	–	2	–
	Dr. Stefan Streng	2/2	–	2	–

**Supervisory board self-assessment** | Following the recommendation contained in D.12 of the German Corporate Governance Code (GCGC), the supervisory board again assessed how effectively the supervisory board as a whole and its committees perform their duties. 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 GCGC. The evaluation of the questionnaires, the discussion of the results and the deliberations on proposed improvements took place at the meeting on 7 November 2022. The objective is the continuous improvement of the activities of the supervisory board and its committees.

**Compliance I** On 11 January 2023, the regular discussion about fraud and corruption risks took place between the independent auditor, the chairman of the audit committee and the chairman of the supervisory board, 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** A detailed presentation of corporate governance at CropEnergies, including the content of the supervisory board's diversity concept with regard to its future composition and the declaration of conformity for 2022 issued jointly by the executive board and supervisory board, can be found in the report on corporate management and responsibility. Additionally, all the relevant information is available on the Internet at <https://www.cropenergies.com/de/investor-relations/corporate-governance>. The executive board fulfilled its duties, assigned to it by law and its 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. 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 2022/23 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 12 July 2022, at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2022/23 financial year, and the consolidated financial statements and the group management report for 2022/23, and has issued an unqualified audit opinion in each case. 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 2023, 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.

The documents to be examined and the reports of the independent auditor, PwC, 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 11 May 2023 and at the supervisory board's annual account meeting on 22 May 2023, 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 22 May 2023; 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 € 0.60 per share.

**Personnel matters** | Supervisory board changes in the 2022/23 financial year were as follows:

The term of office of all supervisory board members ended upon adjournment of the annual general meeting on 12 July 2022. The term of office of the new supervisory board, i.e., the shareholder representatives elected by the annual general meeting on 12 July 2022, runs for the period until adjournment of the annual general meeting that decides on its approval for the 2026/27 financial year (i.e., until the adjournment of the 2027 annual general meeting).

Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Norbert Schindler had no longer put themselves forward for a position on the supervisory board and therefore stepped down from the supervisory board. Helmut Friedl, Dr. Stefan Streng and Dr. Susanna Zapreva were newly elected to the supervisory board. Dr. Hans-Jörg Gebhard, Dr. Thomas Kirchberg and Thomas Kölbl were re-elected.

At the constitutive meeting of the supervisory board on 12 July 2022, Dr. Kirchberg was elected chairman, and Mr Friedl deputy chairman, of the supervisory board.

The supervisory board wishes to thank those members who have stepped down, Prof. Dr. Kunz and Messrs Möllenberg and Schindler, sincerely for their long-standing commitment to the company's well-being.

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, 22 May 2023

**On behalf of the supervisory board**



**Dr. Thomas Kirchberg**

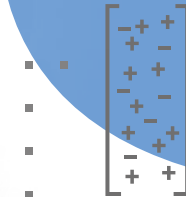
Chairman



From Mannheim, we are an important source of impetus for our locations all over Europe.



MORE THAN



4% Starch component of only

EU grain production is used for European ethanol production.

# Being part of it is everything

For Elisabeth Klunker, as Manager Sustainability & Reporting, helping to shape the future means initiating sustainability projects and preparing them for practical implementation. She always keeps an eye on the corporate goals of CropEnergies: for example, our goal of halving CO<sub>2</sub> emissions from production by 2030.

"Sustainable production? Of course!  
That is the only way to create the basis for  
long-term corporate success in a changing world."

Elisabeth Klunker – CropEnergies AG, Mannheim, Manager Sustainability & Reporting

Our goal:  
halving fossil CO<sub>2</sub> emissions  
in production from  
2018 to 2030



**-Savings**

**million**

TONNES



CO<sub>2</sub> savings  
in Germany in 2021  
by using E5 and E10.



> 95% 

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

> 75% 

reduction of greenhouse gas emissions through  
CropEnergies fuel ethanol.

> 240,000  TONNES

of biogenic carbon dioxide replaced fossil CO<sub>2</sub> in 2022,  
e.g. in the beverage industry

55–70% 

delivery by ship in Wanze and Wilton

## SHARE AND CAPITAL MARKET

### Capital market environment

The development on the stock exchanges was significantly influenced by Russia's war of aggression against Ukraine, particularly at the beginning of the 2022/23 financial year. Not only prices for energy recorded a significant increase, but prices for agricultural raw materials such as wheat and maize also skyrocketed. As a result, the inflation rate in Europe already rose to more than 7% in March 2022; inflationary tendencies also increased globally. Consequently, central banks like the US Federal Reserve (FED) and the European Central Bank (ECB) raised interest rates again for the first time after a long-lasting low-interest phase, thereby heralding a change in interest rate policy.

In the further course of the year, continuing high inflation, an increasing interest rate level and geopolitical tensions caused rising recession fears and a decline in consumer spending. Energy and food price increases, in particular, are giving both industry and households a hard time. Consequently, there were significant losses on the international share markets. At the end of September 2022, the German leading index, DAX®, recorded its low for the year at 11,976 points, but closed 2022 at 13,924 points. Inflation in Germany eventually hit a rate of 7.9% in 2022.

At the beginning of 2023, a significant recovery was noticeable on the international stock exchanges, as recession fears had eased, particularly in light of declining prices for energy and raw materials. According to the European Commission, the economic position in Germany, in particular, is expected to develop better than expected. The ECB continued its anti-inflation course, raising the base rate to 3% at the beginning of February 2023.

The German share indices, DAX®, MDAX® and SDAX®, closed trading on 28 February 2023 at 15,358, 26,648 and 13,383 points, respectively.

### Performance of the CropEnergies share

The CropEnergies share started the 2022/23 financial year at a price of € 12.46. In April 2022, the capital market rewarded the record result for the 2021/22 financial year announced in the context of the publication of provisional figures and the proposal to increase the dividend to € 0.45 (previous year: € 0.35) per share, and a pleasing price hike to over € 14 occurred. In May 2022, the share came under pressure, as parts of the federal government were advocating restrictions on the use of biofuels from arable crops. In this connection, the share fell to its low for the year of € 9.97. Over the next few months, CropEnergies was able to benefit from both high ethanol prices and raw material market prices that had again fallen and, on 11 August 2022, significantly raised the forecast to a level that was again to exceed the 2021/22 record year. The CropEnergies share reacted accordingly, reaching its high for the year of € 16.50 on 25 August 2022. In the autumn, uncertainty about the future capacity utilisation of the ethanol plant in the UK had a negative impact on the share price, which, however, recovered again after presentation of pleasing revenue and profit figures for the 2nd quarter of 2022/23. Since the beginning of 2023, the CropEnergies share has been trading at around € 12. This reflects a challenging market environment with significantly lower ethanol prices compared with the previous year and continuing high raw material prices.

The share closed at a price of € 11.64 on 28 February 2023 (28 February 2022: € 12.46). This meant that there was an overall decline of 7% in the 2022/23 financial year.

### Stock exchange listing and shareholder structure

On 5 September 2022, the CropEnergies AG share (ISIN DE000A-0LAUP1) was again included in the SDAX®, the German share index for so-called "small caps". The share is traded in the XETRA® electronic trading system and in the over-the-counter market at German stock exchanges. As of 28 February 2023, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) directly held 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 2022, CropEnergies shares were located in over 17,000 (13,500) – mainly private – deposit accounts.



## Annual general meeting 2022

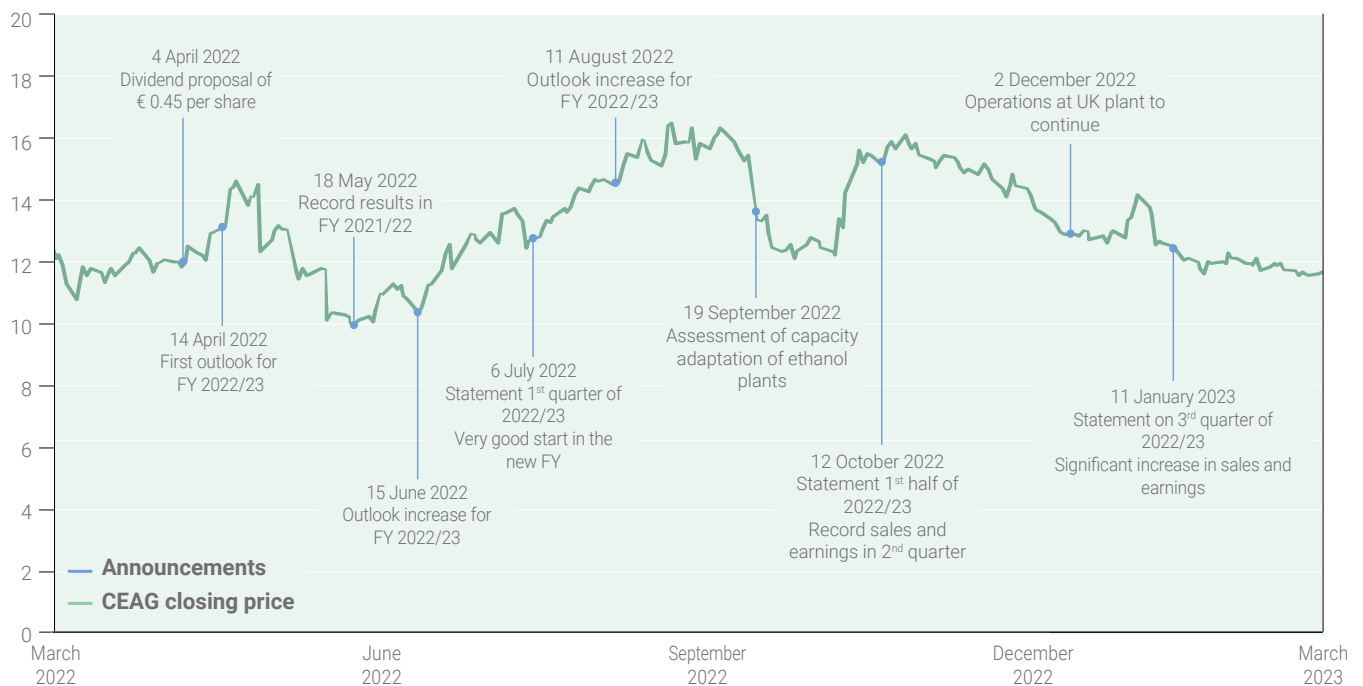
The annual general meeting on 12 July 2022 was again held in virtual form, due to the pandemic. A total of around 150 shareholders and guests viewed the transmission from the Mannheim Rosengarten. 83% of the share capital was therefore represented. More than 30 questions, to which members of the executive board and the chairman of the supervisory board provided full responses, grouped by topic, had been submitted in advance of the event. In addition to the past financial year, shareholders were particularly interested in the impact of the Ukraine war, the implementation of the corporate strategy and developments in the current financial year. Furthermore, a new six-member supervisory board was elected. All the proposals put forward by the executive and supervisory boards were passed in each case by a majority of over 90%. It is planned to hold the annual general meeting as a virtual meeting in 2023.

## Dividend proposal 2023

The executive board and supervisory board will propose to the annual general meeting on 11 July 2023 that a dividend of € 0.60 be distributed. An amount of € 52.3 million is therefore expected to be paid out to shareholders. Based on a closing price of € 11.64 on 28 February 2023, that corresponds to a dividend return of 5.2%.

## Performance of the CropEnergies share

Share price (€)



Performance of the CropEnergies share from 1 March 2022 until 28 February 2023 (XETRA® closing prices)

## Details

<b>CropEnergies AG</b>	
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®)

		<b>2022/23</b>	<b>2021/22</b>
Financial year-end closing price	(€)	11.64 (28/02/2023)	12.46 (28/02/2022)
High	(€)	16.50 (25/08/2022)	13.56 (20/01/2022)
Low	(€)	9.97 (26/05/2022)	9.64 (04/08/2021)
Market capitalisation at financial year-end	(in € million)	1,016	1,087
Average daily turnover of the share	(number of shares)	122,941	105,749
Earnings per share according to IAS 33	(€)	2.25	1.02
Dividend per share	(€)	0.60*	0.45

\* Proposal

Source: Deutsche Börse AG, XETRA® data

## Market capitalisation and turnover

CropEnergies had a market capitalisation of € 1,016 (1,087) million as of the reporting date on 28 February 2023. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 32 (34) million shares. That corresponds to an average daily turnover of approximately 123 (134) thousand shares.\*

## Investor Relations

CropEnergies provides timely and transparent information, particularly via its website [www.cropenergies.com](http://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 accompanying presentations on financial reporting, audio files of the last conference calls as well as a general investor relations presentation. It is also possible to sign up to or sign off from receiving company notices and financial reports in electronic form.

In the reporting period, CropEnergies attended both virtual and in-person analyst and capital market conferences as well as road shows, clarifying the company's business development and corporate strategy, with particular interest being shown in the implementation of the "innovation from biomass" strategy as well as in issues relating to "ESG" (Environmental Social Governance). 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)
- CE Biobased Chemicals GmbH, Elsteraue (Germany)
- BioWanze SA, Wanze (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SAS, Paris (France)
- Ensus UK Ltd, Wilton (United Kingdom)

In addition, CropEnergies AG directly or indirectly holds shares in the companies listed below:

Company	Location	Country	Amount of shares
CT Biocarbone GmbH	Zeitz	Germany	50%
East Energy GmbH	Rostock	Germany	25%
LXP Group GmbH	Teltow	Germany	16%
Syclus BV	Maastricht	Netherlands	50%

In Zeitz, CropEnergies Bioethanol GmbH operates a biorefinery for producing around 400,000 m<sup>3</sup> of ethanol a year. Most of the production is used as renewable fuel. Up to 60,000 m<sup>3</sup> 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<sub>2</sub> from fermentation is supplied to CT Biocarbone GmbH's liquefaction plant.

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

CE Biobased Chemicals GmbH was newly founded in the 2022/23 financial year. Its purpose is to construct and operate, in the Zeitz Chemical and Industrial Park, a production plant for the manufacture of renewable ethyl acetate from sustainable ethanol. The new production plant will be the first of its kind in Europe. It will manufacture 50,000 tonnes of renewable ethyl acetate a year from sustainable ethanol, using renewable energy sources. Ethyl acetate is widely used in the manufacture of flexible packaging and coatings, paints and adhesives as well as in the food, beverage, cosmetics and pharmaceutical industries.

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 m<sup>3</sup> 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 December 2021, ultrapure biogenic CO<sub>2</sub> has also been supplied to a company in the SOL Group, which can manufacture 65,000 tonnes of food-grade liquid CO<sub>2</sub> on-site.

Ensus UK Ltd has a biorefinery with an annual capacity of approximately 400,000 m<sup>3</sup> of ethanol and 350,000 tonnes of protein animal feed in Wilton. In addition, up to 250,000 tonnes of biogenic CO<sub>2</sub> 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 m<sup>3</sup> 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 m<sup>3</sup> of ethanol a year is available in dehydration, especially for the fuel sector.

Compagnie Financière de l'Artois SAS (COFA) was, until 28 February 2023, a French intermediate holding company, having a 100% equity interest in Ryssen. It was merged with Ryssen Alcools as of 1 March 2023.

CT Biocarbonic GmbH is a joint venture established for the production and sale of food-grade liquefied CO<sub>2</sub>. It operates a production plant in Zeitz for the purification and liquefaction of biogenic CO<sub>2</sub> from the neighbouring CropEnergies ethanol production plant. The plant has an annual capacity of 100,000 tonnes of liquefied CO<sub>2</sub>, which is used predominantly in the beverage and food industry.

East Energy GmbH is an experienced project developer that intends to construct photovoltaic parks with a total capacity of one gigawatt in north-eastern Germany over the next few years and to add hydrogen and methanol plants at suitable sites.

LXP Group GmbH is a German technology company which has developed a patented, energy-efficient process that enables gentle decomposition of lignocellular biomass. Advanced bio-fuels and bio-based chemicals are to be produced from the cellulose and hemicellulose that the biomass contains. In addition, this LXP process produces a high-purity, natural lignin.

Syclus BV is a Dutch start-up for bio-based chemicals that is examining the technical and economic viability of producing renewable ethylene from sustainable ethanol at Chemelot Industrial Park, Geleen, Netherlands. Syclus aims to build an industrial-scale plant with an annual production capacity in the range of 100,000 tonnes.

## 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 positions in the company are filled appropriately.

## 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 deduction of depreciation and amortisation, EBITDA results as a measure of the company's operating cash flow generation. The financial key figures presented 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 sustainably produced, bio-based products to our partners. The focus in the manufacture of these products is on responsible and efficient handling of the biomass used and all its components. CropEnergies follows the principle of the circular economy. Renewable raw materials are utilised as completely as possible so as to conserve resources and avoid wastes.

The products produced aim to improve the quality of life for the present generation, while safeguarding the basis of life for future generations. As the leading European producer of sustainably generated ethanol, CropEnergies combines business success with social responsibility, climate and environmental protection. The company's aim is to grow profitably, to increase enterprise value in the long term and to take the interests of shareholders, customers, suppliers and employees into account, through sustainable and responsible business activity.

CropEnergies' broad product portfolio includes ethanol, the world's No. 1 biofuel, which is produced from the starch or sugar content of 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 has created the conditions for dispensing altogether with fossil energy sources from 2024 and hence for being able to produce in a largely carbon-neutral manner. The entire group has committed to reducing fossil greenhouse gas emissions. The aim, by the year 2030, is to lower fossil greenhouse gas emissions in CropEnergies' existing plants by more than 50% 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. Most of these raw materials are procured within a radius of 250 kilometres.

CropEnergies is regarded as a trustworthy partner characterised by long-standing experience at all value creation and process stages. CropEnergies intends to use innovations to secure a competitive edge in the existing activities, tap new markets and develop solutions for the challenges of the future. Key to the company's success are the knowledge, experience, social skills, satisfaction and dedication of its employees. The company also aims to continue to develop these strengths by training and advancing its employees.

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

CropEnergies operates sustainably in the interest of the company's successful development and a future worth living, in which the use of renewable raw materials is the key to the well-being of current and future generations.

## SUSTAINABILITY\*

### Company

#### Foundations of the group

The foundations of the group and information about its management and corporate structure are described in detail in the section “Foundations of the group” on pages 26–29.

#### Employees

Information about employees can be found in the section “Employees” on pages 48–52.

### Strategy and governance

#### Sustainability strategy

Ensuring the well-being of current and future generations through sustainable business activity is a central element of CropEnergies’ corporate strategy. CropEnergies has therefore pressed further ahead with the development of its sustainability strategy. As part of its strategy development, it is focusing on objectives and measures that are in accord with the vision of an economically and ecologically sustainable company that acts in a socially responsible manner. The aim is to embed sustainability at all levels throughout the company.

CropEnergies is also actively involved in the Südzucker Group’s strategy development. For eight strategic spheres of activity, targets, measures and indicators for measuring the degree of target achievement are being worked out and implemented throughout the group.

In further developing the sustainability strategy, the executive board has introduced even further steps to promote the company’s transparency and sustainable networking. In the 2022/23 financial year, CropEnergies disclosed information to the Carbon Disclosure Project (CDP) and joined the United Nations (UN) Global Compact. By participating in the UN Global Compact, CropEnergies has also committed to the so-called Sustainable Development Goals (SDGs).

The following seven (of a total of seventeen) SDGs have been identified by the executive board and an internal working group according to the principles of relevance and effectiveness for CropEnergies. Further fields of action may be derived from the SDGs in the current strategy development process.

Scope 1 & 2 and 3 emissions	Work safety	Diversity	Sustainable sourcing
Water	Circular economy	Employee satisfaction	Health and nutrition

\* The Sustainability section is not part of the independent auditor’s mandate.



SDG		CropEnergies target contributions	
 <p><b>5 GENDER EQUALITY</b></p>	<p><b>Gender equality</b></p> <p>Achieving gender equality and empowering all women and girls</p>	<ul style="list-style-type: none"> <li>• Diversity concepts for Executive Board &amp; Supervisory Board; “Empowering Women” programme for the targeted promotion and better networking of women in leadership positions</li> </ul>	
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p><b>Affordable and clean energy</b></p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> <li>• Investments and further developments, e.g., in the field of renewable energies and second-generation renewable fuels, eFuels, green electricity and green hydrogen</li> </ul>	
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p><b>Decent work and economic growth</b></p> <p>Promote sustained, broad-based and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>• Collective agreements, Supplier Code of Conduct, Supplier and Site Risk Analysis, Supplier Ethical Data Exchanges (SEDEX) Membership</li> <li>• Shaping a work culture that actively promotes safe behaviour and ensuring safe production facilities and working conditions</li> </ul>	
 <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p><b>Industry, innovation and infrastructure</b></p> <p>Build resilient infrastructure, promote widespread and sustainable industrialisation and support innovation</p>	<ul style="list-style-type: none"> <li>• Circular economy and implementation of the “innovation from biomass” strategy as integral elements of the CropEnergies Group</li> <li>• Diversification strategy into areas such as biochemicals or advanced fuels</li> </ul>	
 <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	<p><b>Responsible consumption and production</b></p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> <li>• Reduction of resource requirements through the fullest possible use of raw materials</li> <li>• Procurement of biomass in compliance with high quality and sustainability requirements and from predominantly regional sources</li> <li>• Alternative raw materials and continuous improvement of energy efficiency in production</li> <li>• Efficient implementation and execution of management systems (environment, energy and quality)</li> </ul>	
 <p><b>13 CLIMATE ACTION</b></p>	<p><b>Climate action</b></p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>• Continuous improvement of business activities with regard to their environmental and climate impact</li> <li>• Continuous optimisation of the energy efficiency of production processes</li> <li>• Greenhouse gas reduction targets, renewable fuel production and biomass-based chemicals that reduce the use of fossil raw materials</li> </ul>	
 <p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>	<p><b>Partnerships for the goals</b></p> <p>Strengthen means of implementation and breathe new life into the Global Partnership for Sustainable Development</p>	<ul style="list-style-type: none"> <li>• Respecting the interests of all key stakeholders</li> <li>• Maintain long-term partnerships, e.g. with raw material suppliers and customers</li> <li>• Networks and initiatives: UN Global Compact, SBTi, Ecovadis, CDP, Renewable Carbon Initiative, Sustainable Agriculture Initiative</li> </ul>	

(Source: UN Global Compact)

**Structure and organisation**

The Chief Technology Officer has overall responsibility for sustainability. The sustainability department co-ordinates the development of the sustainability strategy and handling of group-wide sustainability issues. Content and implementation processes are initially designed on a cross-divisional and cross-site basis and subsequently implemented at a local level. The CropEnergies executive board is informed about sustainability issues at regular intervals and is involved in the strategy process in a steering capacity. It informs supervisory board and audit committee about strategic and legal developments pertaining to sustainability.

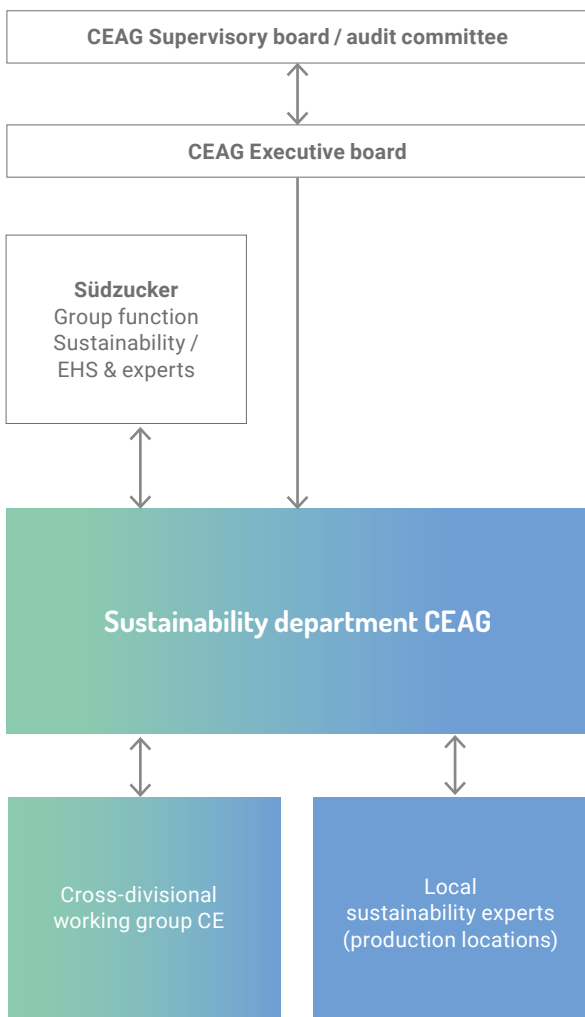
**EU taxonomy**

The EU taxonomy (EU sustainable finance taxonomy) is a classification system for defining sustainable economic activities. The European Commission’s aim is to redirect financial flows into sustainable activities so that private investments also make a contribution to the European Green Deal.

Up to now, technical screening criteria, according to which relevant economic activities can be evaluated in respect of their substantial contribution to the environmental objectives, have been defined, in delegated acts, for two of the altogether six environmental objectives.

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 2025/26 financial year onwards. CropEnergies has nevertheless opted to publish figures on taxonomy eligibility and taxonomy alignment on a voluntary basis.

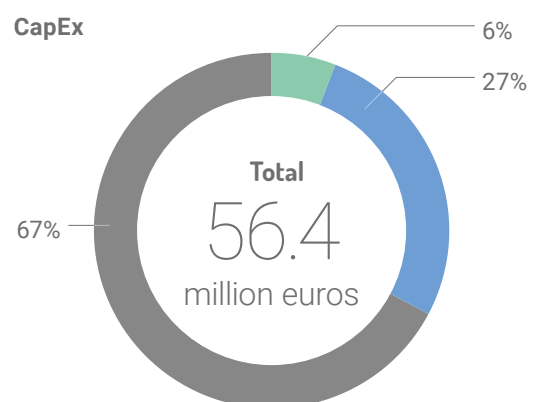
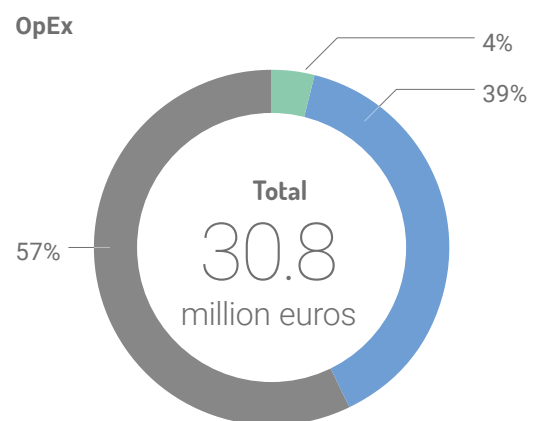
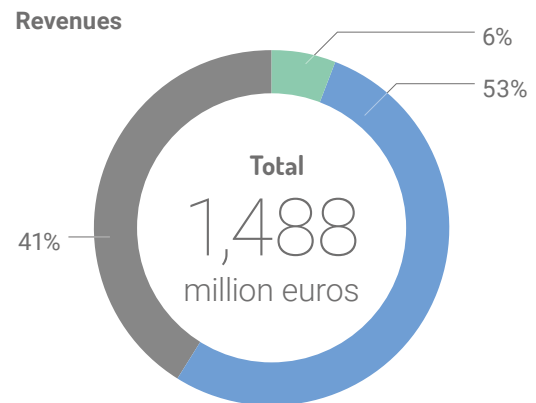
Taxonomy-aligned activities accounted for 6.1% of revenues, 3.9% of operating expenses (OpEx) and 5.5% of investments in the reporting year. These activities comprised exclusively the manufacture of residue-based fuel ethanol (economic activity 4.13 in accordance with the EU Taxonomy Regulation). With regard to the taxonomy-aligned activities from residue-based fuel ethanol, the review of the contribution to climate change mitigation and the harm caused to other environmental objectives was carried out in accordance with the technical screening criteria. Checks were then performed to determine whether significant harm had been caused to other environmental objectives. The checks involved analysing climate risks using a climate change scenario analysis, among other things. Assurance that no significant harm was caused to the environmental objectives of water protection, pollution control and protection of biodiversity was provided on the basis of plant-specific queries. Lastly, the criteria for the minimum social safeguards were reviewed for the entire group on a cross-activity basis.



In addition, taxonomy-eligible activities accounted for 52.9% of revenues, 39.3% of operating expenses (OpEx) and 27.1% of investments. These activities mainly comprised the manufacture of fuel ethanol from agricultural raw materials (economic activity 4.13 in accordance with the EU Taxonomy Regulation).

The relatively small proportion of taxonomy-aligned revenues, operating expenses and investments results from the technical screening criteria for biofuels specified by the EU in the Taxonomy Regulation, which classify only residue-based biofuels as ecologically sustainable. In this respect, the EU Taxonomy Regulation fails to recognise the important contribution that biofuels from arable crops are making to climate protection even today. For example, sustainably produced ethanol saved more than 10 million tonnes of CO<sub>2</sub> equivalents in the EU in 2021. The EU Taxonomy Regulation also ignores the fact that every cubic metre of ethanol produced needs to have been certified as sustainable for many years now as part of the strict requirements set out in the Renewable Energy Directive, likewise an EU regulation.

From CropEnergies' perspective, it is also incomprehensible why an investment of € 50 million in the second biomass boiler at the Wanze site is classified as non-sustainable according to the EU Taxonomy Regulation while, at the same time, operating nuclear and gas-fired power plants is recognised as sustainable under certain conditions.



■ Taxonomie-aligned    ■ Others  
■ Taxonomy-eligible

**External assessments**

CropEnergies is participating in the Carbon Disclosure Project (CDP). Unlike in previous years, the CropEnergies Group's data were disclosed independently for the first time in this financial year and not exclusively within the Südzucker Group network. The CDP questionnaires on climate and forests have been answered. As this year was CropEnergies' first disclosure, CDP did not score the company. However, it will do so in 2023.

The Südzucker Group's sustainability management was awarded a silver medal by EcoVadis. Ryssen Alcools SAS was again awarded gold status.

The Südzucker Group has committed to participating in the Science-Based Target initiative (SBTi) and the 1.5 target. The identification of concrete science-based corporate targets consistent with the 2015 Paris Climate Agreement is at the core of the internationally recognised initiative. The submitted group targets for reducing Scope 1, 2 and 3 emissions have been reviewed and accepted by SBTi.

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. In addition, the rating agency MSCI recently raised its assessment for CropEnergies from "BB" to "BBB".

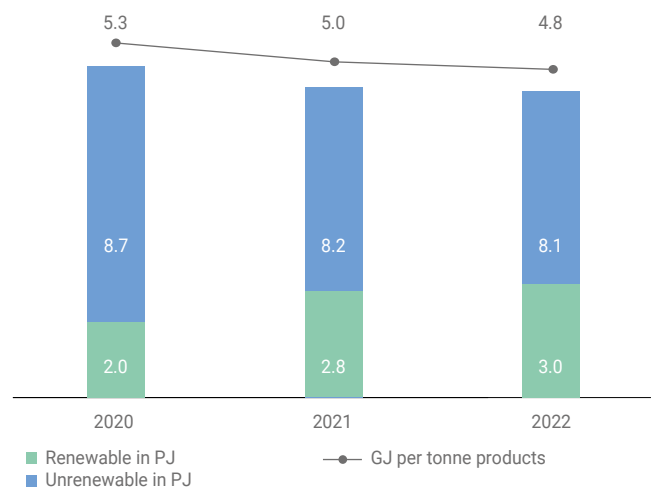
**Environment and climate**

**Energy**

CropEnergies' production stands out for its efficient processes and modern energy supply plants. 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.

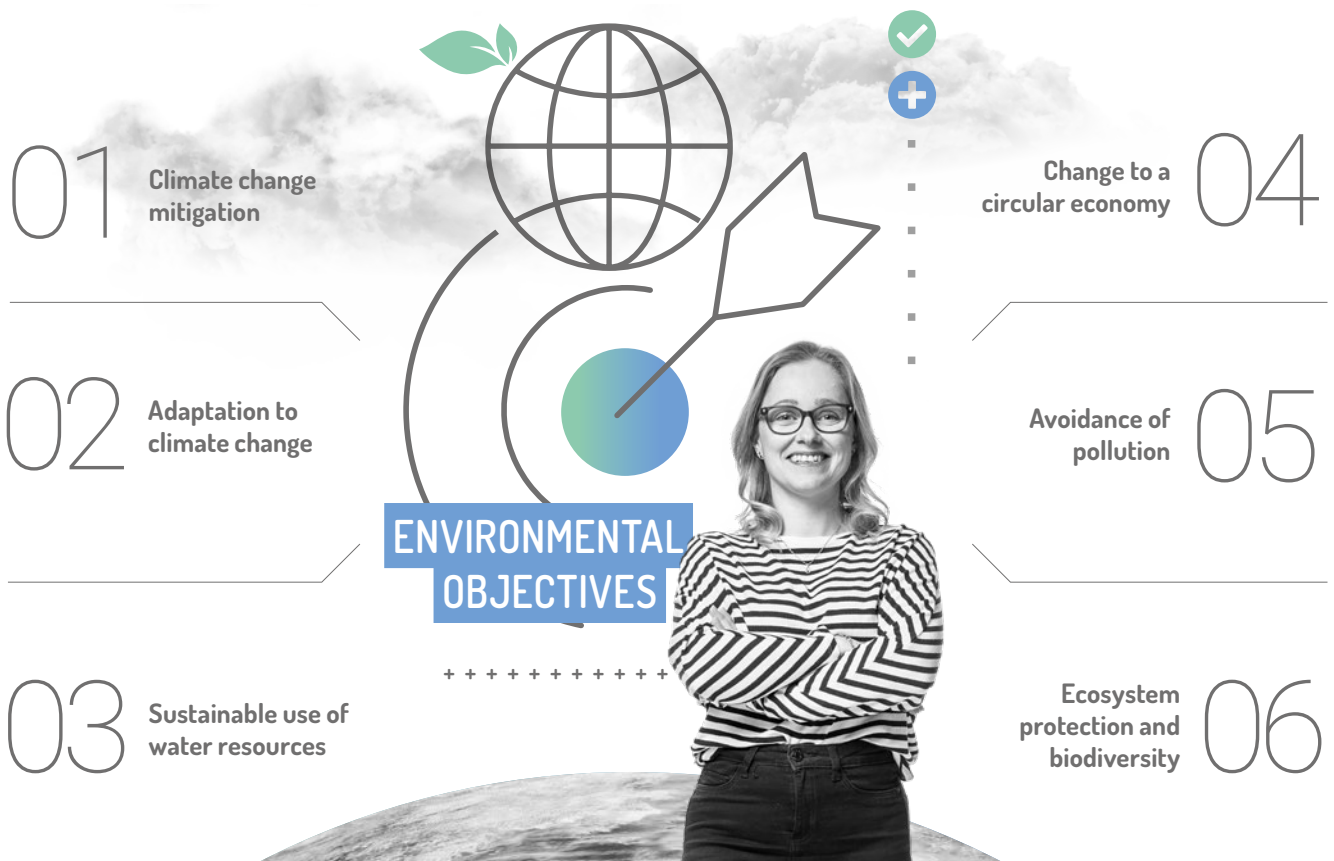
The requirements arising from the Energy Efficiency Directive (EED) have been implemented at all CropEnergies' production sites as well as in administration. A certification in accordance with ISO 50001 was performed at CropEnergies Bioethanol in Zeitz. Furthermore, an audit in accordance with ESOS (Energy Savings Opportunity Scheme) was carried out at Ensus UK Ltd 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 for Ryssen Alcools SAS in Loon-Plage and for the administration in Mannheim.

**Energy use (direct and indirect)**



In 2022, 11.1 PJ\* of energy were used for the processes, with the proportion of renewable energy being 27%. The specific energy requirement was 4.8 GJ per tonne of products (see figure).

\* 1 petajoule (PJ) = 10<sup>15</sup> joules (equivalent to around 278 million kWh)



At BioWanze, a large part of the thermal and electrical process energy required is produced from the husks of the wheat grain. At the beginning of 2023, a further milestone in the abandonment of fossil energy sources was achieved through the completion of the second biomass boiler in Wanze. The plant has been tested since the beginning of 2023 and is due to go into regular operation by the end of the year. The required process steam at Ensus in Wilton, around half of which comes from a plant for recovering energy from household wastes, is sourced externally.

Ryssen Alcools in Loon-Plage obtains energy from a neighbouring industrial plant's waste heat.

At the site in Zeitz, CropEnergies has started to phase out coal and, in 2022, already covered around 25% of the required process heat through natural gas. Coal is to be completely dispensed with at the site by the year 2030.

Overall, CropEnergies will gradually further reduce the consumption of fossil fuels at all its sites over the next few years.

**Emissions**

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

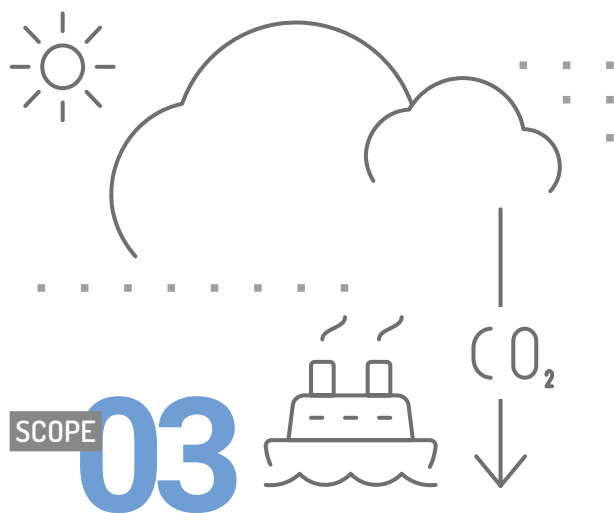
Classification of emissions



**Direct emissions from own sources**  
Examples: own CHP generation, production process



**Indirect emissions from purchased energy**  
Examples: purchased thermal and electric energy



**All other indirect emissions in the value chain**

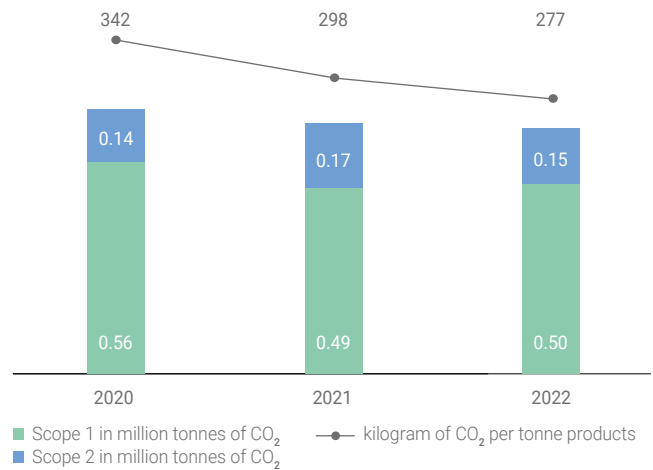
Examples Upstream: raw material supply, transport, auxiliary materials

Examples Downstream: use of products sold, transport

**Scope 1 and 2 emissions**

The amount of CO<sub>2</sub> emissions depends on both the total energy demand and the fuel and energy mix. The absolute Scope 1 and 2 emissions in 2022 amounted to 0.65 million tonnes of CO<sub>2</sub> and are roughly at the previous year's level. The specific emissions per product tonne have fallen by 7 %.

**Scope 1 and 2 CO<sub>2</sub> emissions**



**Scope 3 emissions**

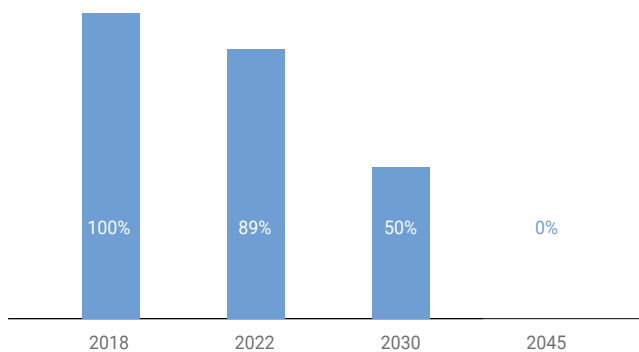
With regard to Scope 3 emissions, the upstream activities in raw material cultivation and transport are particularly relevant to CropEnergies. Downstream transport processes as well as packaging are not significant, as the products are mainly loaded loosely onto ships, trains or lorries. Disposal of 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. The fuel ethanol produced by CropEnergies saved Scope 3 emissions amounting to 1.3 million tonnes of CO<sub>2</sub> in the transport sector in 2022. The biogenic carbon dioxide produced during fermentation is collected, cleaned and liquefied at the production sites in Zeitz, Wanze and Wilton. In 2022, CropEnergies' biogenic carbon dioxide replaced more than 240,000 tonnes of fossil CO<sub>2</sub> in the beverage industry, among others.

### Climate neutrality 2045

CropEnergies aims to have climate-neutral production by the year 2045. The first milestone is the reduction, by 2030, of direct and indirect emissions (Scope 1 and 2) from production by 50% compared with 2018. A group-wide expert group plans and evaluates concrete measures for achieving targets and reducing process emissions.

### Scope 1 and 2 CO<sub>2</sub> 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. The commissioning of the biomass boiler at the Wanze site already achieved an important milestone on the path to renewable process energy for CropEnergies' biorefineries.

### Biodiversity

CropEnergies predominantly procures raw materials of European origin, thereby avoiding land use changes in, say, tropical rain forests with high biological diversity. Agricultural raw materials from the EU also fulfil the principles of cross-compliance applicable to agricultural production with the corresponding requirements for agriculture, based, among other things, on the Habitats Directive and its protected sites as well as the Wild Birds Directive.

The biomass used by CropEnergies is also subject to strict statutory regulations to ensure the sustainability of the raw materials for fuel production. These regulations include the protection of moors and primary forests with a view to safeguarding biological diversity and natural carbon reservoirs.

As a participant in the Carbon Disclosure Project (CDP), CropEnergies supports deforestation-free supply chains and will also develop concrete management approaches as part of its own sustainability strategy.

The protection of biological diversity and threatened species is being taken into account in project planning. In terms of the development of the solar parks, CropEnergies and its partner, East Energy, are, for example, focusing on the standards of the "Good Planning" commitment of the Bundesverband Neue Energiewirtschaft. This includes the commitment to land use and to integration into the landscape as well as the commitment to increasing species diversity.

Selection of local projects for preserving biological diversity at the existing sites:

#### Belgium

- Planting domestic tree species in the vicinity of the production plant in Natura 2000 protected sites
- Planting near-natural hedges along the waste water treatment plant

#### France

- Project for protecting orchids on the factory premises
- Settlement of beehives

**Climate risks and adaptation to climate change**

The opportunities and risks for CropEnergies are described in detail in the section “Risk and opportunities report” on pages 75–87.

A climate change scenario analysis was conducted for the CropEnergies’ Group’s four production sites in the 2022/23 financial year. The aim was to determine the physical climate risk for each site. The SSP1-2.6 and SSP5-8.5 scenarios recommended by the Intergovernmental Panel on Climate Change (IPCC) were used. The actual conditions as well as an optimistic and pessimistic scenario were analysed up to 2040 and 2060 in each case. The analysis is in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in the relevant areas.

The following climate-related risks were classified as relevant for the group: heat waves, storms, forest and wild fires, droughts, water shortage as well as floods and rising sea levels. Data regarding the exposure of, and possible damage to, the production sites were gathered by means of standardised questionnaires, which then provided the basis for assessing the sites’ potential physical climate risk. The next steps will be derived on the basis of this initial analysis.

**Circular economy**

CropEnergies’ aim is to further develop the established circular economy in all of its biorefineries. For example, it aims continually and systematically to minimise 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.

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 broad 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.

**Water**

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

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.

**Water withdrawal and return**  
(information in million m³)

	2020	2021	2022
Surface water	5.6	6.3	6.6
Ground water	0.4	0.2	0.1
Water supplier	0.5	0.7	1.2
<b>Water withdrawal</b>	<b>6.5</b>	<b>7.2</b>	<b>7.9</b>
<b>Water return</b>	<b>5.8</b>	<b>6.6</b>	<b>6.0</b>

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.



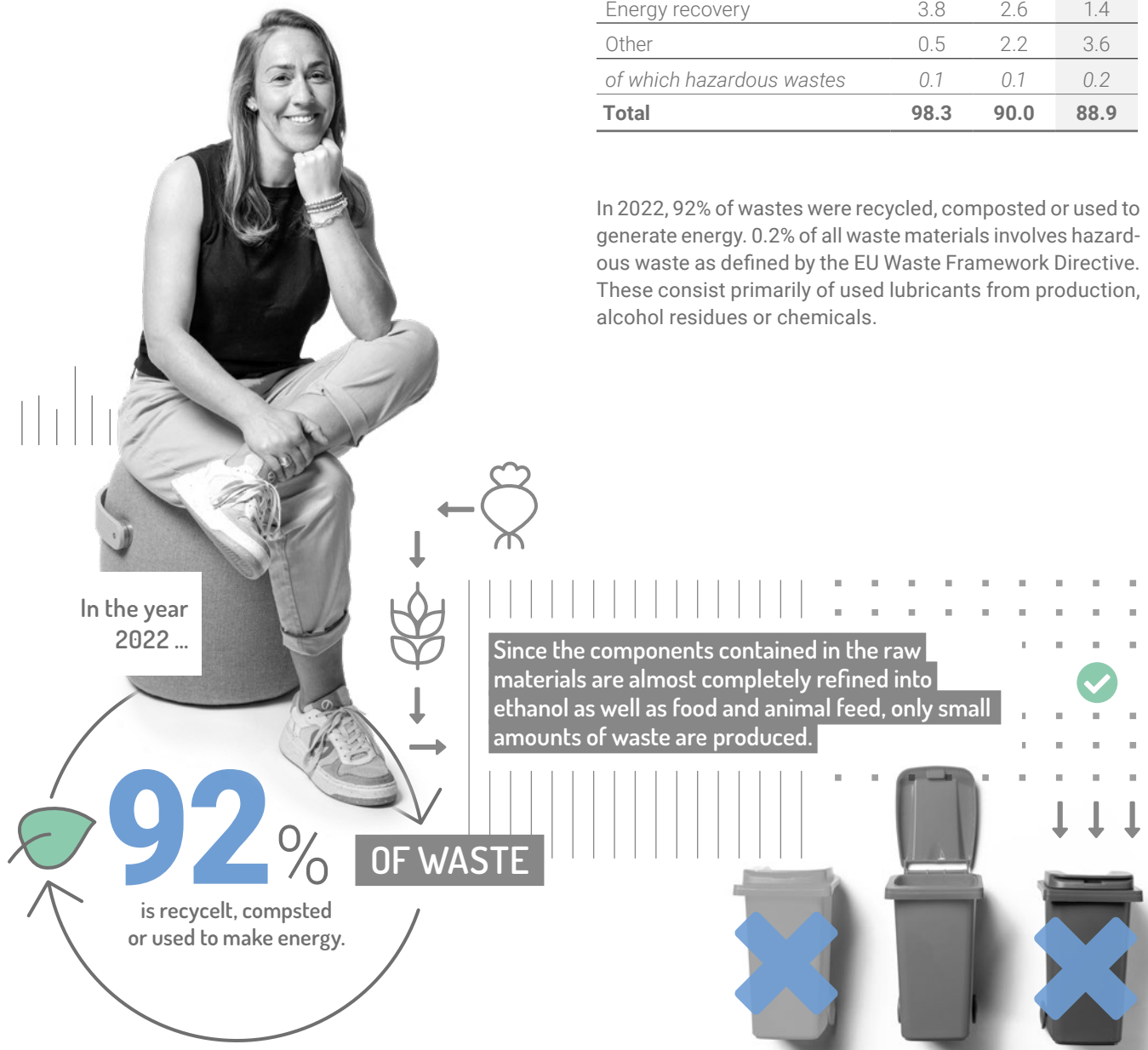
## Waste

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)

	2020	2021	2022
Recycling	81.4	72.0	73.9
Composting	7.8	5.6	7.0
Landfilling	4.8	7.5	2.9
Energy recovery	3.8	2.6	1.4
Other	0.5	2.2	3.6
<i>of which hazardous wastes</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>
<b>Total</b>	<b>98.3</b>	<b>90.0</b>	<b>88.9</b>

In 2022, 92% of wastes were recycled, composted or used to generate energy. 0.2% 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 chemicals.



## Supply chains and products

### 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 preferably 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. The sustainability criteria for raw materials for the production of biofuels go beyond the cross-compliance requirements (see the section "Biodiversity"). 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.

Apart from agricultural raw materials, CropEnergies also processes residues into renewable fuel. In the past financial year, this made up 9% 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 and can be downloaded from the website (<https://www.cropenergies.com/de/downloads>).

Further information about supply chain risk analysis and compliance with due diligence can be found in the section "Society" on pages 43–44.

### Product responsibility and quality

The quality management system supports the realisation of CropEnergies' corporate objectives, covering all processes from raw material procurement to the production process through to deliveries to customers.

In addition to this management system, CropEnergies brings about a high level of appreciation for quality and product safety by raising employees' awareness and encourages a feedback culture throughout the company.

The management system, which covers all aspects of product safety, serves as an organisational and communication tool in the company itself, but also in relation to suppliers and customers. The responsibilities and processes described in the quality management system reliably guarantee the promised quality of products and services. Continuous improvement and a constantly improving product safety culture are important goals of this quality management system and support the long-term, trusting co-operation with suppliers and customers.

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 2022, CropEnergies conducted a SMETA (SEDEX Members Ethical Trade Audit) 4-pillar audit in Wanze, which places additional requirements on social responsibility, ethical behaviour, environment management and business practices. SMETA audits will be extended to other sites at CropEnergies over the next few years.

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
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
SURE	Renewable energies	BioWanze SA, CropEnergies Bioethanol GmbH
ECOCERT	Organic production	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
SMETA 4 Pillars	Business ethics and environment	BioWanze SA

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.

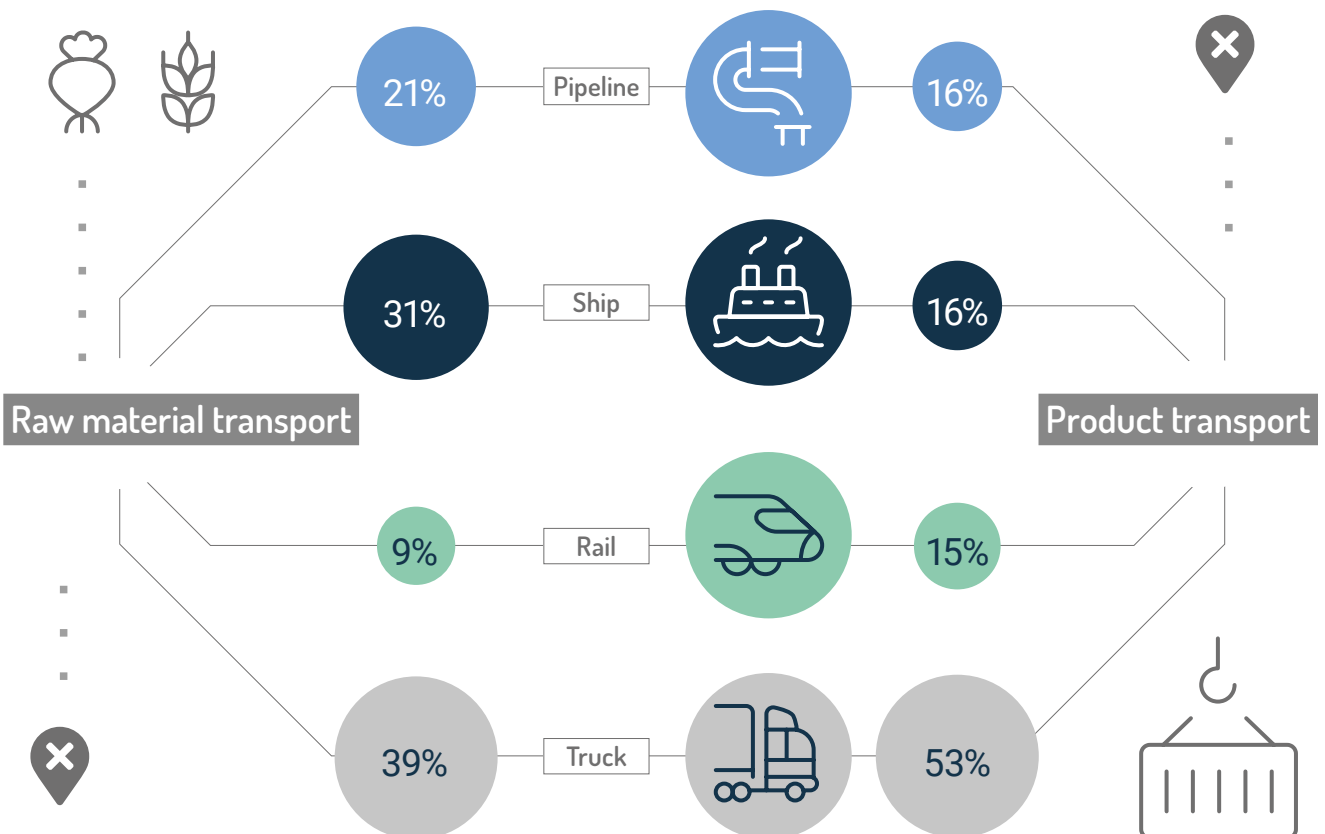
All CropEnergies’ ethanol plants are certified as sustainable in accordance with at least one of the certification systems recognised by the European Commission (e.g., REDcert EU, ISCC EU or 2BSvs) and are audited on an annual basis. The certifications ensure that the fuel ethanol produced fulfils the 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.

In 2023, the sites in Zeitz and Wanze implemented the requirements on the use of renewable energy for electricity and heat generation by means of the new SURE certification.

**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 and 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 63% of the raw materials used are delivered via sea, while it is more than 50% at Wanze. The plant at the network site in Zeitz is connected to Südzucker AG's sugar and starch production via pipeline networks.

The distribution logistics to the customer are likewise mostly carried out via sea or rail, which are climate-friendly. Around 53% of products are transported by lorry, particularly DDGS, DGS, and CDS, which are mostly delivered over short distances. Just under 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<sub>2</sub> liquefaction plant via pipeline.

## Society

CropEnergies is conscious of its corporate responsibility and 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/de/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 aligns its due diligence with the OECD Guidelines for Multinational Enterprises and the rules of the Supplier Ethical Data Exchange (SEDEX).

## Management approach

As part of the Südzucker Group, CropEnergies focuses on a systematic, integrated and risk-based approach with a view to recognising, preventing, minimising or putting an end to human rights and environment-related risks or violations.

The group-wide code of conduct is binding on all the Südzucker Group's managers and employees. It includes, among other things, a ban on child and forced labour, a mandate on the protection of human dignity and a ban on discrimination. Breaches of the code of conduct can be reported confidentially and anonymously by employees as well as by external third parties, e.g., customers and business partners, via an electronic whistleblower system (see the section "Compliance"). In addition to the code of conduct, a group-wide human rights policy specifies the responsibility for protecting human rights.

A new group-wide uniform risk analysis approach was formulated and deployed for the production sites and supply chains in the 2022/23 financial year. In a first step, CropEnergies carried out an abstract risk analysis based on a series of country- and industry-specific indexes such as the Children's Rights in the Workplace Index and the Corruption Perception Index as well as other sources. Based on this, a detailed risk analysis is being carried out to specify, weight and prioritise the risks identified in the first step with a view to taking corresponding measures depending on the level of risk.

Social audits have a key role to play in the implementation of human rights due diligence. Since this financial year, CropEnergies has been a member of the SEDEX platform for improving responsible and ethical business practices in global supply chains. In future, the company's sites are to be regularly audited by independent institutions according to the SMETA (SEDEX Members Ethical Trade Audit) methodology.

**Social commitment and value creation in rural areas**

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.

CropEnergies' 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 development of the regional economy and agricultural holdings.

**Stakeholder dialogue**

**Forms of dialogue**

The following table shows the main stakeholders and forms of dialogue for CropEnergies. As CropEnergies was unable to continue the personal dialogue with stakeholders in the usual form during the coronavirus pandemic, it adapted communication to the changed framework conditions. The new formats include, for example, the virtual annual general meeting in the past few years and numerous other virtual meetings and conferences.

**Materiality analysis**

CropEnergies committed to the SDGs in 2023 (see the section "Sustainability strategy"). In addition, the company is already pursuing three non-financial strategy objectives. These altogether ten objectives were weighted, by stakeholders and company representatives, for prioritisation purposes according to their relevance for the CropEnergies Group.

The analysis shows the very high relevance, for CropEnergies as a company, of safety at work, the fight against climate change and the provision of sustainable energy. With the international working group on safety at work (see the section "Employees") and the group-wide expert group on reducing process emissions (see the section "Environment and climate"), CropEnergies is working directly towards the two first-named objectives, among others. The provision of sustainable energy is, on the one hand, pivotal to the company's core business due to fuel ethanol, but is also being pursued by means of various solar and bioenergy projects, on the other.

Furthermore, CropEnergies is working today, and will work in future, on customer and employee satisfaction strategies (see the section "Quality" and the section "Employees"), ensuring, for example, sustainable production patterns through alternative raw materials and continuous improvement of energy efficiency in production.

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, town hall 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



**CE goal 01 Customer satisfaction**

**CE goal 02 Excellence as an employer**

**CE goal 03 Operational safety**

**SDG 05 Gender equality**

Achieve gender equality and empower all women

**SDG 07 Affordable and clean energy**

Ensure access to affordable, reliable, sustainable and modern energy for all

**SDG 08 Decent work and economic growth**

Promote sustained, inclusive and sustainable growth, full productive employment and decent work for all

**SDG 09 Industry, innovation and infrastructure**

Build resilient infrastructure, promote inclusive and sustainable industrialization and faster innovation

**SDG 12 Responsible consumption and production**

Ensure sustainable consumption and production patterns

**SDG 13 Climate action**

Take urgent action to combat climate change and its impact

**SDG 17 Partnerships for the goals**

Strengthen the means of implementation and revitalize the global partnership for sustainable development

## INNOVATION, RESEARCH AND DEVELOPMENT

### Highlights

As the leading European manufacturer of renewable ethanol, CropEnergies aims, on the one hand, at continuous improvement of existing processes. On the other hand, it aims to open up new business segments through innovative further development and diversification. Under the strategic "Innovation from Biomass" guideline, the company's own research and development continues to focus on the use of renewable raw materials to manufacture sustainable products. Innovations are also to be systematically translated into key growth drivers in the context of energy policy issues in order to be able to make sustainable products from biomass available to our customers and to help shape the vision of a climate-friendly world.

The R&D activities are closely linked to this objective. CropEnergies operates in an extremely technology-oriented environment. Further developing and unlocking specific key technologies is expected to boost competitiveness and develop successful concepts for manufacturing sustainable products from renewable raw materials.

CropEnergies' innovation strategies are implemented jointly and in coordination with Südzucker AG's research and development division, particularly in the context of project-related issues.

By acquiring an equity interest in the biotech start-up LXP Group in June 2022, CropEnergies made a further step towards utilising lignocellulosic raw materials for the manufacture of renewable ethanol. A working group of the biotechnology and process technology specialist departments carried out investigations with regard to the use of these raw materials.

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 and assess innovation potential at an early stage in order to integrate it, given corresponding synergy, into CropEnergies' development strategies.

All the research, development and services performed for CropEnergies in the 2022/23 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 € 1.0 (1.3) million.

### 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, among other things, is influenced by the raw materials used and manufacturing parameters. The testing of the manufactured alcohol for smell and taste neutrality by specially trained employees as well as automatically using a so-called "electronic nose" plays a key role here.

Following intensive studies and as a result of adjusting the formulations, the neutral alcohol produced by CropEnergies now also fully satisfies vegan requirements.

### 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 Industrienernormung e.V. (DIN) at German level. The aim is to standardise an E20 fuel. A particular challenge is that a fuel of this kind is outside the scope of the current European Fuel Quality Directive.

As initial 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 has started fleet trials with E20 fuel, with various partners, to investigate the advantages of this fuel in everyday use. The trials are being closely monitored by partners from the automotive industry and research institutes. The initial findings presented at the beginning of 2023 are promising. Use of E20 could significantly lower emissions from the existing vehicle fleet.



## 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 to investigate, partly also through funded projects, the separation of further highly concentrated protein components for use in the animal feed and food sectors.

In addition to the use of protein-containing products and side-streams in the animal feed sector, initial discussions in respect of a possible use of co-products from ethanol production in the area of bio-based and biologically degradable polymer foams were held with a possible partner. Stillage and wet cake, in particular, are being considered as raw materials owing to their composition. Experiments and analyses in the potential project partner's laboratory will be required to assess economic viability.

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 as well as on a larger scale in a demonstration plant. The working group containing experts from biotechnology and process technology is planning to carry out further studies with other residues and to optimise the individual process steps so as to assess implementability. The main focus is not only on increasing purity and yield, but also on minimising energy requirements.

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. Large-scale implementation of a "green methanol" project will require a correspondingly large quantity of green hydrogen. CropEnergies is therefore supporting activities in Central Germany for setting up a hydrogen infrastructure.

In 2022, Burgenlandkreis, where Zeitz is also located, was allocated funding project support to prepare a draft proposal for setting up a regional hydrogen cluster (H2-Cluster-BLK). The draft proposal achieved the highest score, which means that the official funding application can now be made. The volume of funding is around € 50 million.

CropEnergies' aims, in a consortium, to investigate the manufacture of synthetic kerosene from green methanol. CropEnergies is an associated partner here through Südzucker. The project initiated by Fraunhofer ISE is being funded by the BMDV (Federal Ministry for Digital and Transport) and started in 2023.

Furthermore, CropEnergies is active, through Südzucker, in the Burgenlandkreis hydrogen hub, which combines companies from different business areas into a community of interests, with a view to supporting Burgenlandkreis in its development into a hydrogen region.

## EMPLOYEES

### Personnel strategy

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. 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.

As of 28 February 2023, the number of employees by employment relationship and gender is as follows:

#### Employees by employment relationship and gender

28 February 2023		Permanent	Non-permanent	Total
Full-time	Men	371	7	378
	Women	93	4	97
Part-time	Men	1	0	1
	Women	18	1	19
<b>Total</b>		<b>483</b>	<b>12</b>	<b>495</b>

28 February 2022		Permanent	Non-permanent	Total
Full-time	Men	353	10	363
	Women	84	4	88
Part-time	Men	2	0	2
	Women	17	2	19
<b>Total</b>		<b>456</b>	<b>16</b>	<b>472</b>



### Age structure and length of service

More than 68% of employees have been working for the company for more than five years. As of 28 February 2023, the number of employees by age group was as follows:

#### Employees according to age group in %

Age structure	Men	Women
< 20 years	0.0%	0.4%
21 – 30 years	6.5%	3.2%
31 – 40 years	22.7%	8.9%
41 – 50 years	24.0%	6.9%
51 – 60 years	19.6%	3.6%
> 60 years	3.8%	0.4%

### Diversity concept 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 advancement of women in management positions, in particular (Empowering Women programme). CropEnergies is also actively engaged in a working group of the Südzucker Group on the subject of diversity. This working group is taking steps to increase group awareness of corresponding issues and to develop and implement measures for more diversity.

As CropEnergies operates in a production- and technology-oriented environment, the proportion of female employees and applicants is still relatively low. The executive board is composed entirely of men. The executive board's diversity concept can be found on page 94. This stipulates that the executive board should include at least one woman by April

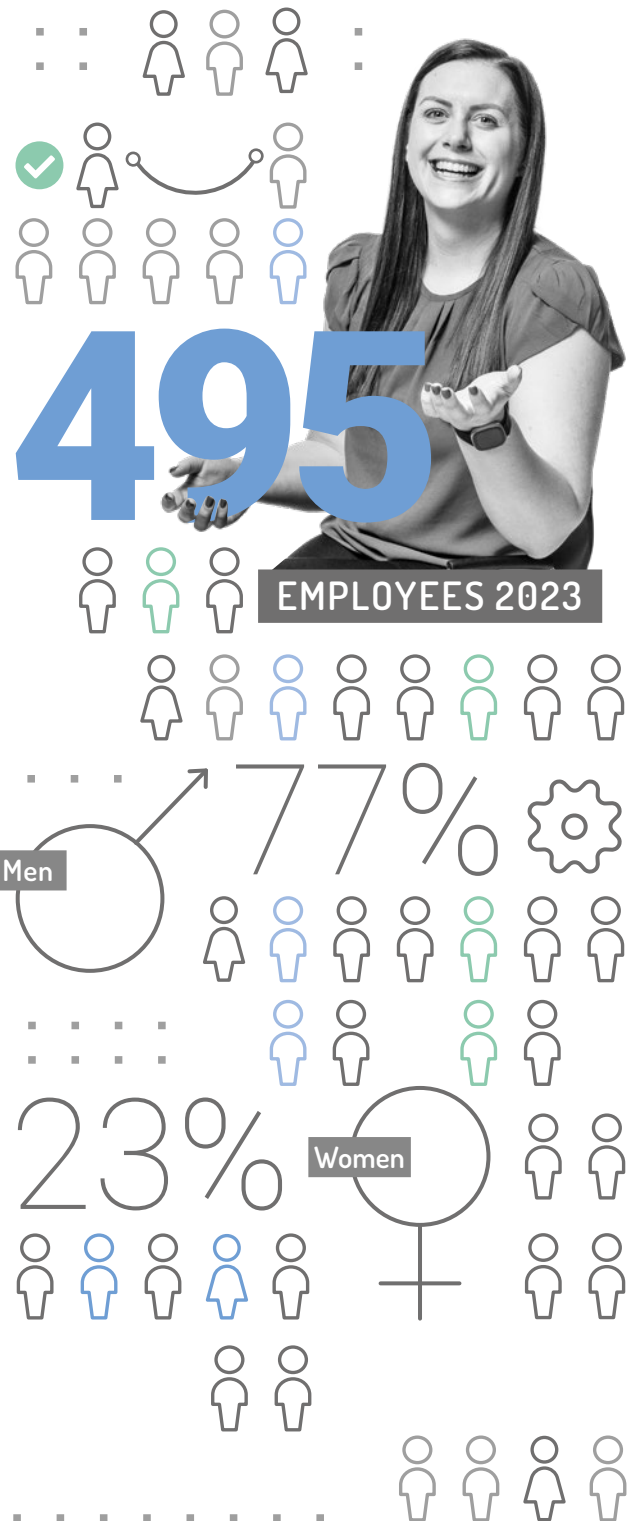
2027 at the latest. It was already possible to change the gender ratio on the supervisory board to 1 : 5 in July 2022 through the election of Dr. Zapreva as a new supervisory board member. The supervisory board's diversity concept and expertise profile are described on pages 91–93.

CropEnergies has set itself the goal of increasing the proportion of women in management positions. The proportion of women in management positions in the CropEnergies Group stood at 24% (19%) and the proportion of women in the core workforce at 23.4% (22.7%), at the end of the 2022/23 financial year.

**Employees by employee category and gender (CropEnergies Group)**

28 February 2023	Men	Women	Total
1 <sup>st</sup> management level (executive board)	3	0	3
2 <sup>nd</sup> management level	19	7	26
<b>Total CropEnergies Group employees</b>	<b>379</b>	<b>116</b>	<b>495</b>

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



## Training and development

Personnel development and training play an important role, particularly in view of the shortage of 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 is to be rolled out further. This will also be made available to CropEnergies' managerial staff.

## Health and 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. Safety at work is also embedded in CropEnergies' strategy and is a focal point as one of the strategic objectives. The safety culture is to be even further improved and standardised within the CropEnergies Group. In the past financial year, an international working group evaluated the action plans and operation procedures at all sites. Structures were reviewed and recommendations submitted to the executive board. Concrete objectives were defined. The next step will be to develop a concept for cross-site communication and to roll it out at the sites.

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 each individual employee's awareness of safe behaviour at the workplace. This includes regular instruction, training documentation on main topic areas and the organisation of "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 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! (Zero accidents – work healthily!)" agreement. There were no accidents at the sites in Loon-Plage, Zeitz and Wilton in 2022. The Ensus UK Ltd and Ryssen Alcools SAS sites have therefore been accident-free for four years. This meant that CropEnergies' production plants were again amongst the best in the Südzucker Group.

Two accidents occurred in the CropEnergies Group. The year-over-year accident rate increased, as a result, from 1.4 to 2.7. There have been no fatal accidents at CropEnergies AG since the company was founded.

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 safety at work and health protection via the internal suggestion scheme.

To minimise accident risks even further, the CropEnergies Safety Committee was founded. This committee has developed a safety at work master plan in collaboration with experts from the Südzucker EHS department.

**Accident statistics\***

	2020	2021	2022
Accident rate	5.8	1.4	2.7
Number of accidents	4	1	2
Accident-related lost day rate	78	10	85

\* 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 systematically implemented the government's recommended measures in connection with the coronavirus pandemic in the main administration and at the production 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, influenza vaccinations 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.

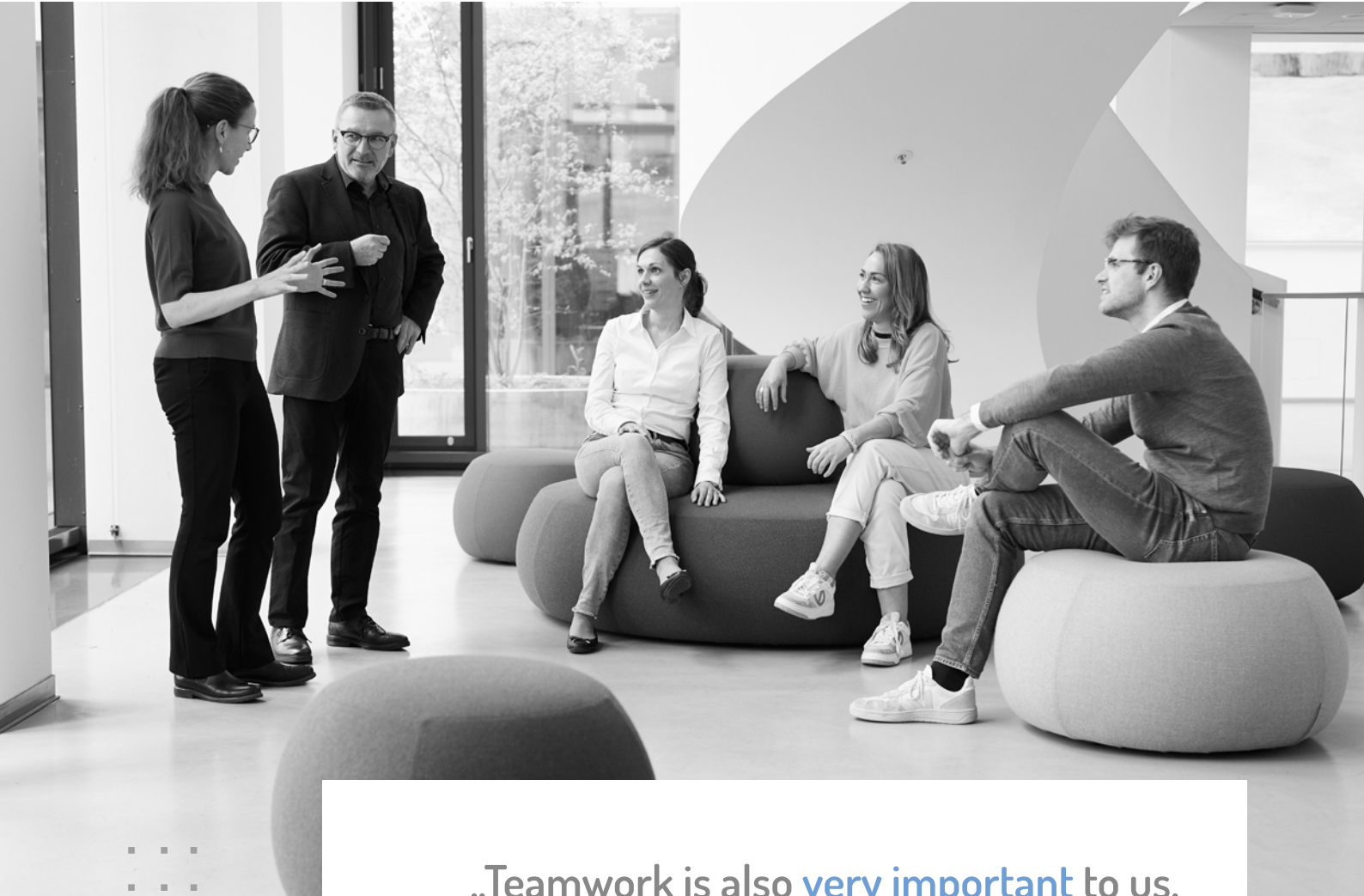
**ZERO ACCIDENTS**

**WORKING HEALTHILY**

VISION  
**ZER**

In 2022, zero accidents at the Loon-Plage, Wilton and Zeitz sites.





„Teamwork is also **very important** to us.  
In an environment of appreciation and  
proactive thinking, we always find  
new solutions to problems.“

Alice Hoare – Manager HR, Ensus Wilton



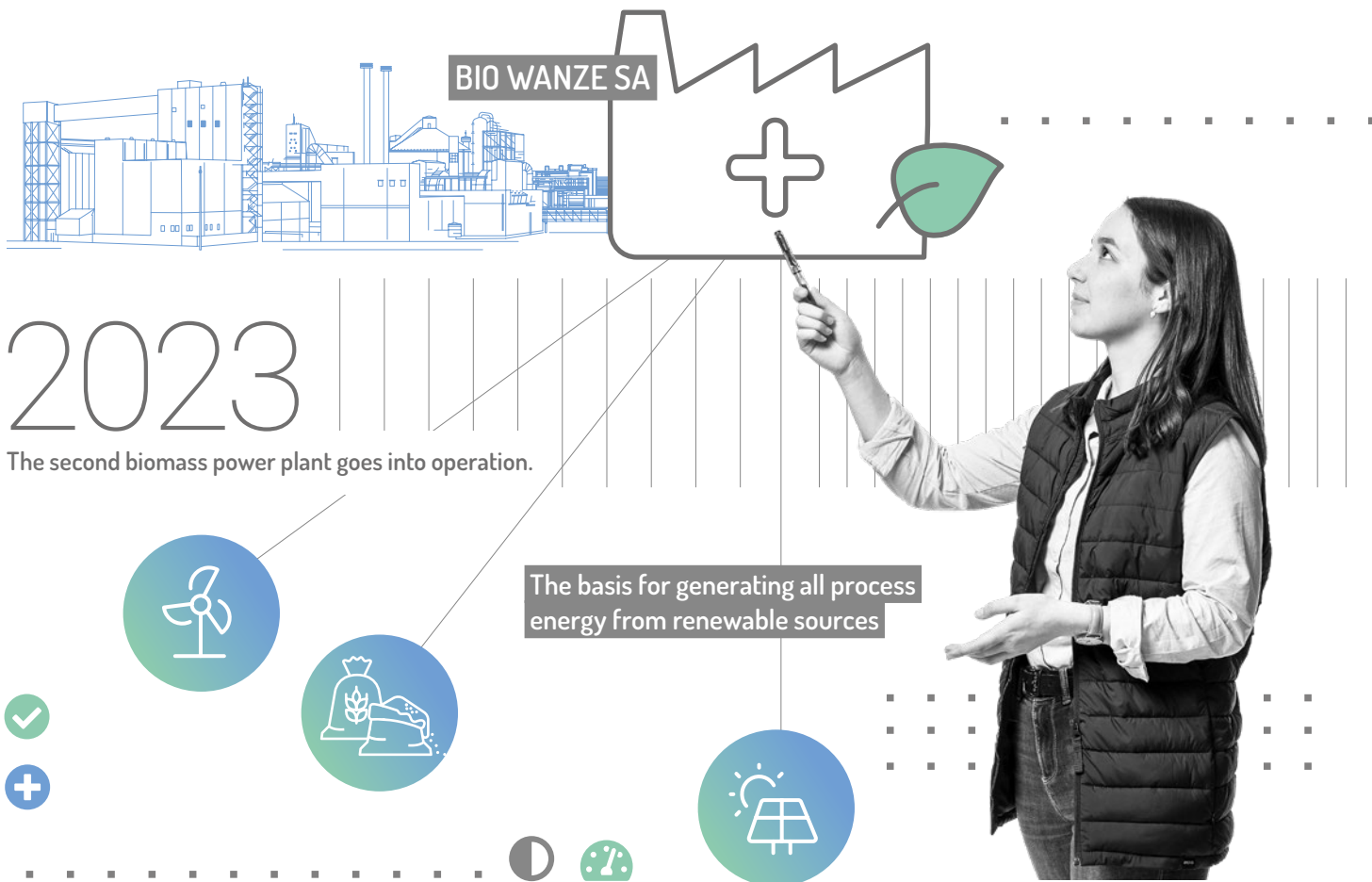


## INVESTMENTS

In the 2022/23 financial year, capital expenditure on property, plant and equipment amounted to € 46.7 (35.6) million. Of the total, € 29.3 million was invested at BioWanze SA, € 7.6 million at CropEnergies Bioethanol GmbH, € 5.8 million at Ensus UK Ltd, € 3.5 million at CE Biobased Chemicals GmbH and € 0.5 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.2) million was invested in intangible assets.

The focus of investing activities at BioWanze SA was on putting the key foundation stones in place for climate-neutral production. One milestone in this respect is the construction of a second wood chip and pellet biomass boiler, which gradually started to operate at the beginning of 2023. The new construction involving a total investment volume of € 50 million

will create the basis, at the Wanze site, for producing process energy entirely from renewable sources. Further investments are contributing to improving plant availability, increasing production capacity and ensuring ever-high product quality. To this end, for example, an investment was made in an optical sorting unit that removes undesirable components from the grain. This ensures that customers are supplied with the highest food-grade gluten.



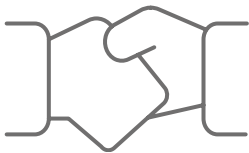


One of the features of the biorefinery in Zeitz is its high raw material and product flexibility. To ensure this flexibility, CropEnergies Bioethanol GmbH's investing activity focused on the areas of raw material logistics and storage. The aim is to implement a holistic concept consisting of modernisation of the track systems, optimisation of unloading and expansion of storage capacities.

In a first step towards further diversification, CropEnergies will construct a plant for manufacturing renewable ethyl acetate in the vicinity of the production site in Zeitz. To this end, a new company, CE Biobased Chemicals GmbH, was founded. The investment volume for constructing the plant is between € 120 and € 130 million. Renewable ethyl acetate

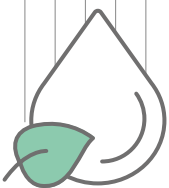
will enable CropEnergies to offer customers the possibility, in future, of reducing the fossil carbon footprint of a wide range of products and of growing with the trend for sustainability.

At Ensus UK Ltd, further measures were taken to boost plant availability and increase plant safety. Furthermore, a project for significantly conserving process steam, which is expected to be successfully completed in mid-2024 and which provides an important contribution to reducing Ensus' fossil carbon footprint, was started.



Foundation of  
CE Biobased Chemicals  
in financial year  
2022/23

ZEITZ



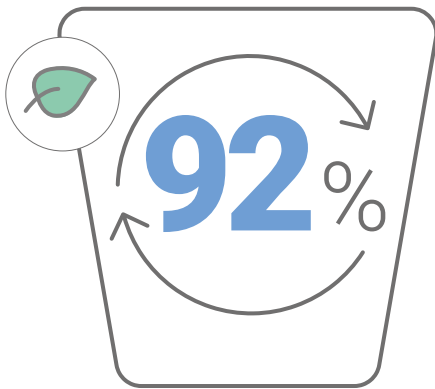
Production of renewable ethyl acetate  
from sustainable ethanol

“At all CropEnergies locations  
we are investing for the future.  
The focus is always on **sustainable production.**”

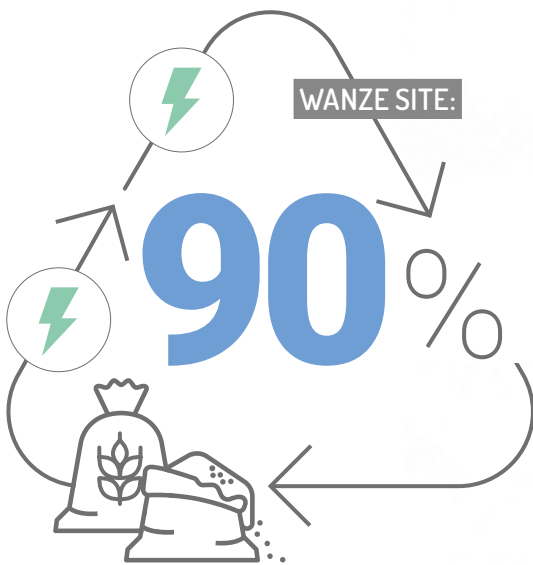
Margot Brunet - Ryssen Alcools, Loon-Plage,  
Assistante QSHE Quality, Health, Safety & Environment

# A round thing!

At BioWanze, **Laurane Kaye** is the contact person for all questions of internal and external communication. This also includes filling the focus topic of circular economy with life. Because at Wanze, as at all biorefinery sites, the raw materials used must be utilized as fully as possible.



92% of waste is recycled, composted or used to make energy.



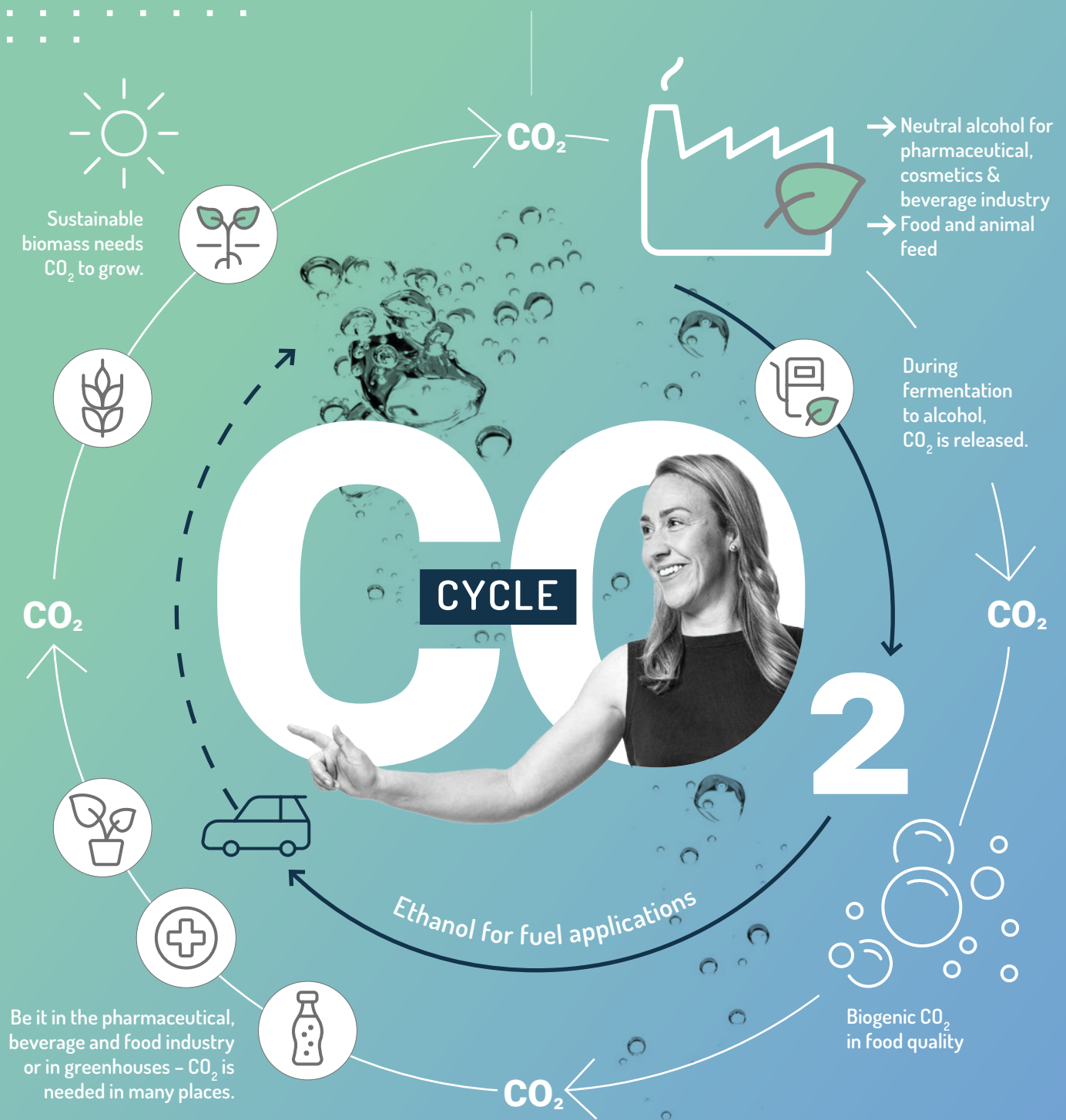
90% of the energy used for ethanol production is generated from the bran of the grain delivered.



In Wanze, CropEnergies produces renewable ethanol, liquid CO<sub>2</sub>, gluten as well as GMP+ certified bran for animal feed, green manure and green energy from biomass.

"The circular concept is a central theme for us. I stand behind it because our products are produced in such a sustainable and climate-friendly way."

Laurane Kaye – BioWanze, Wanze, Team Assistant & Local Communication



## REPORT ON THE ECONOMIC SITUATION

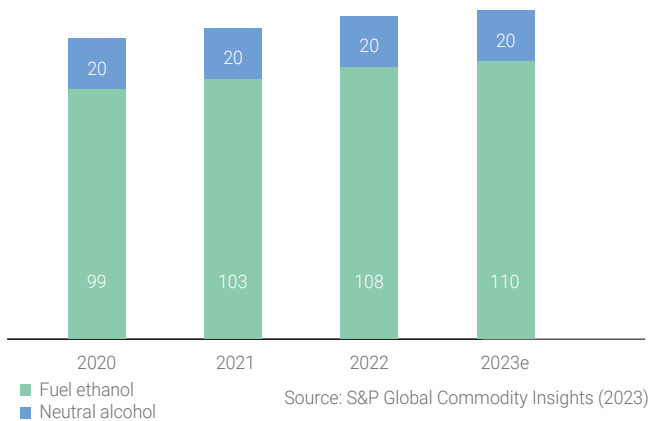
### Overall assertion on business performance

CropEnergies' performance in the past financial year bore the strong stamp of Russia's attack on Ukraine and the related increase in raw material and energy prices. It was possible to offset the latter through high ethanol prices and anticipatory hedging transactions for raw materials and energy. Ethanol prices, however, were negatively impacted by a significant increase in ethanol imports to Europe in the 2<sup>nd</sup> half of the financial year. Despite the sometimes challenging conditions, CropEnergies was again able to achieve high utilisation of production capacity and keep ethanol production, at 1.1 (1.1) million m<sup>3</sup>, at the previous year's level. Operating profit reached € 251 (127) million. This meant that the previous year's record result was virtually doubled.

### Report on business operations

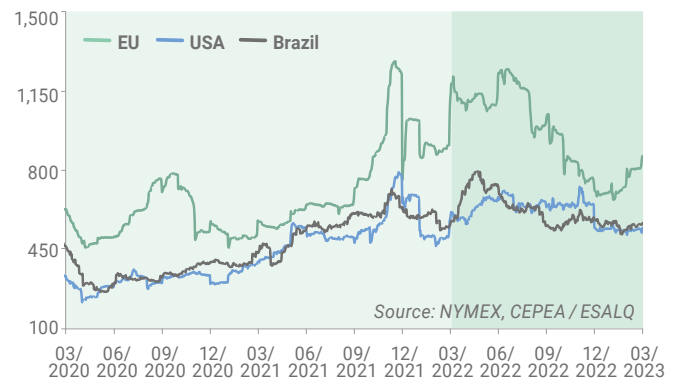
#### Developments on the international ethanol markets

##### Global ethanol production (million m<sup>3</sup>)



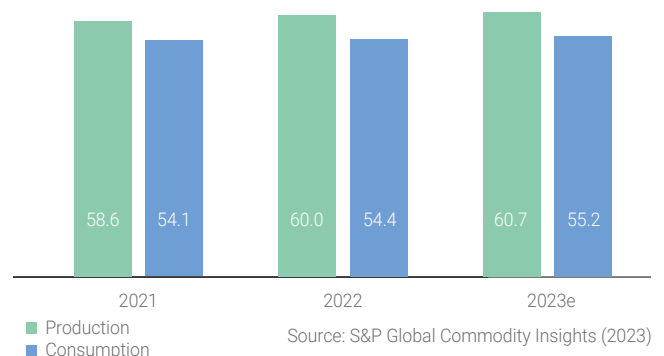
**World |** Global ethanol production continued to recover in 2022 and, at 128 (123) million m<sup>3</sup>, nearly reached the level prior to the outbreak of the COVID 19 pandemic. Around 84% (84%) of the production quantity was accounted for by fuel ethanol. The production of fuel ethanol is expected to continue to increase in 2023. Around 16% of globally produced alcohol is used as neutral alcohol in beverages, cosmetics and pharmaceutical and industrial applications.

##### International ethanol prices (€/m<sup>3</sup>)



The development of ethanol prices in the 2022/23 financial year bore the stamp of high raw material and energy costs, which rose sharply in Europe, in particular, owing to the Ukraine war. As a result, European ethanol prices remained at a very high level in the first six months of the financial year. There was a massive decline in prices in the 2<sup>nd</sup> half of the financial year due to soaring imports, particularly from Brazil, the USA and Pakistan, i.e., regions in which the cost pressure was much reduced.

##### USA: ethanol production and consumption (million m<sup>3</sup>)

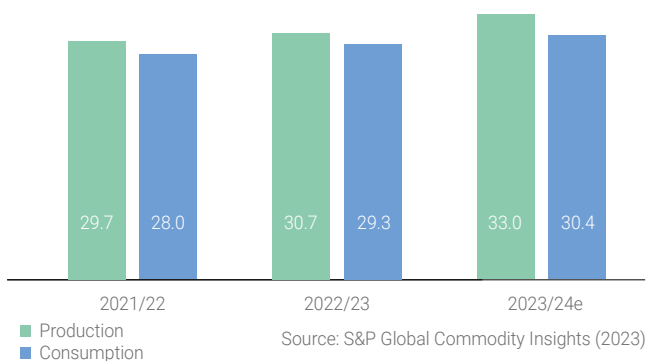


**USA |** In the USA, consumption of fuel ethanol rose slightly in 2022. As domestic production increased more sharply, however, there was high excess supply and correspondingly robust export activity. Production and domestic consumption

are expected to continue to rise in 2023. Exports are also expected to increase further.

Ethanol prices in the USA increased to US\$ 2.50/gallon or the equivalent of around € 590/m<sup>3</sup> at the beginning of March 2022, rising, at one point, to US\$ 2.88/gallon or around € 720/m<sup>3</sup>. Prices declined at the end of the financial year, but they were still at a relatively high level at the end of February 2023, at US\$ 2.17/gallon or the equivalent of around € 545/m<sup>3</sup>.

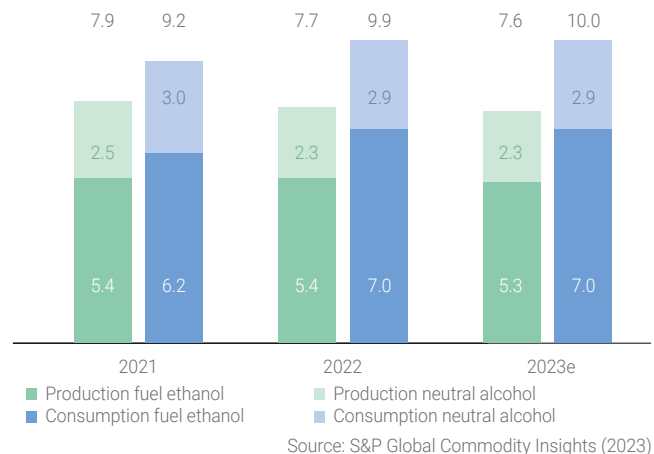
#### Brazil: ethanol production and consumption (million m<sup>3</sup>)



**Brazil** | Ethanol production in Brazil is expected to increase only slightly in the 2022/23 sugar year, despite a higher sugar cane harvest. This is due to the fact that sugar production is proving to be more attractive to Brazilian manufacturers than ethanol production for the domestic market. Domestic consumption also rose only slightly. Net exports are expected to increase to 2.0 (1.5) million m<sup>3</sup>.

In Brazil, prices rose in the course of the 2022/23 financial year, initially from the equivalent of around € 565/m<sup>3</sup> at the beginning of March 2022 to over € 800/m<sup>3</sup> in April 2022. By the end of the financial year, prices, at around € 565/m<sup>3</sup>, had fallen back to the level at the beginning of the financial year.

#### EU-27 and UK: ethanol production and consumption (million m<sup>3</sup>)



**EU-27 & UK** | In the EU-27 and the United Kingdom, ethanol production in 2022 was slightly below the previous year's level. At the same time, ethanol consumption increased, due to a rise in the consumption of fuel ethanol. Consumption of fuel ethanol in 2023 is expected to be at the previous year's level. There was a relatively constant consumption level in terms of neutral alcohol in 2022. Net imports to the EU-27 and the United Kingdom rose sharply in 2022: at 2.5 (1.1) million m<sup>3</sup>, they more than doubled.

Spot prices in Europe initially rose from around € 1,150/m<sup>3</sup> at the beginning of March 2022 to around € 1,300/m<sup>3</sup> in June 2022. By the end of the financial year, spot prices had sunk to around € 850/m<sup>3</sup>.

**EU-27 and the United Kingdom: Ethanol quantity balance**

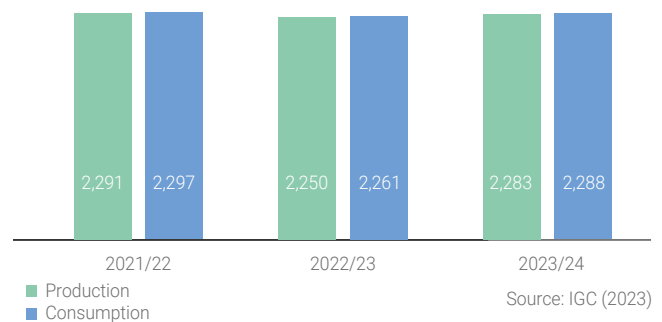
million m <sup>3</sup>	2023e	2022	2021	2020
Opening stock	1.0	0.6	0.9	0.8
Production	7.6	7.7	7.9	7.6
of which fuel ethanol	5.3	5.4	5.4	5.1
of which neutral alcohol	2.3	2.3	2.5	2.6
Consumption	10.0	9.9	9.2	8.6
of which fuel ethanol	7.0	7.0	6.2	5.5
of which neutral alcohol	2.9	2.9	3.0	3.1
Net imports	2.3	2.5	1.1	1.1
Final stock	0.9	1.0	0.6	0.9

Source: S&P Global Commodity Insights (2023)

In **Germany**, the largest market for ethanol in the EU, fuel ethanol consumption in 2022 remained roughly at the previous year's level of around 1.5 (1.5) million m<sup>3</sup>. Ethanol blending was the same as the previous year, at 4.5% (4.5%). Consumption, at 1.5 million m<sup>3</sup>, is expected to remain the same in 2023. Sales of Super E10 developed positively in 2022, resulting in a significant increase in E10's share of the German petrol market, at 24% (17%). One of the reasons for the increased attractiveness was that Super E10 not only saves around 0.3 kg CO<sub>2</sub> per litre compared with fossil petrol, but was also the cheapest fuel at German filling stations.

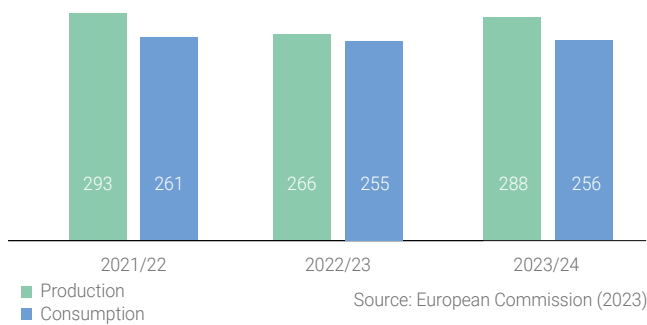
**Developments on the raw material and protein markets**

**Global grain harvest and consumption (million t)**



**Grain markets** | The global grain harvest (excluding rice) in the 2022/23 grain year (GY) is expected to be slightly below the record harvest in the 2021/22 GY. Global grain consumption is set to be just above the production quantity, which means that global stocks, at 586 (596) million tonnes, will be slightly lower. The global grain harvest is again expected to increase in the 2023/24 GY. However, the forecast is also subject to uncertainty owing to the continuing Ukraine war.

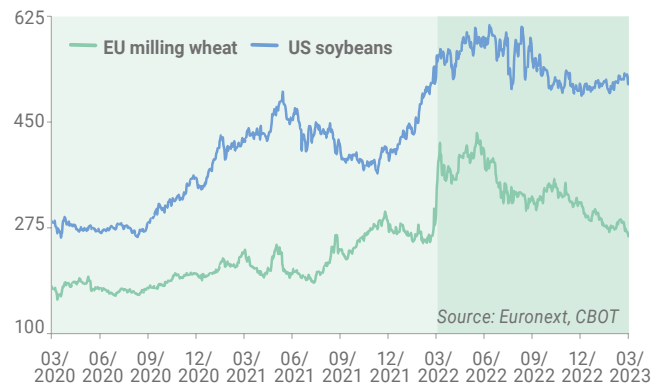
### EU-27: grain harvest and consumption (million t)



The European Commission expects the grain harvest in the EU-27 to fall in 2022/23 owing to dry weather conditions in parts of Europe. However, the harvest quantity is nevertheless expected to exceed anticipated consumption by a significant margin. The decline in consumption is due not only to a reduced use for animal feed products, but also to a reduction in the use of feed grain in the biorefineries for manufacturing ethanol. Exports are expected to decline to 44 (48) million tonnes.

The European Commission expects to see the harvest quantity increase again in the 2023/24 GY. Grain demand, on the other hand, is set to be only slightly above the previous year's level, 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)

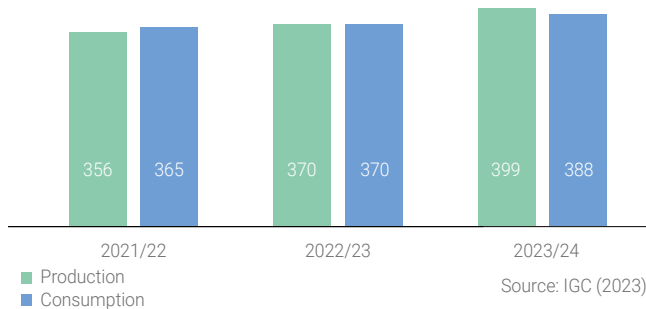


European wheat prices on the Euronext in Paris remained at a very high level over the course of the 2022/23 financial year. At the beginning of the financial year, wheat was quoted at around € 350/tonne, reaching a historical high, at around € 440/tonne, in mid-May in the course of the Ukraine war. The extremely high grain prices were due not so much to a shortage of grain but to uncertainty about the further course of the war and the related logistics problems with grain export from the region, which pushed up prices. Grain prices declined significantly again in the further course of the financial year. At the end of February 2023, the price of wheat was around € 275/tonne and hence back to the pre-war level.

**Protein markets** | 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)**



According to the International Grains Council (IGC), the global soybean harvest in 2022/23 will be above the previous year’s level. Demand is expected to increase slightly and stocks therefore to be unchanged at 46 (46) million tonnes.

Soybean prices remained at a high level throughout the 2022/23 financial year. At the beginning of March 2022, the price stood at around US\$ 17/bushel . As of the end of the financial year, soybeans were trading at around US\$ 15/bushel. The rapeseed harvest in the EU in 2022/23, at 20 (17) million tonnes, is significantly above the previous year’s level. The listings for European rapeseed meal followed the international lead. Prices stood at around € 400/tonne at the beginning of March 2022 and at around € 360/tonne at the end of February 2023.

**Energy** | At the beginning of March 2022, the Brent oil price stood at around US\$ 105/barrel and the gas price at € 118/MWh while, at the end of February 2023, the respective prices were around US\$ 84/barrel and € 49/MWh. The causes are many and, in the context of the economic recovery, include shortage, logistical availability and a stronger dependence on the spot market, among other things. The changing assessments of the ongoing Ukraine war, however, were the main factor behind price developments throughout the year.

**Developments in the political environment**

**European Green Deal** | 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.

**“Renewable Energy Directive”** | The “Renewable Energy Directive” (RED II) 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 July 2021, therefore, the European Commission proposed revising the “Renewable Energy Directive”, with a view to ensuring, among other things, higher GHG reductions through the use of renewable energies in the transport sector. On 30 March 2023, the European Parliament and Council negotiators were able to reach a so-called provisional political agreement on amending the “Renewable Energy Directive”. As far as the transport sector is concerned, member states are to be given a choice between achieving increased use of renewable energy sources by means of a GHG reduction target of 14.5% or by increasing the energy blending target to at least 29%. 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 provisional agreement also provides for a binding sub-target of 5.5% in 2030 for renewable biofuels from wastes and residues and synthetic fuels. Synthetic fuels are to account for at least one percentage point here.

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<sub>2</sub> emissions from fuels is to be established by 2026. Energy- and CO<sub>2</sub>-oriented pricing of fuels is broadly in line with demands that the European ethanol industry has been making for a number of years.

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



By contrast, the industry rejects the European Commission's proposal for specifying CO<sub>2</sub> 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 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, the proposal factors in neither GHG emissions from the manufacture of the batteries nor those from the charging current used. Despite these reservations, the European Parliament and Council followed the Commission's proposal for an extensive ban on new vehicles with an internal combustion engine from 2035 onwards. On 28 March 2023, the Council adopted a corresponding regulation, with the ruling also making provision for the European Commission to submit, outside the scope of vehicle fleet standards, a proposal for registering vehicles running exclusively on CO<sub>2</sub>-neutral fuels, after 2035. Furthermore, the European Commission is to be tasked with developing a method for determining the life cycle emissions of new vehicles by the end of 2025. The regulations are to be reviewed in 2026.

**"Fuel Quality Directive"** | 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<sub>2eq</sub>/MJ. In terms of a litre of petrol, this base value is equivalent to emissions of around 3 kg of CO<sub>2eq</sub>. In the case of sustainably produced ethanol from European raw materials, this value is a mere 0.5 kg CO<sub>2eq</sub>/litre. Ethanol blending not only reduces GHG emissions from petrol fuels, but also improves their efficiency and combustion properties owing to the higher oxygen content and higher octane rating compared with fossil petrol. CropEnergies therefore advocates an amendment to the "Fuel Quality Directive" with a view to enabling the use of petrol fuels with higher ethanol content (e.g., E20).

**Germany** | While a renewed increase in targets for renewable energies is being discussed at EU level, the current version of RED-II is being transposed into national law. Lawmakers in Germany have decided to raise the GHG reduction quota gradually to 25% in 2030, a further step being completed with the increase from 7% to 8% as of 1 January 2023. 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. Neither fossil fuels nor greenhouse gas emissions will, however, be reduced by means of this virtual multiplication. It is, therefore, also not surprising that around 148 million tonnes of CO<sub>2eq</sub> were emitted in the transport sector in 2022 and hence the upper limit under the *Bundes-Klimaschutzgesetz* (Federal Climate Protection Act - KSG) was exceeded by around 9 million tonnes of CO<sub>2eq</sub>. The increase in emissions is due to the fact that the use of biofuels remained the same despite the increase in total sales of fuels. By the year 2030, transport-related GHG emissions are to decline to just 85 million tonnes of CO<sub>2eq</sub>. The Federal Ministry for Digital and Transport (BMDV) therefore proposed on 12 July 2022 that the GHG reduction targets be raised by up to 1 percentage point by 2025. CropEnergies expressly supports this proposal to counter climate-damaging distortions due to multiple counting. Actual climate-friendly alternatives to fossil fuels are needed to lower greenhouse gas emissions. One example is the fuel ethanol used in Germany, which showed greenhouse gas emissions of around 9 g CO<sub>2eq</sub>/MJ and hence less than 200 g CO<sub>2eq</sub>/litre of ethanol in 2021. This is equivalent to a genuine 90% saving in greenhouse gases, across the entire value chain from raw material production through to use in a vehicle. Overall, 11.1 million tonnes of CO<sub>2eq</sub> were saved by the use of biofuels in 2021.

**Belgium** | In Belgium, the blending target was raised to at least 10.2% of renewable fuels in 2023. 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.

## Group management report

### Report on the economic situation

**United Kingdom** | The minimum proportion for renewable energies in fuels was raised to 12.45 vol.-% in the United Kingdom with effect from 1 January 2023. 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 2023 are allowed to contribute up to 3.5 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** | In France, the blending obligation for petrol fuels was further increased from 9.5% in 2022 to 9.9% in 2023. 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.

#### War in Ukraine – food-fuel debate

On 24 February 2022, Russia started a war of aggression against Ukraine in violation of international law. The war between Russia and Ukraine is having a major impact on political and economic life, so much so that there is talk in many places of a turning point in history. CropEnergies faces major challenges both on the raw material and energy markets and on the sales markets for ethanol as well as food and animal feed products. Owing to its established and proven risk management system, CropEnergies considers itself well positioned to deal with market risks.

Furthermore, in view of the high importance of Ukraine and Russia as grain exporters and the increase in grain prices, there has, however, also been a resurgence of the “food-fuel” debate, particularly in Germany. This anti-biofuel campaign is being driven by several environmental associations, which have used the war as an opportunity to reintroduce into the political debate accusations against biofuels from arable crops that have been refuted for years. Parts of the federal government have taken up the associated demand for a reduction in the use of biofuels from arable crops, despite the fact that

the statutory regulations were revised only at the end of 2021 and the upper limit for biofuels from arable crops was already reduced from 6.5% to 4.4% with effect from 1 January 2022.

The German biofuel associations are against any changes to the current legal situation. The use of biofuels from arable crops in Germany and Europe has been shown to have no significant impact on international agricultural markets. This has already been asserted by the European Commission on several occasions in the past. The competition between food and fuel broached in the public debate is a heavily truncated and fabricated dichotomy that has little to do with reality. Rather, the manufacture of renewable ethanol is based on the processing of inferior grain and feed grain, i.e., grain of low quality that is not intended for human consumption, with around 400 kg of protein-containing food and animal feed products being produced from 1,000 kg of feed grain. If biofuel production were to be stopped, there would be a lack of these sources of protein in Germany and Europe.

Differentiated approaches are required to handle complex crises such as the Ukraine crisis or the climate crisis. CropEnergies is relying on a rational and factual debate, making the case for integrated concepts which take energy, food and animal feed products, biodiversity and climate protection jointly into account. Europe’s cutting-edge biorefineries for manufacturing ethanol, food and animal feed as well as other products are a prime example of this.

### **The CropEnergies Group's production**

In its modern biorefineries in Belgium, Germany, France and the United Kingdom, CropEnergies produces not only sustainably generated fuel ethanol, but also neutral alcohol and protein-rich food and animal feed products as well as biogenic CO<sub>2</sub>.

In the 2022/23 financial year, CropEnergies was able to keep ethanol production at the previous year's level, at 1.1 (1.1) million m<sup>3</sup>; the production of food and animal feed products was also at the previous year's level. Over the course of the financial year, production capacity utilisation was managed to suit market conditions and to carry out regular maintenance activities. The sold quantity of CO<sub>2</sub> for liquefaction was significantly increased. The continuous supply of the new CO<sub>2</sub> liquefaction plant at the Wanze site also contributed to this.

Only raw materials of European origin continue to be processed at Zeitz, Wanze and Wilton. CropEnergies attaches great importance to sourcing the raw materials sustainably and locally. Certification according to at least one certification system recognised by the European Commission enables the sustainable production of ethanol to be fully documented in all CropEnergies' biorefineries and the high greenhouse gas reduction brought about by the ethanol produced in comparison with fossil petrol to be audited by an independent body.

## Results of operations, financial position, assets and liabilities

### Results of operations

€ thousands	2022/23	2021/22
<b>Revenues</b>	<b>1,488,273</b>	<b>1,075,345</b>
<b>EBITDA*</b>	<b>293,979</b>	<b>168,800</b>
<i>EBITDA margin in %</i>	19.8%	15.7%
Depreciation*	-42,977	-41,834
<b>Operating profit</b>	<b>251,002</b>	<b>126,966</b>
<i>Operating margin in %</i>	16.9%	11.8%
Restructuring costs and special items	-146	0
Income from companies consolidated at equity	489	244
<b>Income from operations</b>	<b>251,345</b>	<b>127,209</b>
Financial result	4,100	-2,962
<b>Earnings before income taxes</b>	<b>255,445</b>	<b>124,247</b>
Taxes on income	-58,889	-34,847
<b>Net earnings for the year</b>	<b>196,556</b>	<b>89,400</b>
<b>Earnings per share, diluted/undiluted (€)</b>	<b>2.25</b>	<b>1.02</b>

\* Without restructuring costs and special items

**Group revenues** | With revenues of € 1,488 (1,075) million, CropEnergies again significantly exceeded the record level from the previous financial year. A year-on-year comparison shows that improved sales prices for all product areas, particularly in the 1st half of the financial year for sustainable fuel ethanol, contributed to this increase.

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

**EBITDA** | Despite advantageous timely price hedging, which had already been carried out before the start of the Ukraine war and which had a positive cost-cutting effect even beyond the first half of the financial year, a significant increase in raw material costs was recorded. The significantly improved sales prices for the protein-containing food and animal feed produced were able to mitigate this negative impact only to

some extent, which meant that there was also a considerable increase in net raw material costs. Even though energy costs also rose significantly, it was possible to more than offset these cost increases by means of the significant increase in ethanol sales prices, resulting in an improvement in the material expense ratio to 74.0% (76.4%) of overall performance. As a result of this improvement in margins, EBITDA, adjusted for special items, rose to € 294.0 (168.8) million, thereby again significantly surpassing the previous year's strong record level.

**Operating profit / restructuring and special items** | Given slightly higher depreciation of € 43.0 (41.8) million, CropEnergies virtually doubled operating profit, at € 251.0 (127.0) million. This gives rise to an operating margin of 16.9% (11.8%). In addition, initial up-front expenses of € 0.1 (0.0) million in connection with the market development and construction of the new facility for ethyl acetate were posted as a special item.

**Income from operations** | Taking earnings from entities consolidated at equity as well as special items into account, income from operations of € 251.3 (127.2) million is in line with the positive development in operating profit.

**Taxes on income** | Earnings before taxes rose to € 255.4 (124.2) million. Taking into account current tax expenses of € 57.3 (38.7) million, expenditure of € 58.9 (34.8) million was posted for taxes on income in the financial year.

**Financial result** | The countervailing development of unrealised currency effects as well as increased interest income resulted in an improvement of the net financial result to € 4.1 (-3.0) million.

**Net earnings for the year** | Consolidated net earnings, at € 196.6 (89.4) million, also reached a new record level.

**Earnings per share** | Based on 87.25 million time-weighted no-par-value shares, that translates into earnings per share of € 2.25 (1.02).

#### Financial position

€ thousands	2022/23	2021/22
Gross cash flow	238,689	130,113
Change in net working capital	-51,005	16,874
<b>Net cash flow from operating activities</b>	<b>187,684</b>	<b>146,987</b>
Investments in property, plant and equipment and intangible assets	-46,828	-35,774
Investments in financial assets	-3,628	0
Cash received on divestments	0	675
Cash received on disposal of non-current assets	126	129
Increase in financial receivables	-76,281	-51,300
Payments into current financial investments	-34,876	24
<b>Cash flow from investing activities</b>	<b>-161,487</b>	<b>-86,246</b>
Purchase of own shares	-243	-223
Dividends paid	-39,245	-30,538
Repayment of lease liabilities	-5,323	-4,188
Decrease (-) / Increase (+) of other financial liabilities	0	-472
<b>Cash flow from financial activities</b>	<b>-44,811</b>	<b>-35,421</b>
Change in cash and cash equivalents due to exchange rate and changes in entities included in consolidation changes	-250	153
<b>Decrease (-) / Increase (+) in cash and cash equivalents</b>	<b>-18,864</b>	<b>25,473</b>

## Group management report

### Report on the economic situation

#### Statement of changes in financial position

As a result of the increase in EBITDA to € 294.0 (168.8) million, cash flow after taxes also increased to € 238.7 (130.1) million. Including the change in net working capital, cash flow from operating activities amounted to € 187.7 (147.0) million.

Cash flow from investing activities stood at € 161.5 (86.2) million. € 46.8 (35.8) 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 in Wanze, which will enable climate-neutral production from 2023 onwards.

The investments in financial assets amounting to € 3.6 (0) million relate to acquisitions of equity interest in LXP Group GmbH, Syclus BV and East Energy GmbH. Owing to the positive earnings situation, available funds were invested in financial receivables of € 76.3 (51.3) million and financial investments of € 34.9 (0) million.

A dividend of € 39.2 (30.5) million was paid in July 2022. Payments for lease liabilities of € 5.3 (4.2) million and the acquisition of own shares of € 0.2 (0.2) million gave rise to a net cash outflow from financing activities of € 44.8 (35.4) million.

**Investments** | In the 2022/23 financial year, capital expenditure on property, plant and equipment amounted to € 46.7 (35.6) million. Of the total, € 29.3 million was invested at BioWanze SA, € 7.6 million at CropEnergies Bioethanol GmbH, € 5.8 million at Ensus UK Ltd, € 3.5 million at CE Biobased Chemicals GmbH and € 0.5 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.2) million was invested in intangible assets.

#### Assets and liabilities

Total assets increased to € 1,046.9 (982.7) million. As a result of earnings, in particular, shareholders' equity rose to € 783.8 (696.4) million. The equity ratio reached 75% (71%).

#### ASSETS

€ thousands	28/02/2023	28/02/2022
Non-current assets	393,782	377,893
Current assets	653,088	604,853
<b>Total assets</b>	<b>1,046,870</b>	<b>982,746</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2023	28/02/2022
Shareholders' equity	783,750	696,419
Non-current liabilities	56,141	70,082
Current liabilities	206,979	216,245
<b>Total liabilities and shareholders' equity</b>	<b>1,046,870</b>	<b>982,746</b>
Net financial assets	318,095	229,919
Debt-cash flow ratio	n/a	n/a
Equity ratio	74.9%	70.9%
Net financial debt in percent of equity	n/a	n/a

**Non-current assets** increased by € 15.9 million to € 393.8 million as of 28 February 2023, with fixed assets increasing by € 10.9 million to € 378.1 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. Shares in entities consolidated at equity and other investments increased by € 4.7 million to € 7.5 million, mainly due to the acquisition of LXP Group GmbH, East Energy GmbH and Syclus BV. Financial receivables increased by € 0.6 million to €

0.6 million due to the issue of a long-term loan. Furthermore, receivables and other assets as well as deferred tax assets declined by € 0.3 million to € 7.6 million. Shareholders' equity and non-current liabilities cover 222% (209%) of fixed assets.

**Current assets** rose by € 48.2 million year over year to € 653.1 million, with current financial receivables increasing by € 75.7 million to € 270.7 million owing to the positive cash flow. Trade receivables and other assets declined by € 67.2 million to € 184.3 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 13.2 (73.9) million and receivables in the form of ring-fenced credits for hedging transactions of € 34.7 (47.1) million. Inventory stocks increased by € 25.7 million to € 133.6 million. Furthermore, fixed-interest securities increased by € 34.9 million to € 49.8 million and cash and cash equivalents declined by € 18.9 million to € 12.6 million. Tax assets declined by € 1.9 million to € 2.0 million.

**Non-current liabilities** decreased by € 13.9 million to € 56.1 million, with provisions for pensions and similar obligations declining - due, among other things, to the discount rate and further parameter adjustments - by € 9.6 million to € 22.7 million and deferred tax liabilities by € 5.5 million to € 20.2 million. Furthermore, non-current lease liabilities of € 9.8 (7.0) million had to be recognised. Non-current tax liabilities declined by € 1.3 million to € 1.3 million and other provisions by € 0.3 million to € 2.2 million.

**Current liabilities** declined by € 9.3 million to € 207.0 million, with trade payables and other liabilities declining by € 35.6 million to € 150.0 million. This also includes the negative

mark-to-market values from derivative hedging instruments of € 21.1 (34.2) million. Current tax liabilities increased by € 21.1 million to € 38.4 million owing to the significantly improved earnings situation. In addition, other provisions increased by € 3.9 million to € 12.7 million. Furthermore, current lease liabilities of € 5.9 (4.6) million had to be recognised.

The **net financial position** as of 28 February 2023 shows **net financial assets** of € 318.1 (229.9) million. The net financial assets consist of cash and cash equivalents, short-term investments in fixed-interest securities and financial receivables less the liabilities from leases.

## Economic value added, capital structure and dividend

### Economic value added

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

ROCE, at 46.4% (25.8%), was at a very high level in the 2022/23 financial year, due, in particular, to the significant increase in operating profit. Capital employed increased to € 540.9 (492.4) million. Capital expenditures on property, plant and equipment and intangible assets of € 46.8 (35.8) million were above depreciation of € 43.0 (41.8) million. Allowing for right-of-use assets from leases that had to be recognised under IFRS 16, total fixed assets increased slightly to € 378.1 (367.2) million.

€ thousands	2022/23	2021/22	2020/21	2019/20	2018/19
<b>Operating profit</b>	<b>251,002</b>	<b>126,966</b>	<b>107,033</b>	<b>103,893</b>	<b>32,783</b>
Property, plant and equipment*	372,030	361,129	360,415	371,521	371,369
Goodwill	6,095	6,095	6,095	6,095	6,095
Working capital	162,786	125,144	104,441	78,491	84,877
<b>Capital employed</b>	<b>540,911</b>	<b>492,368</b>	<b>470,951</b>	<b>456,107</b>	<b>462,341</b>
Return on capital employed (ROCE)	46.4%	25.8%	22.7%	22.8%	7.1%

\* Including intangible assets

**Capital structure**

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

The capital structure continues to be very robust, characterised by a high equity ratio of 75% (71%) and significantly increased net financial 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 2023.

€ thousands	2022/23	2021/22	2020/21	2019/20	2018/19
<b>Debt factor</b>					
Net financial assets	318,095	229,919	154,647	107,309	36,813
Cash flow	238,689	130,113	122,277	120,196	59,094
Debt-cash flow ratio	n/a	n/a	n/a	n/a	n/a
<b>Debt equity ratio</b>					
Net financial assets	318,095	229,919	154,647	107,309	36,813
Shareholders' equity	783,750	696,419	566,146	502,881	448,711
Net financial debt in percent of equity	n/a	n/a	n/a	n/a	n/a
<b>Equity ratio</b>					
Shareholders' equity	783,750	696,419	566,146	502,881	448,711
Total assets	1,046,870	982,746	742,433	669,628	585,748
Equity ratio in percent	74.9%	70.9%	76.3%	75.1%	76.6%



**Dividend**

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

**Proposed appropriation of profit**

The CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 196.6 (89.4) million. After a statutory allocation of € 59.2 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 € 59.8 million.

The executive board and supervisory board will propose to the annual general meeting on 11 July 2023 that, from the unappropriated profit of CropEnergies AG of € 52.3 million, a corresponding dividend of € 0.60 per share be distributed, a further € 7.0 million be allocated to the revenue reserves and the remaining unappropriated profit of € 0.5 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 38,701 treasury shares. This means that there are 87,211,299 dividend-bearing shares.

€ thousands	2022/23	2021/22	2020/21	2019/20	2018/19
Operating profit	251,002	126,966	107,033	103,893	32,783
Net earnings for the year	196,556	89,400	84,916	74,551	21,263
Cash flow	238,689	130,113	122,277	120,196	59,094
Earnings per share (€)	2.25	1.02	0.97	0.85	0.24
<b>Dividend per share (€)</b>	<b>0.60*</b>	<b>0.45</b>	<b>0.35</b>	<b>0.30</b>	<b>0.15</b>
Payout ratio	26.7%	44.1%	36.1%	35.3%	62.5%

\* Proposed

Proposed dividend per share:

€ 0.60

**DIVIDEND RETURN**



## Actual and forecast business performance

Outlook 2022/23	18/05/2022 Annual report 2021/22	14/04/2022 Insider information Article 17 of MAR 2022/23	15/06/2022 Insider information Article 17 of MAR 2022/23	11/08/2022 Insider information Article 17 of MAR 2022/23	Actual 2022/23	Actual 2021/22
Revenues € billion	1.35 to 1.45	1.35 to 1.45	1.45 to 1.55	1.47 to 1.57	1.49	1.08
EBITDA € million	145 to 195	145 to 195	205 to 255	255 to 305	294	169
Operating profit € million	105 to 155	105 to 155	165 to 215	215 to 265	251	127

The table above compares the actual performance in the 2022/23 financial year with the forecasts for the 2022/23 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 performance was mainly due to price developments, especially for ethanol, raw materials and energy, which were difficult to foresee in this form.

Insider information pursuant to Art. 17 MAR is published on the CropEnergies website at [www.cropenergies.com](http://www.cropenergies.com) under "Press".

### REVENUES

1,488 million euros

### OPERATING PROFIT

251.0 million euros

### EBITDA

294.0 million euros



## OUTLOOK

### Macroeconomic climate and industry-specific environment

According to the European Commission's current winter forecast, the EU economy entered 2023 on a better footing than expected. The growth outlook was raised to 0.8% for the EU and to 0.9% for the euro area, while projections for inflation for both 2023 and 2024 were slightly lowered. The gas storage facilities were filled better than usual, year over year, due to diversification of the energy supply and a sharp drop in gas consumption. Wholesale prices for natural gas are therefore well below pre-war levels again. The labour market in the EU has also continued to show a positive development, with the unemployment rate remaining at its all-time low of 6.1% until the end of 2022. However, consumers and companies continue to face high energy costs. Furthermore, core inflation (i.e., headline inflation excluding energy and unprocessed food) continued to rise, increasingly eroding households' purchasing power. As high inflationary pressures persist, monetary measures are likely to continue in 2023, weighing on business activity and exerting a drag on investment. Despite this, the European Commission believes that, owing to the easing of energy price increases, the peak of inflation has passed. If the decline in wholesale gas prices passes through more strongly to consumers, that could have a positive effect on domestic demand. Nonetheless, there could also be a reversal of that decline in the context of continued geopolitical tensions. The forecast therefore continues to be subject to high uncertainty and is based on the assumption that Russia's war of aggression against Ukraine will not escalate but will continue throughout the forecast horizon.

### Ethanol markets

Consumption of fuel ethanol and neutral alcohol in the EU-27 and the UK in 2023 is expected to be slightly above the previous year's level, at 10.0 (9.9) million m<sup>3</sup>. Demand is to be expected to be offset by domestic production of 7.6 (7.7) million m<sup>3</sup>. Net imports, at around 2.3 (2.5) million m<sup>3</sup>, are expected to decline slightly, but continue to be at a very high 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. In 2022, there was also a significant increase in the demand for E10 in Germany, the EU's largest

fuel market. 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. In this context, CropEnergies welcomes the fact that E10 was introduced in Ireland, Norway and Austria in April 2023. The introduction of E10 in Poland, which is being discussed for 2024, would be a further positive development in this respect.

CropEnergies expects lower ethanol sales prices in the 2023/24 financial year. This assessment is based on the expectation that prices for sustainably produced ethanol will normalise again, compared with the previous year's exceptionally high price level. The introduction of E10 in the above-mentioned countries suggests stable sales of fuel ethanol, which will, however, continue to be offset by high import quantities.

### Grain markets

The International Grains Council (IGC) expects world grain production (excluding rice) of 2,250 (2,291) million tonnes in 2022/23. Global stocks, at 586 (596) million tonnes are expected to decline only slightly due to the anticipated decline in consumption. In addition to the imponderables of the Ukraine war, dry weather conditions in large parts of Europe proved to be detrimental to grain prices in the past financial year. Overall, CropEnergies expects continuing high raw material expenses for grain in the 2023/24 financial year owing to the continuing war in Ukraine and related uncertainties. According to the IGC's March forecast, the grain harvest in 2023/24 is expected to rise to 2,283 million tonnes.

#### Political framework

Apart from developments on the sales and raw materials markets, political will and the corresponding framework are also crucial to the success of renewable energies. 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. European Parliament and Council negotiators accordingly agreed on amending the "Renewable Energy Directive". According to this agreement, member states are, in future, to be given a choice between achieving increased use of renewable energy sources by means of a GHG reduction target of 14.5% or by increasing the energy blending target to at least 29%. 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%. In addition, there will be a binding sub-target of 5.5% in 2030 for renewable biofuels from wastes and residues as well as synthetic fuels. 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 € 1,488 (1,075) million and operating profit of € 251 (127) million in the 2022/23 financial year. Recently, prices on the raw material and energy markets have declined significantly. For the year as a whole, CropEnergies' raw material and energy costs should therefore be at the previous year's level. Ethanol prices continue to be volatile and are significantly below the record levels of the previous year. CropEnergies therefore expects lower ethanol sales prices than in the past record year 2022/23 and expects revenues of € 1.27 to € 1.37 (previous year: € 1.49) billion in the financial year 2023/24. Operating profit is expected to reach € 95 to € 145 (previous year: € 251) million. This corresponds to an EBITDA of € 140 to € 190 (previous year: € 294) million.

CropEnergies assumes that the increased volatility on the sales, raw material and energy markets caused by the ongoing Ukraine war will continue. However, the introduction of E10 in other European countries points to stable sales of fuel ethanol, although this will be met by continued high import volumes.

## RISK AND OPPORTUNITIES REPORT

### Risk management system

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 opportunities and risks as future developments or events that can have a positive or negative effect on the achievement of strategic goals and operational plans.

Assessing risks and utilising opportunities safeguards the company's continued existence and its competitiveness. To that end, CropEnergies uses an integrated system for the early detection, assessment, monitoring and management of group-specific opportunities and risks.

The company's risk culture is characterised by risk-conscious conduct, clearly defined responsibilities, independence during risk controlling and the implementation of internal controls. Where possible and economically viable, insurable risks are covered by a cross-group insurance programme.

Adherence to applicable legislation, corporate guidelines and recognised regulatory standards is an integral part of CropEnergies' corporate culture and, as such, the duty and obligation of each and every employee. To ensure that all employees conduct themselves in accordance with the rules, CropEnergies has adopted a group-wide compliance management guideline as well as an opportunity and risk

management guideline and trains employees accordingly at regular intervals.

### System for the early detection of risks

The executive board bears group-wide responsibility for the risk management system as well as for the early detection and countering of risks to the company as a going concern and strategic risks. It has set up a risk committee, which comprises the executive board and managers from the procurement, sales, logistics, production, sustainability, 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 and energy sourcing, sales, trading and financial market risks, standardised scenario projections are calculated on the basis of future market expectations and the effects on planned operating profit are determined. Risk is assessed on a monthly basis for the current financial year. The owner takes corresponding countermeasures based on an executive board resolution made in the risk committee or in consultation with the responsible member of the executive board. The results obtained by the risk committee are documented on a monthly basis.

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

**Coronavirus pandemic**

Owing to the immunisation associated with advanced vaccination campaigns and survived infections, the impact on the population has declined considerably. The restrictions on public and private life involving a significant impact on society and the economy have mostly been withdrawn.

The possible emergence of new variants continues to pose a risk of infection with coronavirus. This may continue to cause disruptions of business operations, and sick leave in production and administration may increase in the short term. The pandemic may continue to cause disruption of business operations to occur and sick leave in production and administration to increase in the short term. These disruptions cannot

Overview of short-term risks and opportunities	Valuation in 2023/24	
	Risks	Opportunities
<b>Economical environment</b>		
Changes in the legal and political framework	low	low
<b>Operational risks and opportunities</b>		
Procurement	medium	high
Sales and credit risks	high	low
Quality and environment	medium	low
Information technology	low	low
Production	medium	low
Compliance	low	low
<b>Finance</b>		
Financial risks and opportunities	low	medium

always be countered by suitable measures such as adjusting shifts or mobile working. These disruptions can also occur at suppliers, customers and other business partners and hence lead, in turn, to disruptions of business operations at CropEnergies.

## Ukraine war

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. As long as the conflict continues, upcoming sowings and harvests in the conflict region will be made more difficult and are expected to be well below pre-war levels. In addition, the temporary agreement, between Ukraine and Russia, on shipping has a crucial impact on Ukraine's export possibilities via the Black Sea and hence to the global market. CropEnergies can counter this increased procurement risk to some extent by adapting the conditions of use of raw materials.

Russia was the largest supplier of natural gas to the EU before the start of the war. Owing to sanctions and political decisions, imports of Russian gas have come to a virtual standstill. Gas storage levels, consumption during the cold winter periods, imports of liquefied natural gas and the savings obtained during consumption are the determining factors with regard to the future development of the availability of natural gas. So far, the impact on production has been low. However, a future shortage of natural gas 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 still not 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.

The increase, on 1 January 2023, in the greenhouse gas reduction quota from 7% to 8% in the transport sector in Germany and the gradual increase to 25% in 2030 enable further sales potential for biofuels. At the same time, customer requirements on the greenhouse gas savings achieved are increasing. Biofuels from residues have an advantage over biofuels from agricultural products in this respect, as significantly higher greenhouse gas savings are attributed to them. In addition, it is possible to count the greenhouse gas savings of certain renewable energy sources more than once. This possibility does not exist for biofuels from agricultural products.

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

Changes to the political framework may also give rise to opportunities. For example, the spread of the climate-friendly petrol variety Super E10 continues in Europe with its introduction in Ireland in April 2023.

## 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<sub>2</sub> 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.

It is currently noticeable that European ethanol prices are at a much lower level than in mid-year despite the continuing cost pressure. The decline in the price of ethanol is especially due to the rise in imports to the EU and the UK, particularly from Brazil and the USA. The reason for this is the high margin between attractive EU prices, on the one hand, and

lower ethanol prices in the USA and Brazil, on the other. Manufacturers there are benefiting from much lower energy and raw material costs compared with Europe, where the war in Ukraine is keeping a tight grip on the energy and grain markets. Non-European manufacturers have a clear competitive advantage, which may lead to higher ethanol imports to Europe.

The new "Renewable Energy Directive" had to be transposed into national law in the EU member states by mid-2021. In addition to an anticipated rise in the demand for ethanol, continually increasing customer requirements in respect of 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 2023. 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, damage events, soil erosion 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 and 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. Increased cultivation of varieties and species that have tended to be grown in warmer regions may influence agricultural raw material and sales markets. 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 production and sales activities are 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<sub>2</sub> pricing of fossil fuels. Increasing provision of added value, such as further CO<sub>2</sub> 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<sub>2</sub>-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 bio-energy production on the cultivation of agricultural products 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 in the medium term 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 62% 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 42.5%.

The EU also revised the directive on renewable energies as part of the European Green Deal. The new requirements for renewable energies in the transport sector provide that member states achieve either a GHG reduction target of 14.5% or an energy blending target of at least 29% by 2030. The possibility of blending fuels from agricultural raw materials is to remain unchanged, whereas fuels from residues and wastes as well as synthetic fuels are to be used to a greater extent.

In the context of negotiations of initiatives for the EU's "Fit-for-55" reform package, co-legislators agreed to reduce the CO<sub>2</sub> emissions of cars and vans by 100% in 2035. Combustion engines cannot meet such a target, which means that new vehicles equipped with this technology will not be registered in this case. The accompanying electrification of road transport will make the sales market for fuel ethanol in Europe significantly smaller.

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.

Prices for grain and fuel increased significantly as a result of the Ukraine war, which again gave rise, among other things, to the "food vs. fuel" discussion. Some EU member states have to reduce or suspend blending targets for biofuels.

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. Although negotiations about a Transatlantic Trade and Investment Partnership (TTIP) were ended without agreement in 2019, a revival of the negotiations cannot be ruled out. On 28 June 2019, a fundamental agreement was reached in the negotiations about a free trade agreement between the EU and MERCOSUR but it has not been implemented, owing to political concerns. With the change of government in Brazil, efforts are being made in the EU to resume negotiations. A free trade agreement of this kind could likewise give rise to opportunities and risks in the wake of duty-free or duty-reduced import quotas.

Taxonomy refers to the common classification system introduced by the EU in 2020, which is designed to offer investors incentives for sustainable investments. The “Renewable Energy Directive” and the EU taxonomy define the concept of sustainability differently. It is therefore possible that economic activities certified as sustainable according to the “Renewable Energy Directive” do not qualify as compliant according to the EU taxonomy’s sustainability criteria. There is a risk that investors who are also facing an increasingly stringent regulation based on sustainability aspects may invest in CropEnergies shares to a more limited extent in future.

In the medium term, CropEnergies must, owing, among other things, to its affiliation with the Südzucker Group, implement a large number of other regulations, such as the Corporate Sustainability Reporting Directive (CSRD) and the Lieferkettensorgfaltspflichtengesetz (Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains - LKSG). There is a risk that the regulations cannot be implemented in time and in full. The implementation will involve additional costs.

#### **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 relevant sales markets 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. However, the sustainability requirements may also increase further as part of the European Green Deal.

Successful implementation of the constantly rising customer requirements in respect of ecological and social sustainability may enable existing customer relationships to be strengthened, new customers to be acquired and new investor groups to be reached.

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 sustainable ethanol using the technology of Johnson Matthey, a leading manufacturer of special chemicals and global market leader for state-of-the-art materials technology. In addition, CropEnergies has acquired shares in Syclus BV, a Dutch start-up for bio-based chemicals. The aim is to build an industrial-scale plant for the production of renewable ethylene from sustainable ethanol. Fossil-based ethylene is to be replaced and new markets opened up using a sustainable alternative from Europe.

CropEnergies has acquired an equity interest in LXP, a biotech start-up. LXP Group GmbH has developed a patented, energy-efficient process that enables gentle decomposition of lignocellular biomass, in particular residual and waste materials such as cuttings, as well as wood residues such as sawdust or straw.

Furthermore, CropEnergies has invested in East Energy GmbH. East Energy is a project developer that intends to construct photovoltaic parks with a total capacity of one gigawatt in north-eastern Germany over the next few years and to add hydrogen and methanol plants at suitable sites.

These diversifications of both products and markets offer CropEnergies the possibility of opening up new sales potential.

#### **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 that staff turnover increases and that posts cannot be filled appropriately or only with a time delay. The group's growth could be inhibited if necessary new personnel cannot be hired promptly. To counteract these risks, 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.

## 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, regular training courses are conducted across the group.

### Anti-trust law risks

Anti-trust law risks may arise if governing bodies or employees of the CropEnergies Group violate laws, which may result in fines, claims for damages and image damage. With regard to the internal implementation of the applicable laws, there is a competition directive and training courses for employees are held on a regular basis.

### 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 anonymously any breaches of statutory obligations that occur within the company. 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. Thanks to agreed internal and external credit lines, CropEnergies can additionally draw on ample cash resources in the short term, where necessary.

### Tax risks / opportunities

CropEnergies is subject to a variety of tax laws and regulations. Changes in this area could result in higher tax expenses and tax payments and also affect recognised current and deferred tax assets and liabilities. Tax risks exist for all open assessment periods, but sufficient provisions are recognised for known tax risks. Unused tax loss carry-forwards could be used, in future, for example, as a result of a further positive earnings development at the subsidiary Ensus, which will result in lower tax charges.

## 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. A temporary closure of plants may be necessary if variable costs can no longer be covered. Any correlation between the volatile raw material and ethanol markets is small, which can be offset only partly by price hedging.

The impact of the coronavirus pandemic on the population has declined significantly and restrictions have been almost entirely withdrawn. However, any new virus variants still pose a risk.

The impact of the war in Ukraine can be seen in increased 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. A potential expansion of the electrification of road transport would entail a reduction of the market volume for



renewable fuel ethanol. The targeted defossilisation might, however, give rise to opportunities for the use of renewable ethanol in the chemical industry.

Climate change, measures against it and their impact on CropEnergies will take on central importance in future.

The CropEnergies Group's overall risk position has therefore improved slightly year over year, as risks and impacts from the coronavirus pandemic have diminished. 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. 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.

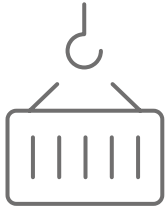
**Internal audit**

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 into 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 accounting-related system for internal control and early detection of risks.

Production



Improvements in raw material logistics and storage

ZEITZ (D)



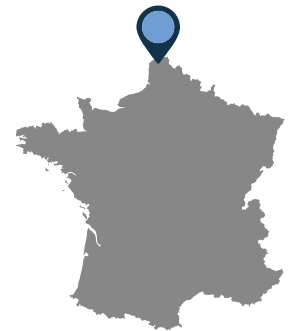
# It's on!

**Margot Brunet** monitors environmental and safety aspects in Loon-Plage. We are continuously improving these at CropEnergies – at all production locations. In this way we conserve resources and improve our economic efficiency. For example, by using waste heat or optimising our logistics.



All ethanol plants are certified as sustainable according to at least one of the certification systems recognized by the European Commission and are audited on an annual basis.

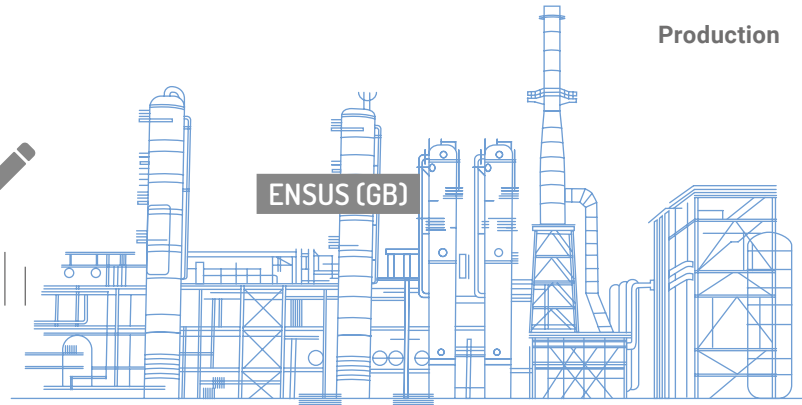
+++++



Loon-Plage is an important location in ethanol production - versatile and flexible.

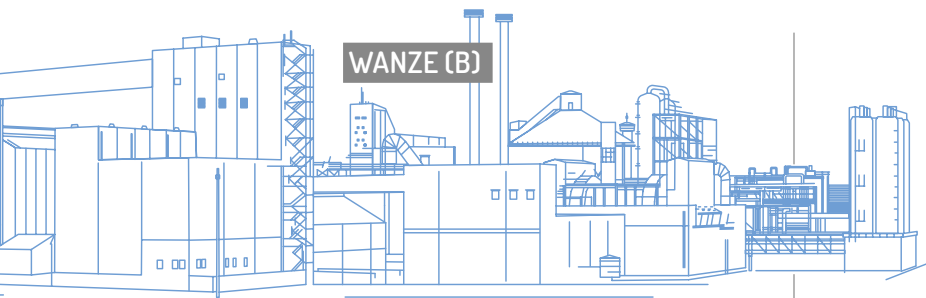


Energy savings

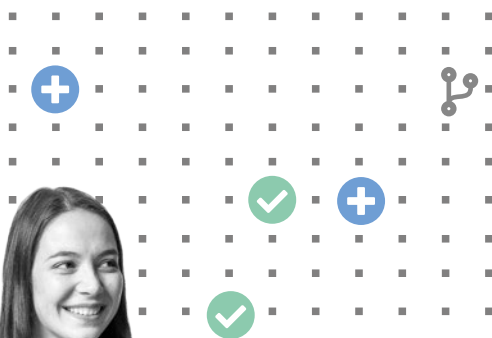


"In our plants, we use **the best available technologies** to increase sustainability and efficiency. In doing so, we are always setting new standards."

Margot Brunet - Ryssen Alcools, Loon-Plage, Assistante QSHE Quality, Health, Safety & Environment



Second biomass boiler running on wood chips and pellets.

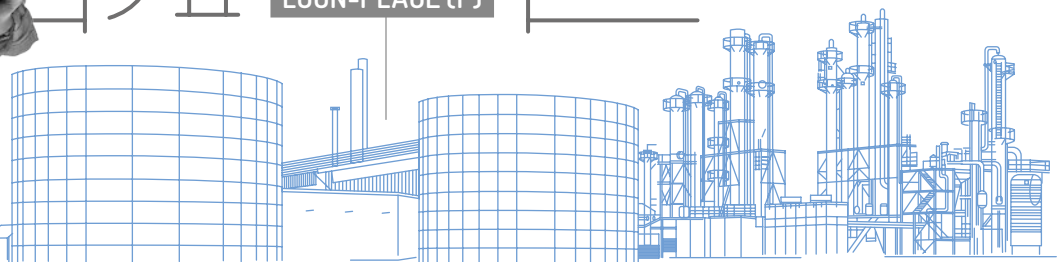


75%

of steam requirement will be covered by waste heat from a neighbouring industrial plant.



LOON-PLAGE (F)



## CORPORATE MANAGEMENT AND RESPONSIBILITY / CORPORATE GOVERNANCE

Reporting on corporate management and responsibility takes account of the recommendations of the German Corporate Governance Code (GCGC) and includes a declaration on corporate management pursuant to §§ 289f and 315d HGB as well as all disclosures and explanations required in accordance with §§ 289a to e and 315a to d HGB. This content also forms part of the management report.

The declaration on corporate management is published on the CropEnergies website at [www.cropenergies.com](http://www.cropenergies.com). Pursuant to § 317 (2) sentence 6 HGB, the disclosures in the declaration on corporate management (sections “Executive board and supervisory board” up to and including “General meeting”) are not included in the audit of the financial statements.

### Executive board and supervisory board

The following explanations refer to the disclosures on the functioning and composition of the executive board and supervisory board, including the supervisory board’s diversity concept and expertise profile, 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 trusting manner in managing and monitoring the company.

#### Executive board

The executive board of CropEnergies AG currently 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.

#### 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 and the reorientation of existing ones, 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.

For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the rules of procedure of both the executive board and the supervisory board stipulate that decisions are subject to approval by the supervisory board. The executive board keeps the supervisory board regularly, promptly and extensively informed, in writing as well as at its regular meetings, about planning, development of the business operations, strategic orientation in accordance with ecological and social sustainability and the position of the group. Other focal points of reporting include risk management and compliance.

The supervisory board chairman 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. The supervisory board has drawn up its own rules of procedure for its work; these are in force, as amended on 7 November 2022, and published on CropEnergies AG’s website (<https://www.cropenergies.com/de/unternehmen/management-board>). 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 GCGC. The evaluation of the questionnaires, the discussion 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.

At the 2022 annual general meeting, the members of the supervisory board were newly elected. The term of office, which is identical for all supervisory board members, runs for the period until adjournment of the annual general meeting that decides on approval for the 2026/27 financial year (i.e., until the adjournment of the annual general meeting in 2027).

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.

#### **Supervisory board committees**

With the audit committee, nomination committee and personnel committee, the supervisory board has formed committees which prepare and supplement its activities. 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 7 November 2022. In addition, the audit committee is governed by its rules of procedure, likewise as amended on 7 November 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.

#### **The supervisory board's diversity concept and expertise profile**

Regarding its composition, the supervisory board is guided, pursuant to a resolution passed at its meeting on 20 February 2023, – taking into account the sector, the size of the company, and the scale of the international activities – by the following **objectives**, in particular:

- Every member of the supervisory board should have adequate entrepreneurial and/or company experience.
- Every member of the supervisory board should have sufficient time 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 GCGC.
- The supervisory board should not have more than two former members of the company's executive board.
- At least one member of the audit committee should have expertise in the field of financial reporting (including internal control and risk management systems) and at least one other member of the audit committee should have expertise in the field of financial statement auditing (financial experts). The expertise of the financial experts should extend to sustainability reporting and the auditing thereof.

## Group management report

Corporate management and responsibility / corporate governance

- Special expertise in the following areas should be represented on the supervisory board:

### Functional:

- Corporate management and strategy
- Financial reporting/financial statement auditing/control and risk management systems
- Law/corporate governance/compliance
- Human resources and organisational development
- Sustainability

### Sectoral:

- Agriculture and raw materials
  - Manufacture and sale of ethanol and proteins as well as related value chains
  - Production and sale of renewable energy
  - Manufacture and sale of bio-based chemicals
  - International business/foreign markets
  - Innovation/research and development
- 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 on the supervisory board for the period up to 4 April 2027: The supervisory board should 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 has not been specified. This facilitates continuity and the preservation of long-standing expertise on 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 and expertise profile:

On 12 July 2022, the annual general meeting elected shareholder representatives to the supervisory board as scheduled.

The supervisory board believes that the current composition meets the diversity concept and expertise profile objectives.

The supervisory board considers that it currently has two, and hence - in consideration of the ownership structure - a sufficient number of independent members: Dr. Zapreva and Dr. Kirchberg are independent of CropEnergies AG, the executive board and the controlling shareholder, Südzucker AG.

In Dr. Zapreva, chairwoman of the audit committee, Mr Kölbl, deputy chairman of the audit committee and Mr Friedl, member of the audit committee and deputy chairman of the supervisory board, the supervisory board has at least three people who satisfy the GCGC requirements in terms of financial experts.

Dr. Zapreva has, owing to her professional background, particularly her activities as chairwoman of the executive board of enerCity AG and as the person responsible for the financial area of corporate groups, expertise in the fields of financial reporting and financial statement auditing. Her expertise in the field of financial reporting also particularly includes knowledge and experience in the application of financial reporting principles and internal control and risk management systems. Her aforementioned activities also include responsibility for implementing ESG matters in relation to customers. Dr. Zapreva also has expertise in respect of sustainability reporting as well as the auditing thereof and regularly attends professional development courses in this regard.



Mr Kölbl has, owing to his professional background and, in particular, his long-standing activity as CFO of Südzucker AG and as member of the supervisory board and audit committee of CropEnergies AG as well as other listed companies, expertise in the fields of financial reporting and financial statement auditing. This also includes knowledge and experience in the application of financial reporting principles and internal control and risk management systems. His expertise also includes sustainability reporting and the auditing thereof. Sustainability and ESG issues have, after all, long been of particular importance to Südzucker und CropEnergies as listed, agriculture-related producers of plant-based products with a large number of employees. In addition, Mr Kölbl regularly attends professional development courses in this area.

Mr Friedl, owing to extensive professional development and his long-standing activity in the audit committee of Südzucker AG, latterly as audit committee chairman for more than five years, also has expertise in the field of financial statement auditing. This also includes sustainability reporting and the auditing thereof. Mr Friedl also regularly attends professional development courses in these areas and, at Südzucker, he chairs the committee for strategy and sustainability responsible for this.

The supervisory board includes one woman. None of the members is older than 70. There are no former executive board members of CropEnergies AG on the supervisory board. The special expertise required according to the diversity concept and expertise profile is represented on the supervisory board and is summarised in the following qualifications matrix in accordance with recommendation C.1 of the GCGC:

	Supervisory board	Audit committee
<b>Functional expertises</b>		
Corporate management and strategy	• •	• •
Financial reporting / financial statement auditing / control and risk management systems	• •	• •
Law / Corporate governance / Compliance	•	•
Human resources and organisational development	•	• •
Sustainability	• •	• •
<b>Sectoral expertises</b>		
Agriculture and raw materials	• •	• •
Manufacture and sale of ethanol and proteins as well as related value chains	•	•
Production and sale of renewable energy	•	•
Manufacture and sale of biobased chemicals	•	•
International business / foreign markets	•	•
Innovation / research and development	•	•

- = At least one member has special expertise in this field.
- • = The majority of the members have special expertise in this field.

## Group management report

Corporate management and responsibility / corporate governance

### 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.
- 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 size of the company, and the scale of the international activities – by the following objectives and expertise profiles:

- 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.
- 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 should include at least one woman.
- 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.
- 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.

### 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 addition, the audit committee also concerns 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 75–87.



## Corporate governance

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 fulfils the need to keep shareholders and the public comprehensively informed in a timely manner.

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 GCGC's recommendations and suggestions and is a key executive board and supervisory board responsibility.

In CropEnergies' view, the GCGC as amended on 28 April 2022 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 2022

In November 2022, executive board and supervisory board issued the declaration of conformity with the recommendations of the GCGC as amended on 28 April 2022, pursuant to § 161 AktG.

CropEnergies AG complies with the recommendations with the assumptions presented in the declaration of conformity. There are no GCGC recommendations that are not applicable to CropEnergies AG on the grounds of overriding statutory provisions.

As with declarations of conformity issued in previous years, the full wording of the declaration of conformity for 2022 is published on the CropEnergies website at [www.cropenergies.com](http://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. The fixed, statutorily prescribed gender quota of 30% in the supervisory board is not applicable to CropEnergies AG; this applies only 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 on the supervisory board until 4 April 2027: The supervisory board should include at least one woman. This target has already been achieved through the election, by the annual general meeting, of Dr. Susanna Zapreva.

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 should include at least one woman.

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% by 6 March 2027. As of 28 February 2023, the proportion of women at management level below the executive board at CropEnergies AG was 29%; as of 1 March 2023, the proportion of women has increased to 33%.

### Training and professional development

An information event on corporate governance issues involving an external specialist lawyer was again held in the 2022/23 financial year. Regardless of this, 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 AG in this regard. A training course on sustainability was also held in March 2023.

## Group management report

Corporate management and responsibility / corporate governance

### Compensation report

A separate report on executive board and supervisory board compensation and the executive board's current compensation system are published on the CropEnergies website. The compensation of the supervisory board is laid down in § 12 of CropEnergies' articles of association. 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 GCGC recommendation for supervisory board member deductibles was lifted in 2019. Deductibles have therefore no longer been provided for in the D&O insurance for supervisory board members since 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 2022/23 financial year.

## Internal control system and risk management system

The conscientious handling of business risks is one of the principles of good corporate governance. The executive board of CropEnergies AG and management in the CropEnergies Group use comprehensive group-wide and company-specific reporting and control systems to identify, assess and manage these risks. 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 system and internal auditing system. Details on risk management are outlined in the risk and opportunities report.

### Main features of the internal control system and the risk management system

The CropEnergies Group's internal control system and risk management system are based on the principles, guidelines and measures specified by the executive board. They include the management of risks and opportunities in relation to the achievement of business objectives, the regularity and reliability of internal and external financial reporting as well as compliance with the relevant legal provisions and regulations. The management of risks and opportunities covers sustainability aspects and also includes the processes and systems for capturing and processing sustainability-related data.

The framework for the internal control system and risk management system defines their elements and sets the standard for assessing adequacy and effectiveness. It links the risk management process to financial reporting and the internal control system. The two systems complement each other. All departments in the CropEnergies Group are part of the internal control system and risk management system. The scope of the activities and measures to be performed by each department differs, depending on the importance of the individual departments for the consolidated financial statements and the specific risks and opportunities associated with their business activity.

The executive board has overall responsibility for the internal control system and risk management. The risk and internal control committee bundles and integrates the internal control and risk management processes, assisting the executive board in designing and maintaining adequate and effective processes for implementing, monitoring and reporting on internal control and risk management activities.

Management is obliged to implement, in its area of responsibility, an adequate and effective internal control system and risk management system based on the principles that are mandatory across the group. To this end, risk owners are assigned and, where appropriate, risk committees implemented in the individual divisions.

Risk management is responsible for monitoring and coordinating the entire processes so as to ensure an adequate and effective internal control system and risk management system within the group. Details on risk management are outlined in the risk and opportunities report.

The internal control system and risk management as well as their contributing elements are regularly part of audit activities performed by Südzucker's internal auditing department as a shared service. These activities are performed either as part of the risk-based annual audit plan or as part of audits scheduled during the year upon request.

Based on the previously described processes and measures, the executive board of CropEnergies AG sees no indication that internal control system and risk management have been inadequate or ineffective as a whole as of 28 February 2023. Nevertheless, there are inherent limits to the effectiveness of any risk management and control system. No system, even if it has been judged to be adequate and effective, can, for example, ensure that all actually occurring risks will be identified in advance or that process violations will be ruled out under all circumstances. The audit committee is regularly integrated into the internal control system and risk management. It monitors, in particular, financial reporting and the financial reporting process as well as the adequacy and effectiveness of the internal control system, risk management and Südzucker's internal auditing system as a shared service.

## Compliance

### 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.

## Group management report

Corporate management and responsibility / corporate governance

### ■ 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 compliance 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.

## General meeting

### 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. In terms of voting, each share entitles the holder to one vote.

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 2023

The invitation to the annual general meeting, which is expected to be held virtually on 11 July 2023, 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".

## 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 2023 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 38,701 own shares, which were acquired in connection with the new executive board compensation system.

### **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 2023, 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 12 July 2022, the executive board must comprise at least three individuals. The supervisory board determines the number of executive board members. It 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).

## Group management report

Corporate management and responsibility / corporate governance

### 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 own 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 2022 to 28 February 2023

€ thousands	Note	2022/23	2021/22
<b>Income statement</b>			
<b>Revenues</b>	(6)	<b>1,488,273</b>	<b>1,075,345</b>
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	13,098	24,729
Other operating income	(8)	26,816	16,001
Cost of materials	(9)	-1,110,344	-840,901
Personnel expenses	(10)	-46,862	-41,509
Depreciation	(16), (17)	-42,977	-41,834
Other operating expenses	(11)	-77,148	-64,866
Income from companies consolidated at equity	(18)	489	244
<b>Income from operations</b>	(12)	<b>251,345</b>	<b>127,209</b>
Financial income	(13)	6,076	435
Financial expenses	(13)	-1,976	-3,397
<b>Earnings before income taxes</b>		<b>255,445</b>	<b>124,247</b>
Taxes on income	(14)	-58,889	-34,847
<b>Net earnings for the year</b>		<b>196,556</b>	<b>89,400</b>
<b>Earnings per share, diluted/undiluted (€)</b>	(31)	<b>2.25</b>	<b>1.02</b>
<b>Table of other comprehensive income</b>			
<b>Net earnings for the year</b>		<b>196,556</b>	<b>89,400</b>
Mark-to-market gains and losses after deferred taxes		20,647	99,151
Revaluation not affecting income		-6,010	40,011
Realisation in a profit or loss		26,657	59,140
Foreign currency differences from consolidation		-7,310	4,179
<b>Income and expenses to be reclassified in future in the profit and loss account</b>		<b>13,337</b>	<b>103,330</b>
Remeasurement of defined benefit plans and similar obligations after deferred taxes		8,500	10
<b>Income and expenses not to be reclassified in future in the profit and loss account</b>		<b>8,500</b>	<b>10</b>
<b>Income and expenses recognised in shareholders' equity</b>		<b>21,837</b>	<b>103,340</b>
<b>Total comprehensive income</b>		<b>218,393</b>	<b>192,740</b>



## Consolidated Financial Statements

### Cash flow statement

## Cash flow statement

1 March 2022 to 28 February 2023

€ thousands	Note	2022/23	2021/22
Net earnings for the year		196,556	89,400
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	42,977	41,834
Change in non-current provisions and deferred tax liabilities		2,453	-2,393
Other income not affecting cash		-3,297	1,272
<b>Gross cash flow</b>		<b>238,689</b>	<b>130,113</b>
Loss on disposal of non-current assets		158	1,079
Increase in current provisions		3,855	2,502
Increase in inventories, receivables and other current assets		-43,373	-88,953
Decrease (-) / Increase (+) in liabilities (excluding financial liabilities)		-11,645	102,246
Change in working capital		-51,163	15,795
<b>I. Net cash flow from operating activities</b>		<b>187,684</b>	<b>146,987</b>
Investments in property, plant and equipment and intangible assets	(16), (17)	-46,828	-35,774
Investments in financial assets		-3,628	0
Cash received on divestments		0	675
Cash received on disposal of non-current assets		126	129
Payments made for financial receivables*		-561,281	-275,000
Payments received for financial receivables*		485,000	223,700
Payments into current financial investments	(32)	-34,876	24
<b>II. Cash flow from investing activities</b>		<b>-161,487</b>	<b>-86,246</b>
Purchase of own shares		-243	-223
Dividends paid		-39,245	-30,538
Repayment of lease liabilities		-5,323	-4,188
Decrease (-) / Increase (+) of other financial liabilities		0	-472
<b>III. Cash flow from financial activities</b>		<b>-44,811</b>	<b>-35,421</b>
<b>IV. Change in cash and cash equivalents (total of I., II. and III.)</b>		<b>-18,614</b>	<b>25,320</b>
Change due to exchange rate changes		-258	153
Change due to changes in entities included in consolidation		8	0
<b>Decrease (-) / Increase (+) in cash and cash equivalents</b>		<b>-18,864</b>	<b>25,473</b>
Cash and cash equivalents at the beginning of the year		31,484	6,011
<b>Cash and cash equivalents at the end of the year</b>		<b>12,620</b>	<b>31,484</b>
<i>* Further explanations of adjustments can be found at item (32) of the notes.</i>			
€ thousands	Note	2022/23	2021/22
Interest receipts	(32)	2,205	69
Interest expense	(32)	804	661
Tax payments	(32)	35,544	37,025

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



## Balance sheet

28 February 2023

<b>ASSETS</b>			
€ thousands	Note	28/02/2023	28/02/2022
Intangible assets	(16)	7,039	7,490
Property, plant and equipment	(17)	371,086	359,734
Shares in companies consolidated at equity	(18)	5,198	2,781
Other investments	(18)	2,300	0
Non-current financial receivables	(25), (26), (28)	600	0
Receivables and other assets	(28)	45	41
Deferred tax assets	(14)	7,514	7,847
<b>Non-current assets</b>		<b>393,782</b>	<b>377,893</b>
Inventories	(19)	133,648	107,952
Current financial receivables	(25), (26), (28)	270,681	195,000
Trade receivables and other assets	(20), (27), (28)	184,291	251,532
Current tax receivables	(14)	2,004	3,917
Securities	(25), (26), (28)	49,844	14,968
Cash and cash equivalents	(25), (26), (28)	12,620	31,484
<b>Current assets</b>		<b>653,088</b>	<b>604,853</b>
<b>Total assets</b>		<b>1,046,870</b>	<b>982,746</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	28/02/2023	28/02/2022
Subscribed capital		87,250	87,250
Nominal value of treasury shares		-39	-19
Capital reserves		197,847	197,847
Other reserves and other comprehensive income		498,692	411,341
<b>Shareholders' equity</b>	(21)	<b>783,750</b>	<b>696,419</b>
Provisions for pensions and similar obligations	(22)	22,710	32,352
Other provisions	(23)	2,181	2,459
Financial liabilities	(25), (26), (28)	9,767	6,980
Non-current tax liabilities	(14)	1,260	2,536
Deferred tax liabilities	(14)	20,223	25,755
<b>Non-current liabilities</b>		<b>56,141</b>	<b>70,082</b>
Other provisions	(23)	12,706	8,851
Financial liabilities	(25), (26), (28)	5,883	4,553
Trade payables and other liabilities	(24), (27), (28)	149,965	185,522
Current tax liabilities	(14)	38,425	17,319
<b>Current liabilities</b>		<b>206,979</b>	<b>216,245</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,046,870</b>	<b>982,746</b>

## Development of shareholders' equity

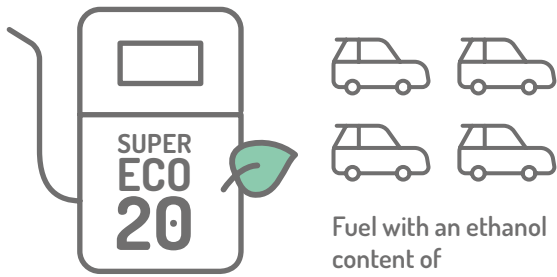
1 March 2022 to 28 February 2023

€ thousands	Subscribed capital	Nominal value of treasury shares	Capital reserves
<b>1 March 2021</b>	<b>87,250</b>	<b>0</b>	<b>197,847</b>
<b>Net earnings for the year</b>			
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			
<b>Income and expenses recognised in shareholders' equity</b>			
<b>Total comprehensive income</b>			
<b>In the acquisition costs of non-financial assets reclassified hedges from cost of materials</b>			
<b>Dividends paid</b>			
<b>Other changes</b>		<b>-19</b>	
<b>28 February 2022</b>	<b>87,250</b>	<b>-19</b>	<b>197,847</b>
<b>1 March 2022</b>	<b>87,250</b>	<b>-19</b>	<b>197,847</b>
<b>Net earnings for the year</b>			
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			
<b>Income and expenses recognised in shareholders' equity</b>			
<b>Total comprehensive income</b>			
<b>In the acquisition costs of non-financial assets reclassified hedges from cost of materials</b>			
<b>Dividends paid</b>			
<b>Other changes</b>		<b>-20</b>	
<b>28 February 2023</b>	<b>87,250</b>	<b>-39</b>	<b>197,847</b>

*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
	282,314	-1,545	280	281,049	566,146
	89,400			89,400	89,400
		99,151			99,151
			4,179		4,179
	10				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
	341,176	65,706	4,459	411,341	696,419
	196,556			196,556	196,556
		20,647			20,647
			-7,310		-7,310
	8,500				8,500
	8,500	20,647	-7,310	21,837	21,837
	205,056	20,647	-7,310	218,393	218,393
		-91,917		-91,917	-91,917
	-39,245			-39,245	-39,245
	120			120	100
	507,107	-5,564	-2,851	498,692	783,750

Diversification



Fuel with an ethanol content of

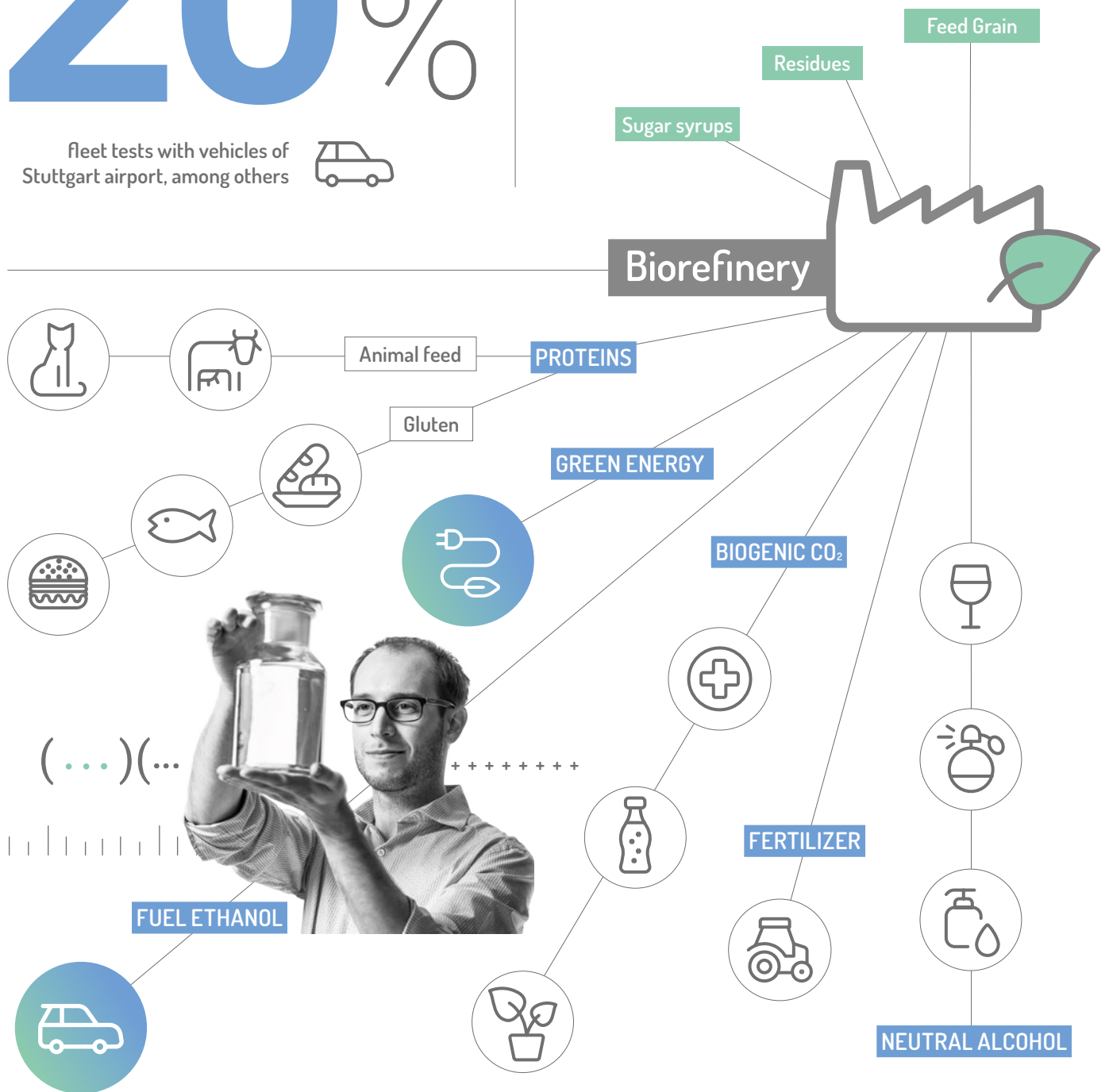
**20** VOL.-%

fleet tests with vehicles of Stuttgart airport, among others



"Research and cooperation pave the way to diversification. Shaping the path requires transforming this knowledge into practice."

Marius Böser - CropEnergies AG, Zeitz, Senior Engineer Technology and Process Innovation





ZEITZ (D)

100.000  
TONNES OF  
liquefied CO<sub>2</sub>  
in food quality



In Zeitz, we produce renewable ethanol, protein animal feed and liquefied CO<sub>2</sub> - with maximum energy efficiency.

Diversification

65,000

TONNES OF



WANZE (B) liquefied, biogenic CO<sub>2</sub> in food quality

WILTON (GB)

250,000

TONNES OF

biogenic CO<sub>2</sub> from fermentation



# Innovative, diverse, strong

As Senior Engineer Technology and Process Innovation, **Marius Böser** evaluates existing and new (bio)chemical processes in Zeitz. This is how he contributes to defossilisation. He also contributes to our New Business Development. This is where we pool knowledge about technologies and start-ups, explore the possibilities for new products and cooperations with new partners and start-ups.

## Consolidated Financial Statements

Notes to the consolidated financial statements

### 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 12 July 2022, 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 production and distribution of co-products as well as energy from renewable sources. 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 2023 were prepared by the executive board on 28 April 2023 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 11 May 2023 and reviewed and approved by the supervisory board at its meeting on 22 May 2023. The publication date is 24 May 2023.

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 2022/23 financial year.

Standard		Passed by IASB	Adopted by the EU
IAS 16	Property, Plant and Equipment (amendment)	14/05/2020	28/06/2021
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment)	14/05/2020	28/06/2021
IFRS 3	Business Combinations (amendment)	14/05/2020	28/06/2021
Miscellaneous	Annual Improvements of IFRS (2018 – 2020 cycle)	14/05/2020	28/06/2021

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 2023/24 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 the 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. CropEnergies is examining whether the amendments are relevant.
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.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

Standard / interpretation		Passed by the 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)	31/10/2022	No	2024/25	The amendments relate to requirements introduced by the classification of liabilities with covenants as current or non-current and specify the conditions under which entities are required to classify financial liabilities as current or non-current. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. However, an entity is required to report, in the notes, on the risk that non-current liabilities with covenants could become repayable within twelve months. CropEnergies does not currently expect the requirements to become relevant.
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	12/02/2021	02/03/2022	2023/24	The amendment clarifies how entities 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. CropEnergies is examining whether the amendments are relevant.
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 number of limited-scope amendments to IAS 12 have been made. Owing to the amendments 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 amendments are relevant.
IFRS 16	Leases (amendment)	22/09/2022	No	2024/25	The statement clarifies how a seller-lessee subsequently measures sale and leaseback transactions that are accounted for as a sale under IFRS 15. The regulations are not relevant in the CropEnergies Group for want of corresponding transactions.
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.

## (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\*
- CE Biobased Chemicals GmbH, Elsteraue\*; with effect from 24 August 2022
- BioWanze SA, Wanze (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SAS, Paris (France)
- Ensus UK Ltd., Wilton (United Kingdom)

LXP Group GmbH, East Energy GmbH and Syclus BV, which are of secondary importance overall, have not been included in the consolidated group.

A detailed presentation of the equity interests can be found in the list of subsidiaries and equity interests on page 162.

CropEnergies 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:

<b>€ thousands</b>	<b>28/02/2023</b>	<b>28/02/2022</b>
Non-current assets	4,972	5,555
<i>Inventories</i>	54	74
<i>Receivables and other assets</i>	674	545
<i>Cash and cash equivalents</i>	1,473	679
Current assets	2,201	1,297
<b>Total assets</b>	<b>7,173</b>	<b>6,853</b>
<b>Shareholders' equity</b>	<b>6,528</b>	<b>5,549</b>
Non-current liabilities	258	308
Current liabilities	387	996
<b>Total liabilities</b>	<b>645</b>	<b>1,304</b>
Income	4,416	3,351
- Expenses	-3,438	-2,864
<b>= Net earnings for the year</b>	<b>978</b>	<b>487</b>

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

## Consolidated Financial Statements

### Notes to the consolidated financial statements

CT Biocarbonic GmbH is a joint venture established for the production and sale of food-grade liquefied CO<sub>2</sub>. The book value of the shares of CT Biocarbonic GmbH amounts to € 3.3 (2.8) 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 28/02/2023	Average rate 2022/23	Year-end rate 28/02/2022	Average rate 2021/22
Great Britain	GBP	0.88	0.86	0.84	0.85

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.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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 equipment 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 selling price realisable in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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<sub>2</sub> emission rights** are recognised in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO<sub>2</sub> 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<sub>2</sub> emissions is recognised and expensed. The provision is measured on the basis of the acquisition cost of purchased certificates or the market value of emission certificates on the respective measurement date.

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

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

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

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

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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

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

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

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

**Financial assets** are subdivided into the categories "at fair value through profit or loss" and "at amortised cost". **Financial liabilities** are classified upon initial recognition in the categories "at amortised cost" and "at fair value through profit or loss".

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

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

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

As the derivative financial instruments used are mainly forward transactions traded on the stock exchange, corresponding collateral needs to be deposited for them. The forward transactions and the collateral are recognised gross on the balance sheet. Initial margins to be paid are recognised under other assets. Variation margins to be paid or received during the term of the derivative financial instruments are recognised under other assets or other liabilities. The utilisation of the credit line made available for this is recognised under liabilities 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 intra-group sales. Revenues are recognised once the customer has assumed control of the asset. The timing of this transfer is usually determined in accordance with INCOTERMS (International Commercial Terms). Therefore, revenues are generally recognised at a point in time.

**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 the impairment of goodwill 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.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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 expected 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.

Climate-related aspects are important to assumptions, discretionary decisions and estimations in respect of future developments in the context of the consolidated financial statements and are included in the assessment. Climate changes are attended by higher average temperatures, rising sea levels as well as increased frequency and geographical extent of extreme weather events. These can affect agricultural raw material and sales markets. Changes in the availability, and hence prices, of agricultural products have a direct impact on CropEnergies' business activity.

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



## Notes on the income statement

### (6) Revenues

€ thousands	2022/23	2021/22
Ethanol	1,159,383	836,936
Food and animal feed products	304,913	223,784
Other revenues	23,977	14,625
	<b>1,488,273</b>	<b>1,075,345</b>

Revenues increased by € 412.9 million to € 1,488.3 million. A year-on-year significant improvement in sales prices for all product areas, particularly in the 1<sup>st</sup> half of the financial year in the case of sustainable fuel ethanol, made a considerable contribution to this increase.

The price development on the ethanol markets in the course of the financial year was a reflection, among other things, of a normalisation of fuel demand in the wake of the renewed increase in mobility. Despite the Ukraine war, sufficient raw materials were available for the production of renewable ethanol as well as food and animal feed products in the 2022/23 financial year.

Under IFRS 15, CropEnergies makes no disclosures on the remaining lease obligations as of 28 February 2023 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 € 218 (149) thousand.

### (8) Other operating income

The other operating income of € 26.8 (16.0) million mostly comprises income from derivative transactions of € 18.7 (9.8) million as well as sales commission and recharged logistics costs of € 4.2 (3.5) million. Owing to extremely high volatilities on the raw material and energy markets and the corresponding adjustment of capacity utilisation to market conditions, hedge relationships were terminated, due to the lapse of the hedged item, in isolated cases in the financial year (as had already been the case at the end of the previous year) and the derivative earnings reclassified from the hedge reserve to other operating income.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

#### (9) Cost of materials

€ thousands	2022/23	2021/22
Cost of raw materials, consumables and supplies and of purchased merchandise	1,086,285	819,258
Cost of purchased services	24,059	21,643
	<b>1,110,344</b>	<b>840,901</b>

The cost of materials rose by € 269.4 million to € 1,110.3 million. Despite advantageous timely price hedging, which had already been carried out before the start of the Ukraine war and which had a cost-cutting effect even beyond the first half of the financial year, a significant increase in raw material costs was recorded. Even though energy costs also rose significantly, it was possible to more than offset these cost increases by means of the significant increase in ethanol sales prices, resulting in an improvement in the material expense ratio to 74.0% (76.4%) of overall performance.

The biomass boilers installed in Wanze are being used to produce green electricity. This green electricity is sold on the Belgian electricity market or consumed internally, in accordance with the regulations in Wallonia for promoting sustainably generated energy currently in force until 2039. The green certificates (green electricity certificates) allocated by the government for the production of this 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 € 22.3 (23.3) million in the reporting period.

Ensus UK Ltd received, as part of the Energy Bill Relief Scheme and the Energy Intensive Industry Compensation Scheme, government grants totalling € 1.6 (0.0) million, which are likewise recognised in the cost of materials.

#### (10) Personnel expenses

€ thousands	2022/23	2021/22
Wages and salaries	35,591	31,559
Social security, pension and welfare expenses	11,271	9,949
	<b>46,862</b>	<b>41,509</b>

**Number of employees (full-time equivalents)**

	2022/23	2021/22
Number of employees by region		
Germany	201	187
Other European countries and United Kingdom	279	268
	<b>480</b>	<b>455</b>
Number of employees by category		
Wages earners	229	222
Salary earners	251	233
	<b>480</b>	<b>455</b>

The number of employees (full-time equivalents) employed as of 28 February 2023 stood at 480 (455). 470 (452) employees (full-time equivalents) were employed on a yearly average.

Personnel expenses rose by € 5.4 million to € 46.9 (41.5) million. The personnel expense ratio (as a percentage of overall performance) declined to 3.1% (3.8%).

Share-based executive board compensation was determined for the three-year vesting period from the 2022/23 financial year to 2024/25, depending on the average return on capital (ROCE) achieved. The corresponding award is issued annually for a further three-year period. 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 up to this point in time and the existing remuneration limits, and submitted to the executive board. During 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 € 0.3 (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 2022/23 financial year recognised in personnel expenses amounted to € 0.3 (0.3) million.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

#### (11) Other operating expenses

€ thousands	2022/23	2021/22
Selling and advertising expenses	28,057	23,183
Operating and administrative expenses	24,885	20,520
Other expenses	24,206	21,163
	<b>77,148</b>	<b>64,866</b>

Selling and advertising expenses, which mainly consist of logistics costs for supplying customers, rose to € 28.1 (23.2) million, mainly due to increased freight rates. Operating and administrative expenses increased, as a result of higher external engineering services in the wake of the strategic realignment of the company, to € 24.9 (20.5) million.

The other expenses mainly comprised the cost of shared services provided by the Südzucker Group of € 5.6 (5.6) million, rental and leasing expenses of € 3.0 (2.6) million, other taxes of € 2.4 (2.3) million, licence and commission costs of € 0.8 (1.3) million and currency losses of € 2.6 (0.4) million.

Research and development costs are included in other expenses.

#### (12) Income from operations

€ thousands	2022/23	2021/22
<b>Income from operations</b>	<b>251,345</b>	<b>127,209</b>
of which operating profit	251,002	126,966
of which restructuring costs and special items	-146	0
of which income from companies consolidated at equity	489	244

Income from operations, amounting to € 251.3 (127.2) 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 very few special items in the past financial year.

The operating margin improved to 16.9% (11.8%) of revenues.

### (13) Financial income and expenses

€ thousands	2022/23	2021/22
Interest income	2,562	62
Other financial income	3,514	373
<b>Financial income</b>	<b>6,076</b>	<b>435</b>
Interest expense	-1,422	-1,232
Other financial expense	-554	-2,164
<b>Financial expense</b>	<b>-1,976</b>	<b>-3,397</b>
<b>Net financial result</b>	<b>4,100</b>	<b>-2,962</b>

The net financial result improved by € 7.1 million year over year to € 4.1 million, mainly due to unrealised currency gains from the measurement of intra-group clearing accounts and from realised interest income. The net financial result includes the interest unwinding expense of € 0.7 (0.5) 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 2022/23 financial year gives rise to a theoretical tax rate of 29.98% (29.98%).

€ thousands	2022/23	2021/22
Earnings before taxes on income	255,445	124,247
Theoretical tax rate	29.98%	29.98%
<b>Theoretical tax expense</b>	<b>76,582</b>	<b>37,249</b>
Change in theoretical tax expense as a result of:		
Different tax rates	-10,393	-2,551
Tax reduction for tax-free income	-829	-600
Tax increase for non-deductible expenses	1,311	1,132
Trade tax adjustment	16	-5
Taxes for prior years	-1,434	-1,831
Tax effects from loss carry-forwards and temporary differences	-4,948	2,615
Other	-1,416	-1,162
<b>Taxes on income</b>	<b>58,889</b>	<b>34,847</b>
<b>Effective tax rate</b>	<b>23%</b>	<b>28%</b>

## Consolidated Financial Statements

### Notes to the consolidated financial statements

The tax effects from the measurement and recognition of loss carry-forwards and temporary differences of € -4.9 (2.6) million are due to used loss carry-forwards to current earnings in respect of Ensus UK Ltd, for which no deferred taxes were recognised, and to changes in the tax rate in the United Kingdom.

The non-deductible expenses of € 1.3 (1.1) million mainly concern dividend payments and expenses at Ensus UK Ltd.

The impact from diverging tax rates amounting to € -10.4 (-2.6) million is due to the annual results of the foreign companies, which are measured using the tax rates applicable in the respective country of domicile.

The tax reductions due to tax-exempt income of € 0.8 (0.6) million mainly relate to tax effects at Ensus UK Ltd and the German companies.

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

No deferred tax liabilities were recognised on temporary differences in connection with shares in subsidiaries of € 2.6 (2.5) million, as the timing of the reversal of the temporary differences can be determined by CropEnergies, and CropEnergies is also unlikely to initiate this reversal in the foreseeable future.

Taxes on income in the 2022/23 financial year consist of current tax expenses of € 57.3 (38.7) million and deferred taxes of € 1.6 (-3.9) million.

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

€ thousands	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
Property, plant and equipment	539	1,933	20,367	19,190
Inventories	47	0	1,587	674
Other assets	384	1,954	2,102	15,672
Tax-free reserves	0	0	505	526
Provisions	4,175	6,634	2,809	1,171
Liabilities	6,535	9,171	1,256	10,489
Tax loss carry forwards	4,237	10,122	0	0
	15,917	29,814	28,626	47,722
Offsets	-8,403	-21,967	-8,403	-21,967
<b>Balance sheet</b>	<b>7,514</b>	<b>7,847</b>	<b>20,223</b>	<b>25,755</b>

Of the deferred tax assets amounting to € 15.9 (29.8) million before netting, € 9.2 (19.0) million are non-current. Of the deferred tax liabilities amounting to € 28.6 (47.7) million before netting, € 22.1 (20.4) million are non-current.

Deferred taxes were not recognised for loss carry-forwards and temporary differences amounting to € 66.2 (68.4) 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	2022/23			2021/22		
	Before tax effects	Tax effects	After tax effects	Before tax effects	Tax effects	After tax effects
<b>Income and expenses to be reclassified in future in the profit and loss account</b>						
Mark-to-market gains and losses	31,017	-10,370	20,647	122,314	-23,163	99,151
Foreign currency differences from consolidation	-7,310	0	-7,310	4,179	0	4,179
	<b>23,707</b>	<b>-10,370</b>	<b>13,337</b>	<b>126,493</b>	<b>-23,163</b>	<b>103,330</b>
<b>Income and expenses not to be reclassified in future in the profit and loss account</b>						
Remeasurement of defined benefit plans and similar obligations	12,047	-3,547	8,500	-2	12	10
	<b>35,754</b>	<b>-13,917</b>	<b>21,837</b>	<b>126,491</b>	<b>-23,151</b>	<b>103,340</b>
Net earnings for the year			196,556			89,400
<b>Total comprehensive income</b>			<b>218,393</b>			<b>192,740</b>

A tax effect of € 20.8 (13.7) million has been credited directly to shareholders' equity (item: "Hedging results from the cost of materials reclassified to the acquisition costs of non-financial assets").

Of the tax assets of € 2.0 (3.9) million, € 1.2 million arise in France and € 0.8 million in the United Kingdom. Tax liabilities amount to € 39.7 (19.8) million, € 37.4 million of which stem from the German companies, € 2.2 million from the French companies and € 0.1 million from Belgium.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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 € 1.0 (1.3) million. These costs are fully expensed in the income statement in the year in which they are incurred and are recognised as other operating expenses. Development costs for new products were not capitalised.



## Notes on the balance sheet

### (16) Intangible assets

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

2022/23 € thousands	Goodwill	Concessions, industrial and similar rights	Total
<b>Acquisition costs</b>			
1 March 2022	6,095	8,643	14,738
Change due to currency translation	0	-9	-9
Additions	0	108	108
Transfers	0	0	0
Disposals	0	-92	-92
28 February 2023	6,095	8,650	14,745
<b>Depreciation</b>			
1 March 2022	0	-7,248	-7,248
Change due to currency translation	0	6	6
Depreciation for the year	0	-527	-527
Impairments	0	0	0
Disposals	0	63	63
28 February 2023	0	-7,706	-7,706
<b>Net book value at 28 February 2023</b>	<b>6,095</b>	<b>944</b>	<b>7,039</b>

2021/22 € thousands	Goodwill	Concessions, industrial and similar rights	Total
<b>Acquisition costs</b>			
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
<b>Depreciation</b>			
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
<b>Net book value at 28 February 2022</b>	<b>6,095</b>	<b>1,396</b>	<b>7,490</b>

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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 28 February 2023, the correspondingly determined discount rate was 14.0% (10.6%) before taxes and 10.9% (8.4%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGUs, CropEnergies uses a constant growth rate of 2.0% (1.5%). This growth rate for discounting the perpetuity 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 2022/23 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 2.0 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 be 10% lower in the long term, no write-downs of goodwill would be necessary.

The goodwill impairment test is based on forward-looking assumptions. Judging from today's vantage point, changes in the assumptions (mainly market prices for raw materials and end products and the capital cost) cannot cause the book values of the CGUs to exceed their recoverable amount (value in use) so that they would need to be adjusted in the following financial year.

**(17) Property, plant and equipment (including leases)**

**Acquired property, plant and equipment**

2022/23	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
€ thousands					
<b>Acquisition costs</b>					
1 March 2022	154,043	602,223	21,016	31,432	808,714
Change due to currency translation	-388	-3,085	-42	-141	-3,656
Additions	632	8,313	1,067	36,708	46,720
Transfers	4	1,626	1	-1,631	0
Disposals	-21	-634	-620	0	-1,275
28 February 2023	154,270	608,443	21,422	66,368	850,503
<b>Depreciation</b>					
1 March 2022	-64,391	-379,752	-16,278	0	-460,421
Change due to currency translation	18	1,526	16	0	1,560
Depreciation for the year	-5,201	-30,208	-1,577	0	-36,986
Impairment losses	0	0	0	0	0
Disposals	11	408	594	0	1,013
28 February 2023	-69,563	-408,026	-17,245	0	-494,834
<b>Net book value at 28 February 2023</b>	<b>84,707</b>	<b>200,417</b>	<b>4,177</b>	<b>66,368</b>	<b>355,669</b>

2021/22	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
€ thousands					
<b>Acquisition costs</b>					
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
<b>Depreciation</b>					
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
<b>Net book value at 28 February 2022</b>	<b>89,652</b>	<b>222,471</b>	<b>4,738</b>	<b>31,432</b>	<b>348,293</b>

## Consolidated Financial Statements

### Notes to the consolidated financial statements

There were no devaluations to the respective value in use in the 2022/23 financial year.

The additions in the 2022/23 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

2022/23	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
€ thousands					
1 March 2022	9,264	1,465	712	0	11,441
Additions	7,470	2,109	0	0	9,579
Depreciation for the year	-3,534	-1,715	-215	0	-5,464
Change due to currency translation	-111	0	0	0	-111
Disposals	0	0	-28	0	-28
<b>Net book value at 28 February 2023</b>	<b>13,089</b>	<b>1,859</b>	<b>469</b>	<b>0</b>	<b>15,417</b>

2021/22	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
€ thousands					
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
<b>Net book value at 28 February 2022</b>	<b>9,264</b>	<b>1,465</b>	<b>712</b>	<b>0</b>	<b>11,441</b>

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

The weighted average incremental borrowing rate as of 28 February 2023 was 3.1% (3.6%).

Total payments from leases amount to € 8.7 (7.2) million. Of this figure, € 5.3 (4.2) million are from fixed leases, € 3.0 (2.6) million from expenses for short-term and low-value rental agreements and € 0.4 (0.4) million from interest payments for lease liabilities.

#### (18) Shares in companies consolidated at equity, other investments

2022/23	€ thousands	companies consolidated at equity
<b>1 March 2022</b>		<b>2,782</b>
Acquisition		1,927
Share of profits		489
<b>28 February 2023</b>		<b>5,198</b>

2021/22	€ thousands	companies consolidated at equity
<b>1 March 2021</b>		<b>2,538</b>
Share of profits		244
<b>28 February 2022</b>		<b>2,782</b>

The contributions from entities consolidated at equity changed by the share of earnings from CT Biocarbonic GmbH and by the acquisition of Syclus BV. Syclus BV was not included in the consolidated group owing to its overall secondary importance.

East Energy GmbH and LXP Group GmbH are reported for the first time under other investments of € 2.3 million. The other investments are of secondary importance overall and are not included in the consolidated group.

#### (19) Inventories

€ thousands	28/02/2023	28/02/2022
Raw materials and supplies	30,365	33,895
Work in progress	7,713	6,669
Finished goods and merchandise	95,570	67,388
	<b>133,648</b>	<b>107,952</b>

There was a mainly price-related increase of € 25.7 million in inventories to € 133.6 million. There were impairments of € 2.5 million in the case of traded commodities in the current financial year.

## Consolidated Financial Statements

Notes to the consolidated financial statements

### (20) Trade receivables and other assets

€ thousands	28/02/2023	28/02/2022
Trade receivables	104,752	92,103
Other assets	79,539	159,428
	<b>184,291</b>	<b>251,532</b>

Trade receivables increased by € 12.6 million to € 104.8 million in line with the higher revenue volume. Their book value is derived as follows:

€ thousands	28/02/2023	28/02/2022
Total trade receivables	105,810	93,162
Allowance for doubtful receivables	-1,058	-1,058
<b>Book value</b>	<b>104,752</b>	<b>92,103</b>

The valuation allowances for trade receivables have developed as follows:

€ thousands	2022/23	2021/22
<b>Allowance for doubtful receivables at 1 March</b>	<b>1,058</b>	<b>1,249</b>
Additions	0	0
Released	0	-191
<b>Allowance for doubtful receivables at 28 February</b>	<b>1,058</b>	<b>1,058</b>

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

€ thousands	28/02/2023	28/02/2022
Receivables not past due	100,727	86,325
Past due receivables		
less than 10 days	1,186	5,265
between 11 and 30 days	2,723	449
between 31 and 90 days	110	16
more than 90 days	6	48
Book value	104,752	92,103
Valuation allowances for doubtful receivables	1,058	1,058
<b>Total trade receivables</b>	<b>105,810</b>	<b>93,162</b>

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

Other assets, amounting to € 79.5 (159.4) million, mainly consist of financial receivables in the form of ring-fenced credits for hedges of € 34.7 (47.1) million and positive mark-to-market values of derivative hedging instruments of € 13.2 (73.9) million as well as non-financial receivables from purchased CO<sub>2</sub> emission rights of € 14.2 (21.6) million, other taxes of € 13.9 (12.7) million and receivables from advance payments of € 2.4 (2.9) million. In addition, there are other receivables of € 1.1 (1.2) million.

## **(21) Shareholders' equity**

### **Subscribed capital**

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 of own shares**

In the 2022/23 financial year, 20,007 own shares at the price of € 12.12 were acquired to service the share-based executive board compensation system. The acquisition costs of € 0.2 million attributable to this were offset against shareholders' equity. As of 28 February 2023, this therefore gives rise to a portfolio of own shares of 38,701.

### **Capital reserve**

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**

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 to 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 € 20.6 (99.2) 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 € 26.7 (59.1) million and that to the cost of materials was € -91.7 (-31.9) million.

Together with other reserves and other comprehensive income of € 498.7 (411.3) million, shareholders' equity amounts to € 783.8 (696.4) million.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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 company's own 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 € 3.0 (2.7) 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	28/02/2023	28/02/2022
Defined benefit obligation for direct pension benefits	28,366	36,243
Fair value of plan assets	-5,656	-3,891
<b>Provisions for pensions and similar obligations (net defined benefit obligation)</b>	<b>22,710</b>	<b>32,352</b>
Discount rate in %	4.29	1.98

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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

#### Germany

As far as employees in Germany are concerned, there are employer-financed commitments via company pensions, the level of which is determined by basic salary and length of service. Direct benefit commitments in respect of provision for retirement and dependants in the form of a fixed percentage of the pension assessment basis oriented to fixed salaries applies to members of the executive board. In respect of the pension plans for active members of the executive board, please refer to the disclosures at item (35) "Related party transactions" in these notes. The pension obligations of CropEnergies AG and CropEnergies Bioethanol GmbH of € 20.2 (28.7) million are financed by provisions, with the present values of € 20.3 (28.8) 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 € 7.7 (7.0) million is offset by plan assets totalling € 5.6 (3.8) million, exist for employees in Belgium. The commitments via company pensions are determined by the level of the basic salary and length of service. Payment takes place as periodic pension payments and non-recurring payments.

#### France

Provisions for obligations similar to pensions cover pension commitments that must be recognised by law in France. They include a non-recurring payment in the event of termination of the employment relationship due to retirement or death, but not in the event of termination by the employee. The amount of the non-recurring payment is regularly determined from the fixed salary last drawn and is linked to the length of service. The net liability amounted to € 0.4 (0.5) 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
<b>1 March 2022</b>	<b>36,243</b>	<b>-3,891</b>	<b>32,352</b>
<b>Expenses for company pension plans (Income statement)</b>			
Current service cost	1,855		1,855
Past service cost	0		0
Interest expense / income	720	-62	658
	<b>2,575</b>	<b>-62</b>	<b>2,513</b>
<b>Remeasurement recognised in other comprehensive income</b>			
Gains (-) and losses (+) on actual return on plan assets		-1,363	-1,363
Losses (+) and gains (-) from changes of demographical assumptions	55		55
Gains (-) and losses (+) from changes in financial assumptions	-13,465		-13,465
Losses (+) and gains (-) on experience adjustments	2,727		2,727
	<b>-10,683</b>	<b>-1,363</b>	<b>-12,046</b>
<b>Benefit, payments, contributions and other</b>			
Employer contributions to plan assets		-357	-357
Participants contributions to plan assets	25	-25	0
Benefit payments	-224	0	-224
Transference	472		472
Other	-42	42	0
	<b>231</b>	<b>-340</b>	<b>-109</b>
<b>28 February 2023</b>	<b>28,366</b>	<b>-5,656</b>	<b>22,710</b>

## Consolidated Financial Statements

Notes to the consolidated financial statements

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
<b>1 March 2021</b>	<b>34,276</b>	<b>-3,551</b>	<b>30,725</b>
<b>Expenses for company pension plans (Income statement)</b>			
Current service cost	1,800		1,800
Past service cost	0		0
Interest expense / income	547	-46	501
	<b>2,347</b>	<b>-46</b>	<b>2,301</b>
<b>Remeasurement recognised in other comprehensive income</b>			
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
	<b>121</b>	<b>-119</b>	<b>2</b>
<b>Benefit, payments, contributions and other</b>			
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
	<b>-501</b>	<b>-175</b>	<b>-676</b>
<b>28 February 2022</b>	<b>36,243</b>	<b>-3,891</b>	<b>32,352</b>

### 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 € 8.5 million and resulted from 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 %	28/02/2023	28/02/2022
Discount rate	4.29	1.98
Salary growth	2.85	2.50
Pension growth	2.50	1.80

Pension provisions were calculated on the basis of an interest rate of 4.45% (2.10%) in Germany and an interest rate of 3.90% (1.50%) 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.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

#### 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 2023	€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation				
Discount rate		Increase by 0.50 percentage point	25,867	-8.8%
		Decrease by 0.50 percentage point	30,931	9.0%
Salary growth		Increase by 0.25 percentage point	29,058	2.4%
		Decrease by 0.25 percentage point	27,859	-1.8%
Pension growth		Increase by 0.25 percentage point	29,023	2.3%
		Decrease by 0.25 percentage point	27,735	-2.2%
Life expectancy		Increase by one year	28,954	2.1%
		Decrease by one year	27,759	-2.1%

If the discount rate had increased or decreased by one percentage point, the defined benefit obligation would have declined or increased by around 18%.

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%

#### 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 € 5.7 (3.9) million were invested in insurance contracts.

### Risks

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

The return on plan assets is assumed to be at the level of the discount rate. If the actual return on plan assets is below the discount rate applied, the net obligation from the pension plans increases. The net obligation level is significantly affected by the discount rate, with the current higher interest rate level compared with the previous year entailing a relatively lower 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 18 (24) years. Employer contributions to plan assets amounting to € 0.8 (0.4) million are expected in the 2023/24 financial year.

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

<b>Future pension and single payments</b>	<b>€ thousands</b>
2023/24	525
2024/25	618
2025/26	1,150
2026/27	1,274
2027/28	897
2028/29 to 2032/33	6,837
	<b>11,301</b>

## Consolidated Financial Statements

Notes to the consolidated financial statements

### (23) Development of other provisions

2022/23	€ thousands	Personnel expenses	Uncertain obligations	Total
<b>1 March 2022</b>		<b>1,577</b>	<b>9,732</b>	<b>11,310</b>
Change due to currency translation		0	0	0
Addition		64	14,042	14,106
Utilised		-194	-9,876	-10,070
Released		-54	-404	-458
<b>28 February 2023</b>		<b>1,393</b>	<b>13,494</b>	<b>14,887</b>

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 1.2 (1.4) million and for phased early retirement schemes of € 0.1 (0.1) million. Of the total of € 1.4 million, € 0.1 million is expected to be utilised in the 2023/24 financial year.

The provisions for uncertain liabilities amounting to € 13.5 (9.7) million mainly relate to CO<sub>2</sub> emission rights of € 8.2 (4.7) million, customs duties of € 2.7 (2.7) million and excise duties of € 1.2 (1.1) million. Material legal disputes did not occur.

The addition to and utilisation of provisions for uncertain liabilities within the financial year mainly relate to CO<sub>2</sub> emission rights.

Of the total amount of provisions for contingent liabilities of € 13.5 million, € 12.6 million are expected to be utilised in the 2023/24 financial year and the remaining amount over the next five years. The additions to the provisions include compounding costs of € 19 (11) thousand.

### (24) Trade payables and other liabilities

€ thousands	28/02/2023	28/02/2022
Trade payables	108,195	101,803
Other liabilities	41,770	83,719
	<b>149,965</b>	<b>185,522</b>

Trade payables increased by € 6.4 million to € 108.2 million, particularly due to the higher price level for raw materials.



Other liabilities, amounting to € 41.8 (83.7) million, mainly comprise financial liabilities in the form of negative mark-to-market values of derivative hedging instruments of € 21.1 (34.2) million and non-financial liabilities in respect of personnel expenses of € 10.6 (8.6) million, liabilities in respect of other taxes amounting to € 8.7 (10.5) million as well as other liabilities of € 1.4 (1.3) million. In the previous year, there were also liabilities in the form of ring-fenced obligations from hedging transactions of € 29.1 million.

### (25) Financial receivables / liabilities

€ thousands	28/02/2023	28/02/2022
Financial receivables	271,281	195,000
Securities	49,844	14,968
Cash and cash equivalents	12,620	31,484
Liabilities from leases	-15,650	-11,533
<b>Net financial assets</b>	<b>318,095</b>	<b>229,919</b>

The net financial position as of 28 February 2023 shows net financial assets of € 318.1 (229.9) million. These net financial assets consist of short-term investments in fixed-interest securities totalling € 49.8 (15.0) million, cash and cash equivalents of € 12.6 (31.5) million, current financial receivables from Südzucker AG amounting to € 270.7 (195.0) million and non-current financial receivables of € 0.6 (0) million less liabilities from leases of € 15.7 (11.5) million. The year-over-year change in liabilities from leases results from the cash outflow from leases of € 5.3 (4.2) million and the additions to lease assets of € 9.6 (6.1) 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.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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,
- 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 2023.

CropEnergies Beteiligungs GmbH has made a loan with a possible drawdown of € 2.0 million available to East Energy GmbH. The loan is granted for a fixed term until 30 September 2025. As of 28 February 2023, € 0.6 million had been drawn down.

The CropEnergies Group's cash and cash equivalents of € 12.6 (31.5) million consist of short-term bank deposits with banks of prime credit standing. The group also has current financial receivables of € 270.7 (195.0) million and short-term investments in fixed-interest securities totalling € 49.8 (15.0) million.

#### (27) Derivative financial instruments

##### a) Use of derivative financial instruments

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

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

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

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

**b) Market values of derivative financial instruments**

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

€ thousands	Nominal value		Market value	
28 February	2023	2022	2023	2022
<b>Cash flow hedge derivatives</b>				
Wheat futures	227,939	203,504	-7,241	36,573
Ethanol derivatives	62,963	95,800	2,956	-31,869
Currency derivatives	3,508	21,031	73	338
Gas swaps	37,087	38,698	-1,848	35,115
<b>Total cash flow hedge derivatives</b>	<b>331,497</b>	<b>359,033</b>	<b>-6,060</b>	<b>40,157</b>

€ thousands	Nominal value		Market value	
28 February	2023	2022	2023	2022
<b>Derivatives held for trading</b>				
Wheat options	19,800	21,200	-1,780	-445
<b>Total derivatives held for trading</b>	<b>19,800</b>	<b>21,200</b>	<b>-1,780</b>	<b>-445</b>

The nominal value of derivatives having a maturity of more than one year amounts to € 71.3 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.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

On the balance sheet date, the volume of wheat futures amounted to € 227.9 (203.5) million with a market value of € -7.2 (36.6) 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 € 22.1 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 € 19.8 (21.2) million with a market value of € -1.8 (-0.4) 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 € 178 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 € 63.0 (95.8) million with a market value of € 3.0 (-31.9) 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 € 6.0 million.

The total volume of currency derivatives was € 3.5 (21.0) million, with a market value of € 0.1 (0.3) 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 € -0.3 and € 0.4 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 € 37.1 (38.7) million with a market value of € -1.8 (35.1) 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 € 3.5 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 2023 was € -6.1 (40.2) million. On the reference date, effects from completed cash flow hedges amounting to € 0.7 (35.2) 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. The risk to be hedged is the fluctuation in cash flows, which arises from the variable wheat price component in purchase contracts. CropEnergies uses wheat futures to hedge this price risk. CropEnergies designates the wheat futures as a cash flow hedge to limit the risk of fluctuating cash flows from variable wheat prices. Hedging relationships are terminated at the time of consumption of the grain. Grain is purchased on a rolling basis as part of current production plans. The corresponding price hedging strategy is defined in monthly risk committees and subsequently implemented.

## **(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.

## Consolidated Financial Statements

Notes to the consolidated financial statements

		28 February 2023		28 February 2022	
		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
<b>€ thousands</b>					
<b>Valuation category according to IFRS 9</b>					
<b>Financial assets</b>					
Financial receivables	At amortized cost	271,281	271,281	195,000	195,000
Trade receivables	At amortized cost	104,752	104,752	92,103	92,103
Other assets	At amortized cost	35,820	35,820	48,339	48,339
Securities	At amortized cost	49,844	49,844	14,968	14,968
Cash and cash equivalents	At amortized cost	12,620	12,620	31,484	31,484
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)	13,177	13,177	73,893	73,893
		<b>487,494</b>	<b>487,494</b>	<b>455,787</b>	<b>455,787</b>
<b>Financial liabilities</b>					
Liabilities from leases	n/a	15,650	-	11,533	-
Trade payables	At amortized cost	108,195	108,195	101,803	101,803
Other liabilities	At amortized cost	1,479	1,479	30,411	30,411
Derivatives held for trading (negative market value)	At fair value through profit or loss	1,780	1,780	445	445
Cash flow hedge derivatives (negative market value)	n/a (Hedge Accounting)	19,237	19,237	33,736	33,736
		<b>146,341</b>	<b>130,691</b>	<b>177,928</b>	<b>166,395</b>

		28 February 2023		28 February 2022	
		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
<b>€ thousands</b>					
<b>Sum totals of valuation categories</b>					
Assets valued at amortized costs		474,317	474,317	381,894	381,894
Assets valued at fair value through profit or loss		0	0	0	0
Liabilities valued at fair value through profit or loss		1,780	1,780	445	445
Liabilities valued at amortized costs		109,674	109,674	132,214	132,214

<b>€ thousands</b>	<b>Net result profit (+) / loss (-) according to valuation category IFRS 9</b>	
	<b>2022/23</b>	<b>2021/22</b>
Assets valued at amortized costs	6,445	685
Assets and liabilities valued at fair value through profit or loss	18,036	9,440
Liabilities valued at amortized costs	-4,569	-3,823

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 (-1.2) million. This consists of interest income of € 2.6 (0.1) million and interest expenses of € 1.4 (1.2) million.

Ineffectiveness, which arose from maturity mismatches between hedged item and hedging transaction, needed to be recognised in the amount of € -46 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 2022/23 financial year, no reclassifications were made between the respective measurement levels.

<b>€ thousands</b>	<b>Fair Value Hierarchy</b>							
	<b>28 February 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>28 February 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Positive market values – Cash flow hedge derivatives	13,177	8,313	4,864	0	73,893	36,573	37,320	0
Positive market values – Derivatives held for trading	0	0	0	0	0	0	0	0
<b>Financial assets</b>	<b>13,177</b>	<b>8,313</b>	<b>4,864</b>	<b>0</b>	<b>73,893</b>	<b>36,573</b>	<b>37,320</b>	<b>0</b>
Negative market values – Cash flow hedge derivatives	19,237	12,598	6,639	0	33,736	31,869	1,867	0
Negative market values – Derivatives held for trading	1,780	1,780	0	0	445	445	0	0
<b>Financial liabilities</b>	<b>21,017</b>	<b>14,378</b>	<b>6,639</b>	<b>0</b>	<b>34,181</b>	<b>32,314</b>	<b>1,867</b>	<b>0</b>

## Consolidated Financial Statements

### Notes to the consolidated financial statements

Impairments on financial instruments were only necessary in trade receivables and amounted to € 1.1 (1.1) 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, future contractual cash flows, taking into account forward rates for currencies, raw materials and energy (market comparison procedure).

In the 2022/23 financial year, CropEnergies incurred expenses of € 0.5 (0.5) million for guarantee and commitment provisions.

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

Owing to their short maturities, it is assumed in the case of trade receivables, other receivables, 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 in the form of currency, interest rate, credit and liquidity risks.

### **Credit risks**

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**

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 2023.

## Consolidated Financial Statements

### Notes to the consolidated financial statements

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

28 February 2023	€ thousands	Book value	Contractually agreed outflow of payments					
			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
<b>Financial liabilities</b>								
<b>Liabilities from</b>								
Leases	15,650	38,666	6,385	3,253	1,791	515	515	26,207
Trade payables	108,195	108,195	108,195	0	0	0	0	0
Other liabilities	1,479	1,479	1,479	0	0	0	0	0
Derivatives held for trading (negative market value)	1,780	1,780	1,444	336	0	0	0	0
Cash flow hedge derivatives (negative market value)	19,237	19,237	15,713	2,882	642	0	0	0
	<b>146,341</b>	<b>169,357</b>	<b>133,216</b>	<b>6,471</b>	<b>2,433</b>	<b>515</b>	<b>515</b>	<b>26,207</b>

28 February 2022	€ thousands	Book value	Contractually agreed outflow of payments					
			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
<b>Financial liabilities</b>								
<b>Liabilities from</b>								
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
	<b>177,928</b>	<b>198,034</b>	<b>170,859</b>	<b>2,209</b>	<b>512</b>	<b>479</b>	<b>439</b>	<b>23,536</b>

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**

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**

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 2023, CropEnergies has no other financial liabilities.

**Market price risk**

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.

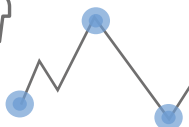
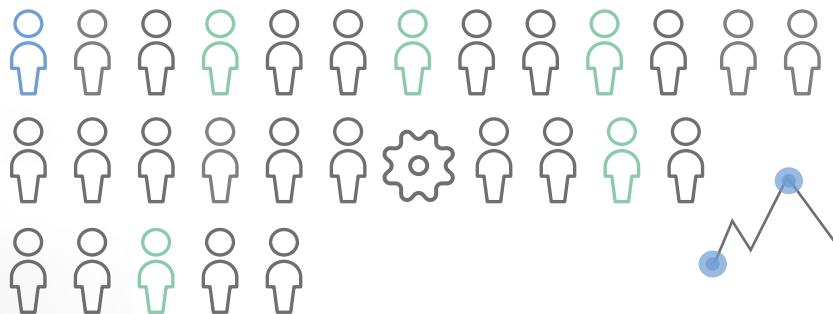
# Well positioned!

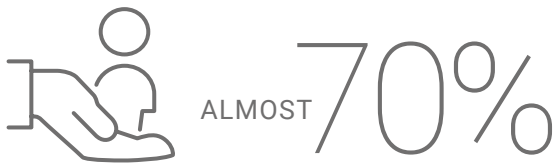


Without our staff we would be nothing! **Alice Hoare** knows that too. She is an HR specialist at the Ensus Wilton (GB) site. But we know that too. That's why we are working on a strong employer brand. It goes without saying that we also support our skilled workers personally. One example: 2,000 training courses a year for 472 employees. That speaks for itself.

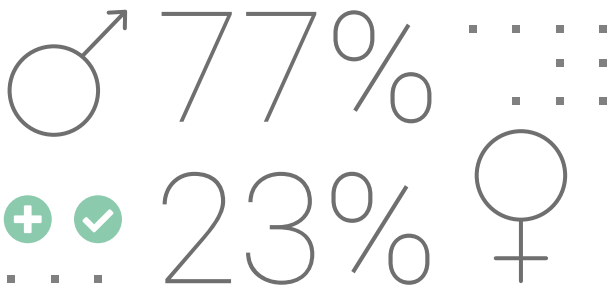


In Wilton, we produce renewable ethanol and animal feed. Our CO<sub>2</sub> is captured and processed.





of employees have been with the company for more than five years.

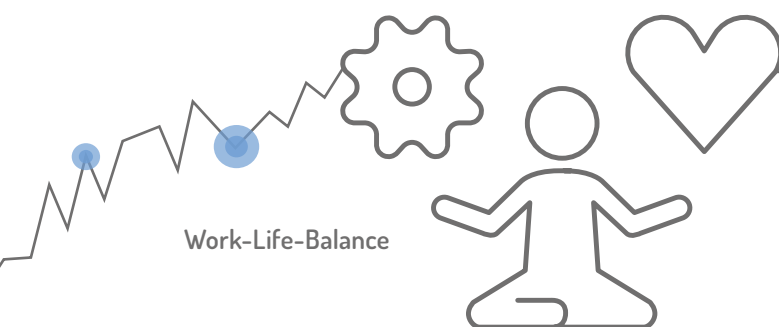


In 2022, zero accidents at the Loon-Plage, Zeitz and Wilton sites; zero fatal accidents since the foundation of CropEnergies.

"The area of **personnel** is a complex and exciting topic. The fact that our number of employees is constantly increasing shows that we are doing a lot of things right."

Alice Hoare - Ensus, Wilton, HR Manager

# Employees 2023\*



\* as of 28 February 2023

## Consolidated Financial Statements

Notes to the consolidated financial statements

### Other disclosures

#### (30) Contingent liabilities and other financial obligations

On the reporting date, there was an open purchase order commitment of € 22.1 (25.7) million for expenditures on property, plant and equipment, which mainly relates to ethanol plant optimisation projects. In addition, CropEnergies has a financial obligation from a long-term lease with a nominal value of around € 84 million regarding the use of an energy and media supply system.

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 € 196.6 (89.4) million. Throughout the 2022/23 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 87.21 (87.25) million shares. This generates earnings per share of € 2.25 (1.02), 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.

Cash inflows and outflows in investing and financing activities are presented using the direct method (= gross presentation), unless cash receipts and payments for items in which the turnover is quick, the amounts are large and the maturities short are involved (= net presentation). With this in mind, cash receipts and payments for financial receivables in the current year and previous year are now presented separately. The previous year's figures have been adjusted accordingly: the previous year's balance of € -51.3 million is now broken down into cash receipts of € 223.7 million and cash payments of € -275.0 million. A net presentation continues to be provided for current financial investments of, on balance, € -34.9 (0) million, owing to the quick turnover; otherwise, cash payments of € -250.5 million and cash receipts of € 215.6 million would have to be presented here.

As a result of the increase in EBITDA to € 294.0 (168.8) million, cash flow after taxes also increased to € 238.7 (130.1) million. Including the change in net working capital, cash flow from operating activities amounted to € 187.7 (147.0) million.

The cash outflows for tax payments amounted to € 35.5 (37.0) million and are attributable to operating activities. In addition, there were interest payments of € 0.8 (0.7) million and interest receipts of € 2.2 (0.1) million, likewise attributed to operating activities. The capital expenditures of € 46.8 (35.8) 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, on balance, by € 76.3 (51.3) million. The investments in financial assets amounting to € 3.6 (0) million relate to acquisitions of equity interest in LXP Group GmbH, Syclus BV and East Energy GmbH.

As of 28 February 2023, cash and cash equivalents amounted to € 12.6 (31.5) million.

The total cash outflow from financing activities consisted of the dividend distribution of € 39.2 (30.5) million which took place in July 2022, payments for lease liabilities of € 5.3 (4.2) million and the acquisition of own shares of € 0.2 (0.2) million.

### **(33) Group auditor's fees**

For services performed by the Group's independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, expenses of € 193 (149) thousand were incurred in the 2022/23 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 € 12 (17) 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 as well as the formal review of the compensation report.

### **(34) Declaration of conformity pursuant to § 161 AktG**

The executive and supervisory boards of CropEnergies AG issued the declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to § 161 AktG, on 7 November 2022. It is available permanently to CropEnergies AG shareholders on the company's website at [www.cropenergies.com](http://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 Syclus BV, as well as 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 shareholders represent a majority stake in Südzucker AG.

## **Consolidated Financial Statements**

Notes to the consolidated financial statements

### **Südzucker AG**

The transactions with Südzucker AG involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 55.6 (31.2) million. In addition, services worth € 3.9 (3.7) million, research & development work worth € 1.0 (1.3) million as well as other services worth € 1.1 (1.1) million were provided.

Set against this, the CropEnergies Group received € 9.0 (7.8) million from Südzucker AG for supplies of goods, € 0.3 (0.4) million for services provided and € 0.1 (0.1) million for other services.

On the balance sheet date, receivables of € 1.5 (5.9) million were outstanding from Südzucker AG in respect of the aforesaid related party transactions. Liabilities outstanding to Südzucker AG amounted to € 8.8 (16.6) million, while financial receivables outstanding from Südzucker AG totalled € 270.0 (195.0) million. Financial receivables in the financial year were based on various loan agreements with different loan volumes and maturities (see cash flow statement), for which maturity- and risk-matched market interest rates of latterly 2.675% were calculated for the maturity up to 15 March 2023. In addition, there were receivables of € 0.7 million from the cash pooling with Südzucker AG.

### **Affiliated companies of Südzucker AG**

The transactions with the affiliated companies of Südzucker AG involved supplies, especially raw materials and traded commodities, amounting to € 55.0 (40.0) million. In addition, services worth € 0.9 (0.8) million were provided.

Set against this, the CropEnergies Group received € 88.6 (62.8) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 3.8 (3.1) million and compensation payments of € 0.4 (0.4) million.

On the balance sheet date there were receivables of € 17.9 (8.2) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 2.7 (7.8) million outstanding to them in respect of the aforesaid related party transactions.

The performance relationships 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**

Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 2.1 (1.4) million.

### **Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG**

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



### **Executive board**

For the 2022/23 financial year, the entire executive board received a total compensation in accordance with IAS 24 of € 1,593 (1,348) thousand, of which short-term benefits accounted for € 1,103 (1,038) thousand, post-employment benefits for € 147 (100) thousand and share-based payments for € 343 (210) thousand. The outstanding balances (including share-based compensation) due to the executive board as of 28 February 2023 amounted to € 4.8 (3.5) million.

The total compensation pursuant to § 314 para. 1 no. 6 HGB amounts to € 1,452 (1,248) thousand. Of this amount, € 353 (210) thousand is attributable to the share-based system (this is equivalent to 19,610 shares). Pension provisions for active executive board members amounted to € 4.5 (3.3) million. In the 2022/23 financial year, an amount of € 0.1 (0.1) million was added to the provisions. Pension provisions of € 7.4 (6.2) million exist for former executive board members.

Members of CropEnergies AG's executive board receive a fixed monthly compensation, benefits (company car, etc.) and a defined contribution pension plan. Depending on the structure of the executive board members' contracts, variable, performance-based compensation is paid over one and/or several years. This can be based on the average operating profit in the financial year and previous years and – under the new executive board compensation system – a target agreement for EBITDA or an average ROCE over several financial years.

Under the executive board compensation system approved by the annual general meeting in 2021 that currently applies to two executive board members, compensation is share-based. Under this system, share-based executive board compensation was awarded for the three-year vesting period from the 2022/23 financial year to 2024/25 or from 2021/22 to 2023/24, depending on the average return on capital (ROCE) achieved; the corresponding award is issued annually for a further three-year period. For this purpose, the corresponding number of shares is acquired at the beginning of the financial year in the amount of the share commitment in the event of a target achievement level of 100% and held until the actual target achievement is determined in the fourth year. Once the target achievement has been determined, the number of shares acquired must be adjusted, taking into account the dividends paid in the meantime along with the existing compensation limits, and transferred 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, must be recognised in personnel expenses.

### **Supervisory board**

Assuming that the annual general meeting approves the proposed dividend on 11 July 2023, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 781 (450) thousand for the 2022/23 financial year, with the fixed and variable compensation excluding committee compensation accounting for € 494 (338) thousand. In addition, out-of-pocket expenses amounting to € 7 (5) thousand were reimbursed.

A separate report on executive board and supervisory board compensation is published on the CropEnergies website.

## Consolidated Financial Statements

Notes to the consolidated financial statements

### (36) Supervisory board

#### Dr. Thomas Kirchberg

Chairman since 12 July 2022

#### Würzburg

Former 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

#### Prof. Dr. Markwart Kunz (until 12 July 2022)

Chairman

#### Braunschweig

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

#### Helmut Friedl (since 12 July 2022)

Deputy chairman

#### Egling a. d. Paar

Chairman of the executive board of  
Verband bayerischer Zuckerrübenanbauer e. V.  
Member of the supervisory board since 12 July 2022

#### Positions held in national supervisory boards stipulated by law

- Südzucker AG, Mannheim

#### Positions held in comparable national and foreign supervisory bodies

- AGRANA Beteiligungs-AG, Vienna (Austria)  
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria),  
- BMG Donau-Lech eG, Mering  
- Freiburger Holding GmbH, Berlin

#### Thomas Kölbl

#### 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

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

#### Dr. Hans-Jörg Gebhard

#### Eppingen

Former chairman of the executive board of  
Verband Süddeutscher Zuckerrübenanbauer e. V.  
Member of the supervisory board since 29 August 2006

#### Positions held in comparable national and foreign supervisory bodies

- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG  
(SZVG), Stuttgart (Deputy chairman)  
- Vereinigte Hagelversicherung VVaG, Gießen

#### Franz-Josef Möllenberg (until 12 July 2022)

#### Rellingen

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

### Ökonomierat Norbert Schindler (until 12 July 2022)

#### **Bobenheim am Berg**

President of the Chamber of Agriculture of Rhineland-Palatinate  
Member of the supervisory board since 29 August 2006

### Dr. Stefan Streng (since 12 July 2022)

#### **Uffenheim**

Chairman of the executive board of Verband Süddeutscher  
Zuckerrübenanbauer e. V.  
Member of the supervisory board since 12 July 2022

#### **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)  
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria)  
(Deputy chairman)  
- Freiburger Holding GmbH, Berlin  
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG  
(SZVG), Stuttgart (Chairman)

### Dr. Susanna Zapreva (since 12 July 2022)

#### **Hanover**

Chairwoman of enercity AG, Hanover  
Member of the supervisory board since 12 July 2022

#### **Positions held in national supervisory boards stipulated by law**

- Pure New Energy AG, Cuxhaven

### Supervisory board committees

#### **Audit committee**

**Dr. Susanna Zapreva** (Chairwoman since 12 July 2022)  
**Thomas Kölbl** (Deputy chairman since 12 July 2022)  
**Helmut Friedl** (since 12 July 2022)  
**Dr. Thomas Kirchberg**  
**Prof. Dr. Markwart Kunz** (until 12 July 2022)  
**Franz-Josef Möllenberg** (until 12 July 2022)

#### **Nomination committee**

**Thomas Kölbl** (Chairman since 12 July 2022)  
**Dr. Thomas Kirchberg** (Chairman until 12 May 2022)  
**Dr. Hans-Jörg Gebhard** (since 12 July 2022)  
**Dr. Stefan Streng** (since 12 July 2022)  
**Prof. Dr. Markwart Kunz** (until 12 July 2022)  
**Franz-Josef Möllenberg** (until 12 July 2022)

#### **Personnel committee**

**Dr. Hans-Jörg Gebhard** (Chairman)  
**Dr. Thomas Kirchberg**  
**Thomas Kölbl**  
**Dr. Stefan Streng** (since 12 July 2022)  
**Prof. Dr. Markwart Kunz** (until 12 July 2022)

### (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: 31 July 2025

#### **Dr. Fritz Georg von Graevenitz (CSO)**

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

## Consolidated Financial Statements

### Notes to the consolidated financial statements

#### (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%
CE Biobased Chemicals GmbH	Elsteraue	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%
LXP Group GmbH	Teltow	Germany	16%		16%
East Energy GmbH	Rostock	Germany		25%	25%
Syclus BV	Maastricht	Netherlands		50%	50%

#### (39) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 196.6 (89.4) million. After an allocation of € 59.2 (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 € 59.8 (42.8) million.

The executive board and supervisory board will propose to the annual general meeting on 11 July 2023 that, from the unappropriated profit of CropEnergies AG of € 52.3 (39.3) million, a corresponding dividend of € 0.60 (0.45) per share be distributed, a further € 7.0 (3.0) million be allocated to the revenue reserves and the remaining unappropriated profit of € 0.5 (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 38,701 own shares. This means that there are 87,211,299 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.

<b>€ million</b>	<b>28/02/2023</b>	<b>28/02/2022</b>
Total assets	1,046.9	982.7
Capital Employed	540.9	492.4
Inventories	133.6	108.0
Total liabilities	-263.1	-286.3
Net financial position	318.1	229.9
Expenditures on property, plant and equipment and intangible assets*	46.8	35.8
Number of employees	480	455

## Consolidated Financial Statements

Notes to the consolidated financial statements

€ million	28/02/2023	28/02/2022
<b>Carrying amount fixed and intangible assets</b>		
Germany	122.5	120.5
Other countries	255.6	246.7
	<b>378.1</b>	<b>367.2</b>
<b>Expenditures on property, plant and equipment and intangible assets*</b>	<b>2022/23</b>	<b>2021/22</b>
Germany	11.1	4.8
Other countries	35.7	31.0
	<b>46.8</b>	<b>35.8</b>

\* Including assets under construction

## STATEMENT OF COMPREHENSIVE INCOME

1 March 2022 to 28 February 2023

€ thousands	Reporting segment	Consolidation	Group
<b>Income statement</b>			
<b>Revenues</b>	<b>1,901,586</b>	<b>-413,313</b>	<b>1,488,273</b>
Change in work in progress and finished goods inventories and internal costs capitalised	12,357	741	13,098
Other operating income	36,520	-9,704	26,816
Cost of materials	-1,523,107	412,763	-1,110,344
Personnel expenses	-47,371	509	-46,862
Depreciation	-43,662	685	-42,977
Other operating expenses	-86,381	9,379	-77,002
<b>Operating profit</b>	<b>249,942</b>	<b>1,060</b>	<b>251,002</b>
Restructuring costs and special items	-146	0	-146
Income from companies consolidated at equity	0	489	489
<b>Income from operations</b>	<b>249,796</b>	<b>1,549</b>	<b>251,345</b>
Financial result	4,078	22	4,100
<b>Earnings before income taxes</b>	<b>253,874</b>	<b>1,571</b>	<b>255,445</b>
Taxes on income	-59,308	419	-58,889
<b>Net earnings for the year</b>	<b>194,566</b>	<b>1,990</b>	<b>196,556</b>

1 March 2021 to 28 February 2022

€ thousands	Reporting segment	Consolidation	Group
<b>Income statement</b>			
<b>Revenues</b>	<b>1,399,157</b>	<b>-323,812</b>	<b>1,075,345</b>
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
<b>Operating profit</b>	<b>122,742</b>	<b>4,224</b>	<b>126,966</b>
Restructuring costs and special items	0	0	0
Income from companies consolidated at equity	0	244	244
<b>Income from operations</b>	<b>122,742</b>	<b>4,467</b>	<b>127,209</b>
Financial result	-2,986	24	-2,962
<b>Earnings before income taxes</b>	<b>119,756</b>	<b>4,491</b>	<b>124,247</b>
Taxes on income	-33,400	-1,447	-34,847
<b>Net earnings for the year</b>	<b>86,356</b>	<b>3,044</b>	<b>89,400</b>

## Consolidated Financial Statements

### Notes to the consolidated financial statements

Income from operations, amounting to € 251.3 (127.2) million less net restructuring costs and special items as well as at equity earnings gives rise to operating profit of € 251.0 (127.0) million. It comprises the reporting segment amounting to € 249.9 (122.7) million and consolidation of € 1.1 (4.2) 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	2022/23	2021/22
Germany	280,586	241,072
United Kingdom	389,949	298,345
Netherlands	308,181	145,623
Belgium	248,742	204,694
France	115,822	94,450
Sweden	60,273	29,547
Other countries	84,720	61,614
	<b>1,488,273</b>	<b>1,075,345</b>

In the 2022/23 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, 28 April 2023

#### THE EXECUTIVE BOARD

Dr. Stephan Meeder  
(CEO/CFO)

Jürgen Böttcher  
(CTO)

Dr. Fritz Georg von Graevenitz  
(CSO)



## 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, 28 April 2023

### THE EXECUTIVE BOARD

Dr. Stephan Meeder  
(CEO/CFO)

Jürgen Böttcher  
(CTO)

Dr. Fritz Georg von Graevenitz  
(CSO)

## INDEPENDENT AUDITOR'S REPORT

### To CropEnergies AG, Mannheim

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

##### Audit Opinions

We have audited the consolidated financial statements of CropEnergies AG, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 28 February 2023, 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 2022 to 28 February 2023, 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 2022 to 28 February 2023. 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 2023, and of its financial performance for the financial year from 1 March 2022 to 28 February 2023, 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 2022 to 28 February 2023. 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:

**① 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:

**① 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 2023 amounted to € 227.9 million. The negative fair value of the derivative financial instruments used as wheat price hedges amounts to € 12.1 million are offset by positive fair values of € 4.9 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 € 19.8 million. The negative fair values amount to € 1.8 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 € 63.0 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 € 0.5 million are offset by positive fair values of € 3.5 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 € 37.1 million that are designated in a hedge accounting relationship. The negative fair values of the derivative financial instruments of € 6.6 million are offset by positive fair values of € 4.8 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.

## Independent auditor's report

- 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 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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.

## Independent auditor's report

- 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.

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.
- 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.

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, actions taken to eliminate threats or safeguards applied.
- 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.

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.
- 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.

## 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-2023-02-28.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 2022 to 28 February 2023 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 (06.2022)) 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.



## Independent auditor's report

- 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 12 July 2022. We were engaged by the supervisory board on 12 July 2022. 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 AN OTHER 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 filed in the company register – 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, 28 April 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Hartwig

Wirtschaftsprüfer  
(German Public Auditor)

sgd. ppa. Nils Kern

Wirtschaftsprüfer  
(German Public Auditor)



## GLOSSARY

**Alcohol** | → Ethanol.

**anthropogenic** | 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** | → Ethanol.

**Biofuels** | Fuels obtained from biomass (e.g., → Ethanol, biodiesel, biogas, vegetable oil).

**Blending (with petrol)** | 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<sub>2</sub>)** | End product of the burning of any carbon-containing material and base product for the creation of vegetable biomass through photosynthesis. When biomass is burned, only the amount of CO<sub>2</sub> previously absorbed during growth is released. CO<sub>2</sub> is the principal → Greenhouse gas. CO<sub>2</sub> can be used in the food and packaging industries.

**Carbon Disclosure Project (CDP)** | A non-profit organisation that runs a global platform for disclosing environmental impacts. It is regarded as the gold standard for environmental reporting and provides a common platform for investors, companies and cities.

**Cellulose** | Structural substance of plants, main component of cell walls. Cellulose is a polysaccharide consisting of several thousand β-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.

**CDS (Concentrated Distillers' Solubles)** | 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®.

**Climate variability** | 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<sub>2</sub>** | → Carbon dioxide.

**Commodity** | Standardised, homogeneous merchandise traded on exchanges.

**Corporate Sustainability Reporting Directive (CSRD)** | The C. replaces the Non-Financial Reporting Directive (NFRD). Its objective is to bring sustainability reporting to the same level as financial reporting. Uniform EU standards for reporting on corporate sustainability are part of the C.

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

**DDGS (Distillers' Dried Grains with Solubles)** | 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®.

**Dehydration** | 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 vol.-%.

**Distillation** | 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** | Fuel for petrol engines with up to 10 vol.-% → Ethanol. Cars that can run on E10 can be found at [www.e10.tanken.de](http://www.e10.tanken.de).

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

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

## Glossary

**Ethanol** | 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 disinfectants 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 syrups, raw alcohol and residues as raw materials.

**European Green Deal** | 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 letting down no one, neither human being 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** | 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** | 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** | 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** | 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+** | Guidelines for quality assurance of the production processes and environment, among other things, in the production of food and animal feed products.

**Grain year (GY)** | 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** | → European Green Deal

**Greenhouse gases** | 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)** | 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** | 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** | 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.

**Intergovernmental Panel on Climate Change (IPCC)** | The United Nations body for collecting and assessing the latest findings, and the state of global research, on climate change. It is also often called “World Climate Council”.

**ProtiGrain®** | Brand name for the → DDGS produced by CropEnergies in Zeitz. It is marketed as high-grade protein animal feed.

**ProtiWanze®** | Brand name for the → CDS produced by CropEnergies in Wanze. It is a liquid animal feed with a high protein content.

**Rectification** | A step in the ethanol production process in which the → Alcohol is purified and residues are removed.

**RED-II** | → Renewable Energy Directive

**Renewable Energy Directive** | 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.

**Science Based Targets Initiative (SBTi)** | A partnership between the CDP, the UN Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), whose aim is to assist companies in defining emission reduction targets so that the Paris Agreement's 1.5°C target can be achieved.

**Scope** | 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.

**Sedex Members Ethical Trade Audit (SMETA)** | The S. is a verification procedure for sustainable and ethical conduct in business relationships that applies to a product's entire supply chain as well as the processes involved.

**Severance payment cap** | The upper limit on the amount of compensation that a member of the executive board receives if the member's contract is prematurely terminated.

**Stillage** | 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.

**Supplier Ethical Data Exchange (SEDEX)** | A world-renowned database that enables its members to provide customers and partners with detailed information on social and ethical processes. Its aim is to ensure more transparency and security across the entire supply chain.

**Sustainable Development Goals (SDGs)** | The 17 S. (goals for sustainable development) are at the heart of Agenda 2030 for sustainable development that was accepted by all member states of the United Nations in 2015. It is a common concept for peace and prosperity for people and the planet, now and in future.

**Sustainability certification** | 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** | 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.

## Glossary

### **Task Force on Climate-Related Financial Disclosures (TCFD)**

| An initiative of the FSB (Financial Stability Board) that aims to develop guidelines for voluntary climate-related financial information in various sectors and to contribute to making information relevant to decision-making available to investors and other members of the public.

**United Nations Global Compact** | A voluntary initiative for implementing universal sustainability principles in companies. By signing, companies commit to complying with ten principles on respecting human rights and environmental protection as well as on anti-corruption and to writing an annual report thereon.

**Volume percent (volume concentration)** | 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** | 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.

Motivated employees are the greatest asset for our company.

We were able to introduce five of them in this annual report, from five locations with five focus topics. They represent all our employees and our shared vision of a climate-friendly world in which renewable resources are the key to securing the well-being of today's and future generations. CropEnergies aims to be the most trustworthy partner for our customers in the area of sustainable products.



Marius Böser, Zeitz

Laurane Kaye, Wanze

Alice Hoare, Wilton

Elisabeth Klunker,  
Mannheim

Margot Brunet,  
Loon-Plage







## Financial calendar

---

Statement for the 1 <sup>st</sup> quarter of 2023/24	5 July 2023
Annual General Meeting 2023	11 July 2023
Report for the 1 <sup>st</sup> half of 2023/24	11 October 2023
Statement for the 1 <sup>st</sup> to 3 <sup>rd</sup> quarter of 2023/24	10 January 2024
Annual press and analysts' conference for the 2023/24 financial year	15 May 2024

---

## Contacts

**CropEnergies AG**  
Maximilianstraße 10  
68165 Mannheim

**Investor Relations**  
Heike Baumbach  
Phone: +49 (621) 714190-30  
Fax: +49 (621) 714190-03  
[ir@cropenergies.de](mailto:ir@cropenergies.de)

**Public Relations/Marketing**  
Nadine Dejung-Custance  
Phone: +49 (621) 714190-65  
Fax: +49 (621) 714190-05  
[presse@cropenergies.de](mailto:presse@cropenergies.de)

[www.cropenergies.com](http://www.cropenergies.com)

Commercial Register Mannheim: HRB 700509