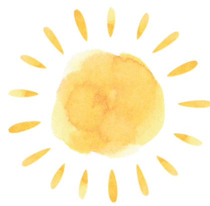


2019/20

sustain-able values

ANNUAL REPORT 2019/20

crop. energies

mobility – sustainable. renewable.

SÜDZUCKER GROUP

HIGHLIGHTS 2019/20
CROPENERGIES GROUP

■ Revenues up to € 899 (779) million	€ +120 million
■ Ethanol production increases to 1,002,000 (967,000) m^3	+4%
■ EBITDA grows to € 146.1 (72.1) million	€ +74 million
■ Operating profit rises to € 103.9 (32.8) million	€ +71 million
■ Net earnings reach € 74.6 (21.3) million	€ +53 million
■ Cash flow amounts to € 120.2 (59.1) million	€ +61 million
■ Net financial assets increase to € 107 (37) million	€ +70 million

- Dividend proposal: distribution of € 0.30 per share

- Outlook for 2020/21*: At the current point in time, CropEnergies expects revenues and operating profit to decline significantly in the 2020/21 financial year.

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

*Details in the Outlook, p. 56

CROPENERGIES – GROUP FIGURES OVERVIEW

IFRS/IAS		2019/20	2018/19	2017/18	2016/17	2015/16
Result						
Revenues	€ thousands	899,175	778,612	881,963	801,736	722,602
EBITDA	€ thousands	146,139	72,051	110,821	134,759	121,544
in % of revenues	%	16.3	9.3	12.6	16.8	16.8
Operating profit	€ thousands	103,893	32,783	71,660	97,562	86,695
in % of revenues	%	11.6	4.2	8.1	12.2	12.0
Income from operations	€ thousands	104,090	43,087	70,769	93,871	68,680
Net earnings	€ thousands	74,551	21,263	50,809	68,779	42,647
in % of revenues	%	8.3	2.7	5.8	8.6	5.9
Cash flow and capital expenditures						
Cash flow	€ thousands	120,196	59,094	89,609	107,168	87,265
in % of revenues	%	13.4	7.6	10.2	13.4	12.1
Capital expenditures in property, plant and equipment*	€ thousands	29,884	13,222	19,502	16,055	16,831
Balance sheet						
Total assets	€ thousands	669,628	585,748	592,293	597,920	591,476
Net financial assets (+) / net financial debt (-)	€ thousands	107,309	36,813	36,874	-9,285	-65,678
Equity	€ thousands	502,881	448,711	445,678	425,777	367,215
in % of total liabilities and shareholders' equity	%	75.1	76.6	75.2	71.2	62.1
Performance						
Property, plant and equipment*	€ thousands	371,521	371,369	396,301	419,135	447,176
Goodwill	€ thousands	6,095	6,095	6,095	5,595	5,595
Working capital	€ thousands	78,491	84,877	55,434	59,567	43,142
Capital employed	€ thousands	456,107	462,341	457,830	484,297	495,913
ROCE	%	22.8	7.1	15.7	20.1	17.5
Shares						
Market capitalisation	€ million	812	462	545	723	332
Total shares issued of 29/28 February	million	87.25	87.25	87.25	87.25	87.25
Closing price on 29/28 February	€	9.31	5.29	6.25	8.28	3.80
Earnings per share	€	0.85	0.24	0.58	0.79	0.49
Dividend per € 1 share	€	0.30**	0.15	0.25	0.30	0.15
Yield as of 29/28 February	%	3.2	2.8	4.0	3.6	3.9
Production						
Ethanol	1,000 m^3	1,002	967	1,149	1,030	837
Employees						
Number of employees (full-time equivalents)		450	433	414	412	416

*Including intangible assets
** Proposed

CROPENERGIES AG MANNHEIM

Group Annual Report for 2019/2020
1 March 2019 to 29 February 2020

Whether climate protection, zero waste, circular economy or local production: sustainable values are the basis of CropEnergies. Renewable raw materials are turned into sustainable products in harmony with nature and for the environment. In doing so, CropEnergies not only pays particular heed to ecology and economy, but also accepts responsibility for society as a whole.

TABLE OF CONTENTS

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

Company profile

CropEnergies AG Mannheim

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

THE PRODUCTION SITES

Wilton, Great Britain

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

Raw material Grain

Zeitz, Germany

Annual capacity
- 400,000 m³ ethanol for fuel and traditional applications
- > 300,000 t ProtiGrain®
- 100,000 t liquified CO_2

Raw materials Grain and sugar syrups

THE PRODUCTS

CropEnergies processes the raw materials into ethanol, which mainly replaces petrol, and into valuable, high-quality food and animal feed products.

Ethanol

for fuel applications

Ethanol

for traditional and technical applications

1.3 million m³

ethanol
(annual capacity)

LARGEST

ethanol producer in
Germany and Belgium

€ 812 million

market capitalisation at the end of financial year 2019/20

>1 million t

of food and animal feed products (annual capacity)

100,000 t

liquefied CO_2
(annual capacity)

Loon-Plage, France

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

Raw material Raw alcohol

Wanze, Belgium

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

Raw materials Wheat and sugar syrups

Liquefied CO_2

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

Gluten

high-quality wheat protein for food and animal feed, e. g. for aqua cultures

ProtiGrain®

dried protein feed in pellet form for cattle, pigs and poultry

ProtiWanze®

liquid protein feed for cattle and pigs

SARS-COV-2 PANDEMIC DISCLAIMER

The following annual report contains numerous market assessments, including by external sources, in respect, say, of expected production or consumption quantities. Most of these sources do not mention market shifts due to the SARS-CoV-2 pandemic and/or have been published at a date when the impact of SARS-CoV-2 had either not yet been assessed as serious or could only be estimated to a limited extent.

If these market assessments have not been updated by the relevant sources in time for the copy deadline for this annual report, we continue to use these assessments, but indicate, at this point, the corresponding uncertainty surrounding them.

Where a small number of market reports and sources have already included the pandemic in their forecasts, this is mentioned in the text in each case. Even this revised information involves temporary assessments, which, in view of the momentum of the SARS-CoV-2 pandemic, may be extremely uncertain.

LETTER TO SHAREHOLDERS

Dear Shareholders,

While no one is yet in a position to measure the impact of the global corona pandemic that flared up in the spring of 2020 and executive board and employees are together doing everything in their power to steer CropEnergies safely through this challenging period, we will remember 2019 from a different perspective: as the year in which young people first took to the streets on a regular basis and in large numbers to express their concern about climate change. 2019 saw politicians confronted by the challenge not only of formulating climate protection targets but also of looking for additional ways of putting an end to ever greater greenhouse gas emissions. In 2019, German lawmakers, for example, passed climate protection legislation and the new EU Commission gave concrete expression to its ideas about a „green deal".

Looking back on the 14 years in which CropEnergies has been in existence, the focus has therefore shifted: the driving force behind renewable fuels is now not so much the foreseeable finiteness of fossil energy reserves as the ability of renewables to cut greenhouse gas emissions. Our ethanol, for example, is a fuel which, in the overall ecological account, cuts 70% of these greenhouse gases on average and also ensures more efficient and cleaner combustion due to its high oxygen content. It is good to see that, in Europe, too, more and more countries are ensuring that lower-carbon fuels like E10 are getting to the fuel stations. This is the only way to operate existing vehicle fleets in a more climate-friendly manner.

In 2019, CropEnergies obtained a record result in the light of rising demand for ethanol from renewable raw materials and a higher price level. In March 2019, we were able to start up our UK plant again and increase product capacity utilisation overall. Operating profit trebled to € 104 million. We intend to take this as an opportunity to raise the dividend to 30 euro cents per share following on from the previous 15 euro cents per share.

Even though the coronavirus is the worldwide dominant theme in all areas of life in the spring of 2020, our wish in the medium term still is for environmental policy to produce rapidly effective and implementable results. CropEnergies will not stop at what has been achieved. We intend to continue to reduce greenhouse gas emissions through further investment at all our sites over the coming years. We are working intensively on residue-based ethanol and on a wide variety of applications including technical alcohol for disinfectants and biochemicals. In addition, we intend to continue to extend the integrated production of protein-rich food and animal feed products and the liquefaction of ultra-pure carbon dioxide from fermentation. We have set the course for this in financial and personnel terms. We offer all our employees sincere thanks for this and for their special dedication and commitment.

We thank you, dear shareholders, for your trust in a mobility that is both more climate-friendly and more environmentally friendly.

With kind regards,

Joachim Lutz

Chief Executive Officer (CEO)

Dr. Fritz Georg von Graevenitz

Chief Sales Officer (CSO)

Dr. Stephan Meeder

Chief Financial Officer (CFO)

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG

Dr. Hans-Jörg Gebhard

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

Dr. Wolfgang Heer
until 4 February 2020

Ludwigshafen am Rhein
Former chairman of the executive board of Südzucker AG

Dr. Thomas Kirchberg
from 16 March 2020

Würzburg
Member of the executive board of Südzucker AG

Franz-Josef Möllenberg

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

Ökonomierat Norbert Schindler

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

Executive board

Joachim Lutz
Chief Executive Officer (CEO)

Mannheim

First appointed: 4 May 2006
Executive board spokesman since 30 April 2015
Term of office up to the end of the annual general meeting on 14 July 2020

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

Michael Friedmann
Chief Sales Officer (CSO); until 29 February 2020

Mannheim

First appointed: 30 April 2015

Departments: procurement, sales and logistics

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

Heidelberg

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

Departments: procurement, sales and logistics

Dr. Stephan Meeder
Chief Financial Officer (CFO)

Mannheim

First appointed: 30 April 2015
Appointed until: 29 April 2025

Departments: finance, accounting, taxes, controlling, investor relations, IT, risk management, and law

Joachim Lutz

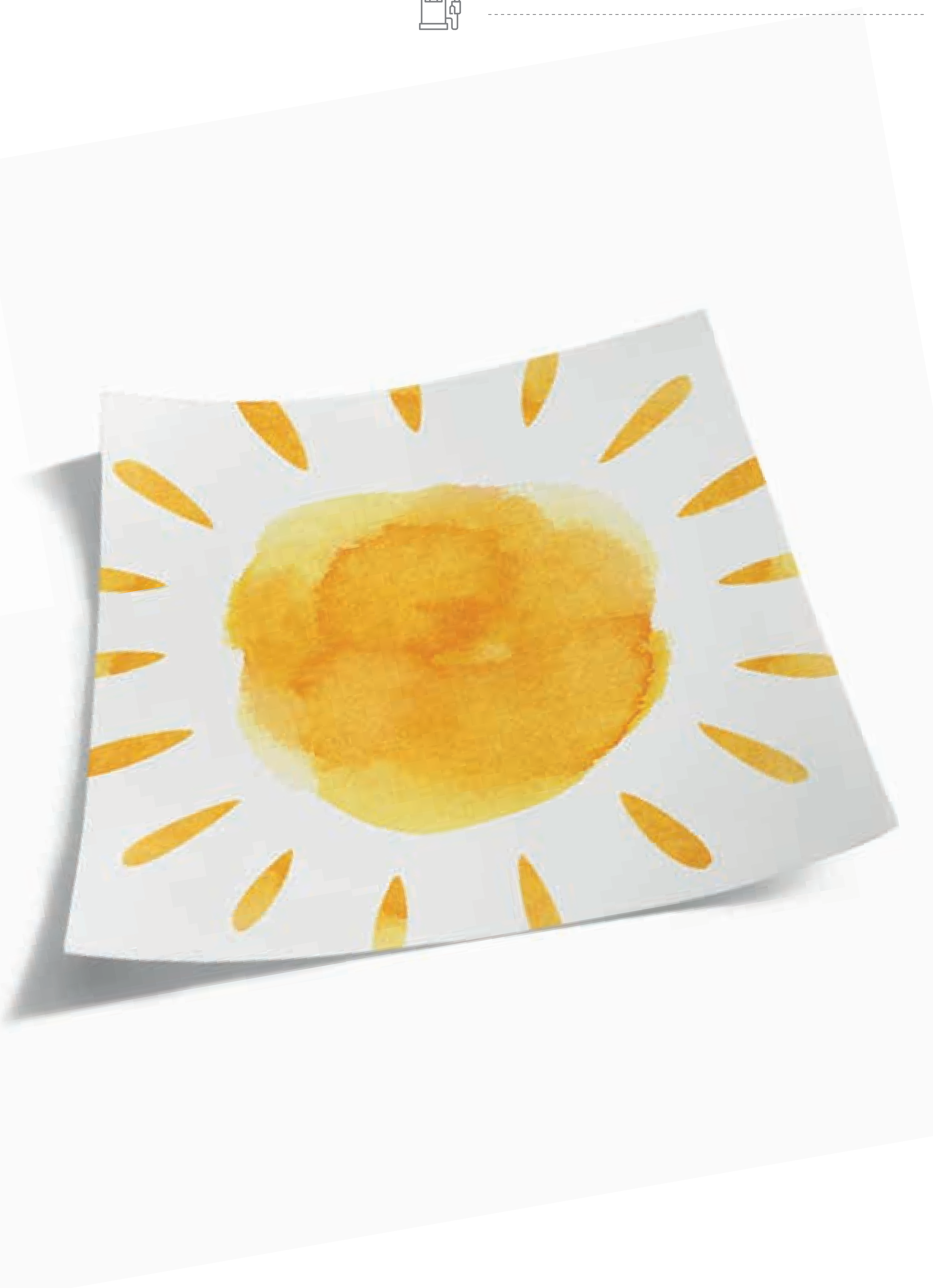
Michael Friedmann
until 29 February 2020

Dr. Fritz Georg von Graevenitz

Dr. Stephan Meeder

A list of mandates held can be found on page 130 onwards of the annual report.

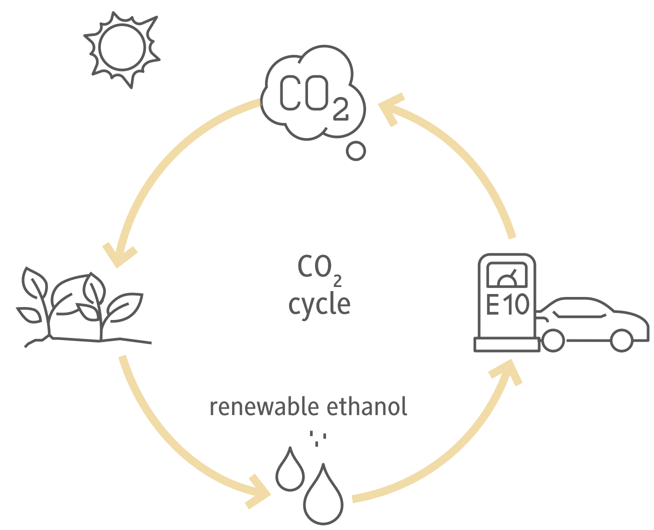
Fuel



Sustainable fuel

The energy from the sun is the most important source of energy on earth. With light energy from the sun and carbon dioxide from the air, plants produce oxygen and glucose, just like small power stations.

Energy from renewable biomass, such as renewable ethanol, is therefore largely CO_2-neutral. Because only the CO_2 that has previously been bound in the plant by photosynthesis is released during use.



If cultivation and production process are taken into account, CropEnergies' ethanol saves more than 70% CO_2 compared to fossil fuels. This is how we remain sustainably mobile with biofuel blends such as Super E10 or soon perhaps E20.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The beginning of 2020 heralds a shift in priorities due to the global corona pandemic and the emergence of new necessities to which society and business need to find answers. Executive board and supervisory board of CropEnergies AG are addressing the challenge with great commitment. The past financial year, on the other hand, was marked by increased discussion of climate protection, not only among the younger population. It also became apparent that there is a constant need for action particularly with regard to transport emissions. This has prompted numerous governments and the EU to define stricter climate targets and higher emission limit values and to look even more intensively for ways to provide more sustainable mobility. Against this background, the demand for alternatives to fossil energies also increased in Europe after years of stagnation. Accordingly, the price of renewable ethanol now reflects the large greenhouse gas savings potential more accurately than in the past. CropEnergies significantly improved its earnings situation and further strengthened the company's capital.

The supervisory board concerned itself in depth with the business development, the financial position and the business prospects of the CropEnergies Group in the reporting year, consulting closely with the executive board. In doing so, the supervisory board performed the duties incumbent upon it according to the law, the articles of association and the rules of procedure in supervising and advising the executive board in the management of the company's affairs.

Cooperation between the supervisory board and the executive board | The supervisory board was directly involved in all decisions of fundamental importance relating to the CropEnergies Group and was kept continuously informed in a timely and comprehensive manner about the corporate planning, the course of business, the position and the development of the CropEnergies Group, including the risk situation, risk management and compliance. The executive board determined the strategic orientation of CropEnergies in consultation with the supervisory board. The transactions that are important for the company were discussed in detail on the basis of the reports of the executive board.

The supervisory board chairman had regular contact with the executive board beyond the supervisory board meetings and kept himself informed about all events of major importance and the current development of the company's position. The executive board also reported on corporate policy, profitability, risk management and the corporate, financial, investment, research and personnel planning related to CropEnergies AG and the CropEnergies Group. The supervisory board chairman delved into these topics in numerous working meetings with the executive board.

Supervisory board meetings and resolutions | Four ordinary meetings of the supervisory board, each of which was attended by the executive board, took place in the 2019/20 financial year. In addition, one resolution was passed by written procedure. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board. The focal points of the reporting were the developments on the raw materials and sales markets, the hedging of market price risks, the political framework conditions for renewable energies, production and the progress of investments, and the current earnings situation. The chairman of the audit committee provided information about content and resolutions passed by the committee at the following supervisory board meeting in each case.

At its annual account meeting on **13 May 2019**, the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2018/19, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2018/19 annual financial statements and consolidated financial statements. The independent auditor, PwC, subsequently reported on the focus and results of the audit, which also included the accounting-related internal control system. After detailed discussion, the supervisory board adopted the annual financial statements and approved the consolidated financial statements. The supervisory board agreed with the executive board's proposal on the use of the unappropriated profit and approved the supervisory board's report. It prepared the 2019 annual general meeting, decided on the agenda and, based on the audit committee's recommendation, the proposal to be made to the annual general meeting in respect of the election of the independent auditor. It also approved the short- and medium-term investment planning and carried out the regular adjustment of the executive board's compensation structure.

On **5 July 2019**, the supervisory board approved, by written procedure, CropEnergies AG's participation in the syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million and maturity of up to five years with options to extend until 2025 or 2026.

At the meeting on **16 July 2019** (prior to the annual general meeting), the medium-term planning was presented. Furthermore, resolutions were passed regarding the objectives of the supervisory board in respect of its composition and expertise profile. In terms of the composition of the executive board, resolutions were passed regarding the proportion of women and the diversity concept. Lastly, the supervisory board addressed the succession of Michael Friedmann (65, CSO), who stood down as an executive board member and retired in the spring of 2020. The supervisory board appointed Dr. Fritz Georg von Graevenitz as a further member of the executive board for a period of five years with effect from 1 October 2019.

At the meeting on **11 November 2019**, the supervisory board addressed the earnings projection for the 2019/20 financial year. In addition, discussions included presentation of the site prospects of the CropEnergies factories. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. It conducted the annual review of the efficiency of its activities and approved the declaration of conformity for 2019.

At the meeting on **13 January 2020**, the updated earnings projection for the 2019/20 financial year was presented and a resolution regarding an equity investment passed. In relation to corporate governance, changes to the rules of procedure of supervisory board and executive board were approved, in line with the Second Shareholder Rights Directive (ARUG II). Lastly, the supervisory board settled the further, long-term succession planning in the executive board. Thus, Joachim Lutz will stand down from the executive board on age grounds and enter into retirement, with effect from the end of the annual general meeting on 14 July 2020. Dr. Stephan Meeder, currently Chief Financial Officer (CFO), will succeed him as CEO with effect from the end of the annual general meeting on 14 July 2020. The supervisory board appointed Jürgen Böttcher as Chief Technical Officer (CTO) for a period of 3 years with effect from 1 May 2020. Michael Friedmann, Chief Sales Officer (CSO), stepped down from the executive board on age grounds and entered into retirement, with effect from 29 February 2020. He is succeeded by Dr. Fritz Georg von Graevenitz, who has already been appointed to the executive board since 1 October 2019.

Attendance records I All the meetings were attended by all members of the executive board and all members of the supervisory board.

Supervisory board committees I In order to carry out its duties more efficiently, the supervisory board has formed an audit committee and a nomination committee.

The **audit committee**, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Dr. Wolfgang Heer (until 4 February 2020) belong, convened five times in the 2019/20 financial year, with individual members being connected by telephone in some cases. The supervisory board elected Dr. Thomas Kirchberg as a member of the audit committee, succeeding Dr. Wolfgang Heer with effect from 15 April 2020. In accordance with the recommendations of the German Corporate Governance Code, the chairman of the audit committee is not at the same time chairman of the supervisory board.

At its meeting on **7 May 2019**, the audit committee closely studied the annual financial statements of CropEnergies AG and the consolidated financial statements in the presence of the independent auditor. It prepared the annual account meeting of the supervisory board during which the supervisory board, after being briefed by the chairman of the audit committee, accepted the recommendations of the audit committee. Furthermore, it discussed the proposal to appoint the independent auditor and examined the latter's independence.

At the meeting on **8 July 2019**, the audit committee discussed the quarterly statement for the 1st quarter of 2019/20.

At the meeting on **16 July 2019** (subsequent to the annual general meeting), the audit committee discussed the independent auditor's quotation for the audit of the annual financial statements and issued the mandate for the 2019/20 financial year.

At the meeting on **8 October 2019**, the audit committee discussed the interim report for the first half of the year. The audit committee also addressed the monitoring of the financial reporting process as well as the effectiveness of the internal control system and the risk management system. It also focused on the internal audit system and the compliance management system.

At the meeting on **10 January 2020**, the audit committee discussed the quarterly statement for the 3rd quarter of 2019/20. The audit committee approved the checklist that had been adapted to current requirements and the application guidelines for non-audit services by the independent auditor, PwC.

Prof. Dr. Markwart Kunz was unable to attend the meeting of the audit committee on **8 October 2019** for an important reason.

The supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Dr. Wolfgang Heer (until 4 February 2020) belonged to the **nomination committee**. The nomination committee convened on 29 April 2020. Taking the supervisory board's diversity concept into account, a recommendation was made to the latter that Dr. Thomas Kirchberg, who had already been court-appointed, be recommended to the 2020 annual general meeting for election as a shareholder representative. The supervisory board elected Dr. Thomas Kirchberg as a member of the nomination committee, succeeding Dr. Wolfgang Heer with effect from 15 April 2020.

Review of the supervisory board's efficiency I The supervisory board reviewed the efficiency of its activities in accordance with the recommendation pursuant to paragraph 5.6 of the German Corporate Governance Code. This is performed every year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the changes in the Code. The evaluation of the questionnaires, the discussion of the results and the deliberations on proposed improvements took place at the meeting on 11 November 2019. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Compliance I On 10 and 30 January 2020, respectively, the regular discussion about fraud and corruption risks took place between the independent auditor and the chairman of the audit committee and the chairman of the supervisory board, respectively, with information being provided, and subsequent discussions held, with regard to the assessment of business risks and measures for limiting the fraud and corruption risks.

Corporate governance I Comprehensive information on corporate governance at CropEnergies, including the wording of the supervisory board's diversity objectives for its future composition and the declaration of conformity for 2019 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 72–75 of the corporate governance report. Additionally, all the relevant information is available on the CropEnergies website www.cropenergies.com on the investor relations pages.

The executive board fulfilled its duties, assigned to it by law and the rules of procedure, to inform the supervisory board in an exhaustive and timely manner. The supervisory board also assured itself of the due and proper conduct of the company's affairs and the effectiveness of the company's organisation and discussed these matters at length in talks with the independent auditor. The same applies with regard to the effectiveness of the CropEnergies Group's risk management system.

In the reporting period, the supervisory board was not notified by any of its members of a conflict of interest – especially no conflict of interest that could arise as a result of an advisory function or position on a board or committee at customers, suppliers, creditors or other business partners.

Annual financial statements I The independent auditor, PwC, elected by the annual general meeting at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2019/20 financial year, and the consolidated financial statements and the group management report for 2019/20, and has issued an unqualified audit opinion in each case. Furthermore, the independent auditor has confirmed that the executive board has suitably complied with the measures that were incumbent upon it pursuant to § 91 (2) AktG. In particular, it has created an appropriate information and monitoring system in line with company requirements that appears suited to its purpose of identifying, in good time, developments that could be a threat to the company's existence. PwC has been auditing the consolidated financial statements and the separate financial statements since the 2006/07 financial year. Since the 2016/17 financial year, Michael Conrad has been the responsible independent auditor at PwC.

In light of the fact that, as of 29 February 2020, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), including the 69.2% of voting rights held by Südzucker AG, directly and indirectly holds 74.4% of voting rights, the executive board has drawn up a report pursuant to § 312 AktG. The independent auditor has reviewed this report, has provided a written report on the results of its review and confirmed that the actual facts set out in the report are correct; payments by the company in connection with legal transactions referred to in the report were not unreasonably high, and no circumstances indicate any materially different assessment than that given by the executive board.

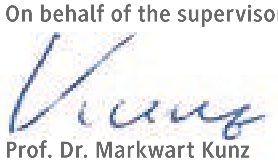
The documents to be examined and the independent auditor's reports were distributed in good time to each supervisory board member. Representatives of the independent auditor, PwC, were present at the audit committee's meeting on 7 May 2020 and at the supervisory board's annual account meeting on 11 May 2020, 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 11 May 2020; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board agreed to the executive board's proposal to use the unappropriated profit to distribute a dividend increased to € 0.30 per share.

Personnel matters I The following changes took place in the supervisory board: Dr. Wolfgang Heer stepped down from the supervisory board with effect from 4 February 2020. Dr. Thomas Kirchberg, member of the executive board of Südzucker AG, was appointed as a further supervisory board member with effect from 16 March 2020.

The following changes were made in the executive board: at the supervisory board meeting on 16 July 2019, Dr. Fritz Georg von Graevenitz was appointed as a further executive board member with effect from 1 October 2019. He succeeds Michael Friedmann as Chief Sales Officer (CSO), who stepped down from the executive board on age grounds and entered into retirement, with effect from 29 February 2020. On 13 January 2020, the supervisory board settled the further succession. Joachim Lutz will stand down from the executive board on age grounds, with effect from the end of the annual general meeting on 14 July 2020. Dr. Stephan Meeder, currently Chief Financial Officer (CFO), will succeed him as CEO. The supervisory board also appointed Jürgen Böttcher as Chief Technical Officer (CTO), with effect from 1 May 2020.

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

Mannheim, 11 May 2020
On behalf of the supervisory board



Prof. Dr. Markwart Kunz
Chairman

SHARE AND CAPITAL MARKET

Capital market environment

On 1 March 2019, the DAX was trading at 11,602 points, thereby continuing the recovery phase begun in January 2019. This was supported by the interest rate policy of the American Federal Reserve, which left the base rate unchanged in March after four interest rate hikes in 2018. In addition, the extension of the deadline for Brexit until the end of October 2019 gave a positive impetus.

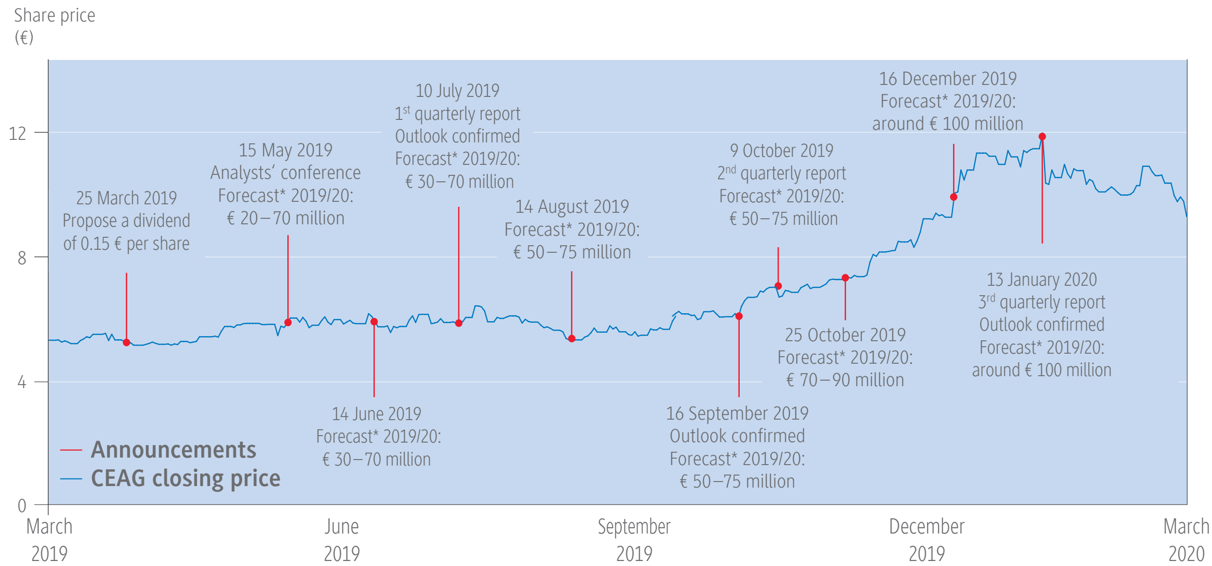
In the further course of the year, volatility on the global stock markets increased. This was mainly caused by trade disputes between the USA and China and weaker economic growth. Nevertheless, developments on the stock markets were largely positive owing to the continuing expansive monetary policy in the USA and the EU. As a result of the economic slowdown, the US Federal Reserve lowered the base rate three times in succession from July to October. The ECB reacted to the economic downturn by resuming an open-ended bond purchase programme and reductions in the deposit interest rate for banks.

In the new stock market year, the DAX continued its upward trend, reaching a record high on 19 February 2020, at 13,789 points. At the end of February 2020, the capital markets came under intense pressure in the light of concerns about the impact of the coronavirus (SARS-CoV-2) on the economy. On 28 February 2020, the DAX closed at 11,890 (28 February 2019: 11,515) points, corresponding to a rise, in the reporting period, of 3%.

Performance of the CropEnergies share

The CropEnergies share began the 2019/20 financial year at a price of € 5.29 and increased to € 5.77 on 15 May 2019 in the wake of the release of business figures for the past financial year and the forecast for 2019/20. The publication, on 9 October, of the interim report for the 1st half of 2019/20 resulted in the share rising to € 6.44. A few days later, the CropEnergies share passed the 7 euro mark and also increased significantly in value in the following weeks. On 16 December, CropEnergies again adjusted the forecast on the back of continuing robust

Performance of the CropEnergies share



Performance of the CropEnergies share from 1 March 2019 until 28 February 2020 (XETRA® closing prices)
**Forecast applies to the expected group operating profit in each case*

demand for renewable ethanol and higher ethanol prices. The share rose to € 10.06 on the same day. The share price continued to develop positively until the end of the financial year, reaching its all-time high of € 11.98 on 13 January 2020. The share closed on 28 February 2020 at € 9.31 (28 February 2019: € 5.29). This meant that there was an overall increase of 76% in the 2019/20 financial year.

Stock exchange listing and shareholder structure

The CropEnergies AG share (ISIN DE000A0LAUP1) is listed in the Regulated Market (Prime Standard) on the Frankfurt Stock Exchange. The share is also traded in the XETRA® electronic trading system and in the over-the-counter market at German stock exchanges. As of 29 February 2020, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) directly holds 5.2% 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 25.6%.

At the time of the annual general meeting in 2019, CropEnergies shares were located in over 10,500 – mainly private – deposit accounts.

Annual general meeting 2019

About 800 shareholders attended the annual general meeting held on 16 July 2019 in the Rosengarten Congress Centre in Mannheim. The shareholders present represented 82% of the capital and were mainly interested in the developments in the company in the 2019/20 financial year as well as the 2018/19 annual financial statements. There was a particular focus on the possibilities that present themselves for sustainably produced renewable ethanol in an environment in which climate protection is playing an increasingly important role. All the proposals put forward by the executive and supervisory boards were passed in each case by a majority of over 99%.

Dividend proposal 2020

The executive board and supervisory board will propose to the annual general meeting on 14 July 2020 that a dividend of € 0.30 be distributed. An amount of € 26.2 million is therefore expected to be paid out to shareholders. Based on a closing price of € 9.31 on 28 February 2020, that corresponds to a dividend return of 3.2%.

Details

CropEnergies AG		
ISIN		DE000A0LAUP1
WKN		A0LAUP
Symbol		CE2
Class of share		No-par-value bearer ordinary shares
Sector		Industrial goods
Sub-sector		Renewables
Transparency level		Prime Standard
Market segment		Regulated Market
Stock exchanges		XETRA®, Frankfurt Over-the-counter market: Stuttgart, Düsseldorf, Hamburg/Hanover, Munich, Berlin
Number of shares		87,250,000
Subscribed capital	(€)	87,250,000
Listed capital	(€)	87,250,000
First listed / IPO		29 September 2006
Shareholder structure		Südzucker AG (69.2%), Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (5.2%), free float (25.6%)

Key figures (based on XETRA®)

		2019/20	2018/19
Financial year-end closing price	(€)	9.31 (28/02/2020)	5.29 (28/02/2019)
High	(€)	11.98 (13/01/2020)	6.48 (20/03/2018)
Low	(€)	5.20 (28/03/2019)	3.68 (15/11/2018)
Market capitalisation at financial year-end	(in € million)	812	462
Average daily turnover of the share	(number of shares)	75,171	61,644
Earnings per share according to IAS 33	(€)	0.85	0.24
Dividend per share	(€)	0.30*	0.15

** Proposal*

Source: Deutsche Börse AG, XETRA® data

Market capitalisation and turnover

CropEnergies had a market capitalisation of € 812 million as of the reporting date on 29 February 2020. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 24 (20) million shares. That corresponds to an average daily turnover of approximately 98 (78) thousand shares.*

Investor Relations

CropEnergies provides timely and transparent information, particularly via its website www.cropenergies.com. Among other things, interested parties will find financial reports, press releases and capital market law notices (e.g., managers' transactions and the publication of MAR inside information) as well as the financial calendar. In addition, the website contains presentations for the capital market. Numerous documents and brochures of the CropEnergies Group can also be downloaded. It is also possible to sign up to or sign off from receiving company notices and financial reports in electronic form.

In the reporting period, CropEnergies clarified the company's business development and corporate strategy at analyst and capital market conferences as well as road shows at home and abroad. The quarterly results were reported on through conference calls, recordings of which can be downloaded from the homepage. The investor relations department is also available for an exchange of information by telephone.

**Source: Deutsche Börse Stock Report*

FOUNDATIONS OF THE GROUP

Group structure

The CropEnergies Group has several production plants for neutral and fuel ethanol and for food and animal feed products in Europe. Its sales markets are mainly located in Europe. Specifically, CropEnergies AG owns, directly or indirectly, 100% of the following German and foreign subsidiary companies:

- CropEnergies Bioethanol GmbH, Zeitz
- CropEnergies Beteiligungs GmbH, Mannheim
- BioWanze SA, Brussels / Wanze as of March 2020 (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SAS, Paris (France)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)

In addition, CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz.

In Zeitz, CropEnergies Bioethanol GmbH operates a plant for producing around 400,000 m³ of ethanol a year. Most of the production is used as renewable fuel. Up to 60,000 m³ can also be processed into high-quality food-grade neutral alcohol. In addition, it is possible to produce more than 300,000 tonnes of the dried protein animal feed ProtiGrain® as well as thermal energy and electricity.

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

BioWanze SA operates a plant in Wanze (Belgium) for the production of ethanol, gluten, the liquid protein animal feed ProtiWanze® and thermal energy and electricity. The plant has an annual production capacity of approximately 300,000 m³ of ethanol. In addition, over 60,000 tonnes of gluten and more than 400,000 tonnes of ProtiWanze® can be produced per year. BioWanze generates a large part of its required process energy from the husks of the delivered grain that are used in its own biomass plant for producing steam and electricity.

Ensus UK Ltd has a plant with an annual capacity of approximately 400,000 m³ of ethanol and 350,000 tonnes of protein animal feed in Wilton (United Kingdom). In addition, up to 250,000 tonnes of biogenic CO_2 from fermentation can be supplied to a liquefaction plant, which refines it for the food industry, in particular.

Ryssen Alcools SAS (Ryssen) operates a plant for the rectification (purification) and dehydration (drying) of raw alcohol in Loon-Plage (France). For the rectification of raw alcohol for traditional and technical applications, there is an annual capacity of up to 90,000 m³ of neutral alcohol. The annual capacity for the dehydration of raw alcohol, especially for the fuel sector, is more than 100,000 m³ of ethanol. In addition, Ryssen holds 100% of the shares in Ryssen Chile SpA, which distributes neutral alcohol to the Chilean market.

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

CT Biocarbonic GmbH is a joint venture established for the production and sale of food-grade liquefied CO_2. It operates a production plant in Zeitz for the purification and liquefaction of biogenic CO_2 from the neighbouring CropEnergies ethanol production plant. The plant has an annual capacity of 100,000 tonnes of liquefied CO_2, which is used predominantly in the beverage and food industry.

CropEnergies Inc. based in Houston (USA) was dissolved in the 2019/20 financial year.

Corporate management

The executive board of CropEnergies AG is solely responsible for managing the affairs of the company and is monitored and advised by the supervisory board in this function. The executive board is required to act in the company's interest and obliged to increase sustainable enterprise value. The members of the executive board share joint responsibility for overall management. Notwithstanding this overall responsibility, the members of the executive board manage the departments assigned to them under their own responsibility within the scope of executive board resolutions. The articles of association of CropEnergies AG and the executive board's rules of procedure stipulate that important business transactions are subject to approval by the supervisory board.

The executive board is responsible for ensuring that adequate risk management and risk controlling procedures are in place in the company and works to ensure compliance with legal requirements, official regulations and company-internal guidelines (compliance). It also ensures that management functions within the company are appropriately filled.

Value-based management

To implement value-oriented corporate management, CropEnergies deploys a reporting and planning system that is uniform across the group and, based on this, applies centrally defined indicators. Significant financial indicators are the revenues reported in the income statement, operating profit and EBITDA. Operating profit is the financial indicator relevant to management. In the case of the operating profit, income from operations as shown in the income statement is adjusted for net restructuring costs and special items as well as for earnings from entities consolidated at equity. Apart from operating profit, no further financial or non-financial performance indicators are currently relevant to management.

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 the future responsibly and to develop solutions for social and corporate challenges. To do this, we make sustainably produced, bio-based products available 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 that of future generations. As the leading European producer of sustainably generated ethanol, CropEnergies combines business success with social responsibility and environmental protection. The company's aim is to grow profitably, to increase enterprise value in the long term and to take the interests of shareholders, customers, suppliers and employees into account, through sustainable and responsible business activity.

CropEnergies' broad product portfolio includes ethanol, the world's No. 1 biofuel, which is produced from the starch or sugar content of renewable raw materials. Sustainably produced ethanol is proven to reduce greenhouse gases and conserve finite fossil resources. CropEnergies produces, in particular, protein-rich food and animal feed products, which also contain valuable dietary fibres, fats, minerals and vitamins, from the remaining components of the raw materials used. These products have a high nutritional value and reduce European import requirements for vegetable proteins, particularly soy, which is produced with a high consumption of resources in South and North America and transported over long distances to Europe.

The CropEnergies Group achieves its objectives through operating excellence and innovations, relying on its own core competences – the large-scale processing of raw materials into high-grade products in biorefineries and their marketing. What is crucial here is the extensive know-how across the entire value chain – from crop growing to production through to transport and marketing. With its innovative production facilities, CropEnergies sets standards in terms of technology, efficiency and flexibility. This is complemented by an efficient sourcing management and an optimised logistics network. The company's extensive experience at all value creation and process stages makes it a trustworthy partner, too. 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 REPORT *

Sustainability within the CropEnergies Group

Importance to the company
The main prerequisite for CropEnergies' success is sustainable business activity, i.e., reconciling ecology, economics and social responsibility. An essential component of the business model is the simultaneous production of valuable food and animal feed products as well as a sustainable alternative to fossil fuel.

Sustainability is also a significant business factor for our customers. Owing to European requirements on a low-emission transport sector, oil companies are increasingly gearing their purchase of fuel ethanol to proven greenhouse gas savings.

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. This guarantees prudent use of natural resources and holistic thinking.

CropEnergies' sustainability strategy
CropEnergies gears its activities along the entire value chain, from raw material to finished product, to sustainability. It pays particular attention to the following aspects:

- Resource-saving use with regard to the selection of raw materials
- Full utilisation of raw materials used through processing of all components into high-quality products
- Continuous improvement of production technologies in respect of their environmental impact and energy efficiency
- Efficient quality, environment and energy management
- Respecting the interests of all stakeholders essential to CropEnergies
- Long-term partnerships, e.g., with raw material suppliers and customers

Stakeholders of the CropEnergies Group
The stakeholders with whom CropEnergies engages in dialogue include customers, suppliers, employees, shareholders and financial institutions, as well as society and the general public.

Main areas of activity
CropEnergies focuses on the following areas of activity:

- Procurement of raw materials
- Environmental and energy aspects in production
- Product responsibility, quality and safety
- Social responsibility
- Working conditions and human rights

* Not part of the independent auditor's mandate

Raw material procurement

CropEnergies' sustainability activities begin as early as the upstream stages of the value chain, particularly in respect of the safeguarding and documentation of the sustainable procurement of raw materials. CropEnergies biorefineries use only raw materials of European origin that are mostly procured close to the respective site. The transport routes are commensurately short and resource-efficient.

All suppliers of agricultural raw materials in the EU fulfil the principles of cross-compliance applicable to agricultural production with the corresponding requirements for agriculture. These ensure sustainable cultivation. The sustainability criteria for raw materials for the production of biofuels even go beyond the cross-compliance requirements. They stipulate, for example, that the raw materials must not be grown in sensitive areas such as first-growth forests or in areas of high biological diversity. In order to guarantee this, all interfaces involved in production are regularly audited by independent and recognised experts and certified in accordance with certification systems recognised by the EU (e.g., REDcert EU, ISCC EU or 2BSvs). Compliance with the sustainability criteria is laid down in the contracts with raw material suppliers.

Environmental and energy aspects in production

Principles of production
It is the aim of CropEnergies, in processing raw materials into ethanol, food and animal feed products, to minimise resource requirements, energy and water use and possible environmental impact whilst observing the highest quality standards.

Thanks to its integrated production concepts, the raw materials used are refined into high-grade products in the best possible, resource-efficient manner. CropEnergies produces protein-rich food and animal feed products, which also contain valuable dietary fibres, fats, minerals and vitamins, from the non-fermentable contents of the raw materials. These products have a high nutritional value and make an important contribution to reducing European import requirements for vegetable proteins, particularly soy from North and South America. Furthermore, the carbon dioxide produced during fermentation is collected, cleaned and liquefied in Zeitz and Wilton. It replaces carbon dioxide of fossil origin in the manufacture of beverages, for instance.

Apart from the efficient manufacturing processes, CropEnergies' integration into the Südzucker Group's network of sites is also of great benefit. For example, a product portfolio including sugar, molasses, sugar beet pulp, calcium fertiliser, glucose, gluten, bran, fuel ethanol, neutral alcohol, DDGS and biogenic carbon dioxide is being produced from sugar beet and grain in a total of five production plants in Zeitz as part of the network with Südzucker.

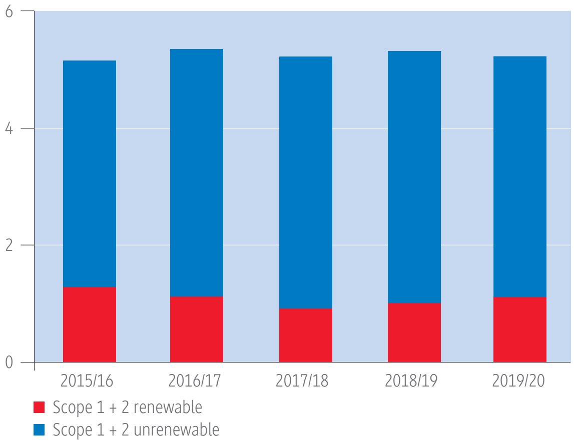
All CropEnergies' ethanol plants are certified as sustainable in accordance with at least one of the certification systems recognised by the European Commission and are audited on an annual basis. The certifications ensure that the fuel ethanol produced fulfils the sustainability criteria of the "Renewable Energy Directive". This also includes, for example, greenhouse gas emissions being reduced by at least 50% compared with fossil fuels. This statutory requirement is being significantly exceeded at CropEnergies, being 70% on average.

Energy and emissions
Highly efficient CHP plants and heat recovery systems which reduce primary energy use are the key components of energy management. These simultaneously lower the emissions of air pollutants and greenhouse gases that affect the climate and the sustainability of the products produced is improved.

The requirements of the Energy Efficiency Directive (EED) have been implemented at all CropEnergies' production sites as well as in administration. A certification in accordance with ISO 50001 was performed in Zeitz. Furthermore, an audit in accordance with the ESOS (Energy Savings Opportunity Scheme) was carried out in Loon-Plage and Wilton. BioWanze is participating in a voluntary, industry-specific agreement to improve energy efficiency ("Accords de branche de deuxième génération"). CropEnergies AG in Mannheim successfully conducted the energy audit in accordance with DIN EN 16247-1.

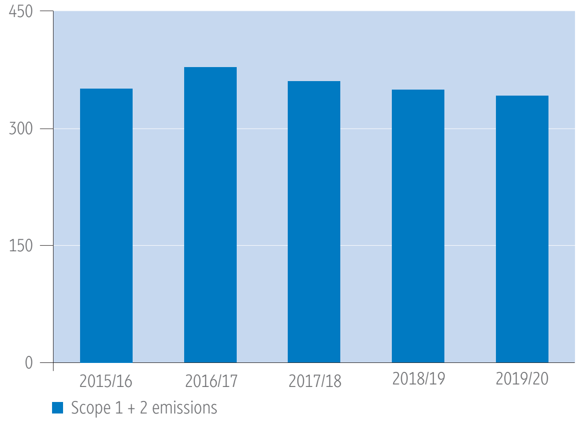
Energy use

(Gigajoules per tonne of main products and co-products)



Emissions

(Kilogram of CO_2 per tonne of main products and co-products)



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

The proportion of renewable fuels used is 27%. At Wanze, a large part of the thermal and electric process energy required is produced in a biomass plant directly from the husks of the delivered grain. At Zeitz, the biomethane (sewage gas) produced in the sewage treatment plant is being converted into electrical and thermal energy in a block CHP plant, thereby reducing the demand for fossil fuels.

The amount of CO_2 emissions depends on both the total energy demand and the fuel and energy mix used.

Water and waste water

Water is used and discharged in a sustainable manner at all sites. CropEnergies' recycling concept enables it to reduce fresh water requirements in its production facilities.

Water withdrawal/waste water

m^3/t*	2015/16	2016/17	2017/18	2018/19	2019/20
Water withdrawal	3.97	3.11	2.75	3.25	3.49
Waste water	2.56	3.07	2.54	2.72	2.93

*Main products and co-products

Waste water treatment plants ensure that the waste water is treated in an environmentally responsible manner. The water that has been cleaned is returned to neighbouring rivers.

Waste

As the components contained in the raw materials are almost completely refined into protein-rich or carbohydrate-rich products, very little waste is generated. Most of the waste materials (98%) are recycled, composted or used to produce energy. Less than 0.1% of the waste materials involves so-called hazardous waste. These consist primarily of used lubricants from production.

Waste materials

Thousand of tonnes	2015/16	2016/17	2017/18	2018/19	2019/20
Recycling	67.4	68.8	73.8	75.9	65.7
Composting	9.2	7.8	8.7	6.7	7.3
Landfill	1.0	1.5	1.6	3.9	0.8
Incineration	0.4	0.4	2.1	1.7	2.1
Other	1.0	0.5	0.7	0.5	0.5
Total	79.0	79.0	86.9	88.7	76.4

Product responsibility, quality and safety

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

Quality management and product safety
The quality management system defines measures that ensure that all products comply with the statutory specifications and customers' requirements. The HACCP concept is a central element of the CropEnergies quality management system. A structured hazard analysis is used to examine each individual step in the production of food in respect of potential hazards for the health of consumers and in the production of animal feed in respect of animal health. Corresponding countermeasures are initiated immediately, where required.

Other essential elements of quality management relate to long-term supplier relationships and detailed raw material specifications, qualified employees, safe production processes and the close coordination with customers.

The end-product specifications aid a common understanding in relation to the nature of the products. An analysis of complaints as an additional basis of information for the continual improvement of processes and products is also integrated into the system.

Certifications
Customers attach great importance to the verification, by external certification bodies, of the safety and legislative compliance of the products. Accordingly, production processes are geared to internationally recognised standards involving extensive requirements and standardised evaluation procedures, e.g., ISO 9001 (quality management), REDcertEU (renewable fuels), IFS Food (food), GMP+ (animal feed). The production sites have further specific food certificates, such as kosher or halal, in accordance with customer requirements.

Social responsibility

Economic sustainability and responsibility for rural areas
Value-oriented and profitable growth serves as the basis for financing further investment and research projects to produce top-quality products and sustainable manufacturing processes, and to open up new markets. The regional economy also benefits from such growth and economic sustainability. All production sites are in rural areas and hence in the immediate vicinity of raw material production. They not only make an important contribution to the preservation and creation of long-term and qualified jobs, but also contribute towards development of the regional economy and agricultural holdings.

Logistics in procurement and distribution
Smooth operation of the plants is contingent upon efficient goods movement. CropEnergies reduces the environmental pollution from transportation of the raw materials and end products by a large number of measures along the entire value chain.

The location of CropEnergies' biorefineries is geared to avoiding emissions. The sites are therefore located in the vicinity of large grain-growing areas, water routes or railways. This shortens transport routes or enables deliveries to be made in an environmentally friendly manner, mostly via ship or rail. In Wanze, for example, this proportion is around 70%. Furthermore, the delivery of syrups was switched from lorry to pipeline in the 2019/20 financial year, resulting in long-term reductions in emissions being achieved here. The plant in Zeitz is also part of the network for sugar and starch production of Südzucker AG and is connected to the latter via pipeline networks.

On the sales side, too, the optimisation of the distribution logistics to the end customer is playing a more and more important role in terms of competitiveness and ecology. End customers are therefore likewise mostly supplied via ship or rail, which are climate-friendly.

Working conditions and human rights

As a member of the Südzucker Group, CropEnergies complies with the requirements of a major international group. High standards also apply with regard to human rights, education and training, health and safety, compensation and working conditions as well as to relations between the social partners.

Code of conduct
CropEnergies' code of conduct is reproduced in full on its website https://www.cropenergies.com/de/Unternehmen/Verhaltenskodex/. It takes account of recognised international standards such as the United Nations' Declaration of Human Rights and the Conventions of the International Labour Organisation. CropEnergies urges all employees to act in accordance with the values and specifications contained therein.

CropEnergies is committed to conducting its business in an ethical, legal and responsible manner. At the same time, suppliers and/or contractors are expected to behave in line with the requirements.

Health and safety
The high priority given to health and safety is indispensable to the sustainable success of the CropEnergies Group. The number of accidents at work and the working hours lost as a result are thus relatively small. This is due, not least, to the cooperation of all employees.

An occupational safety management system defines procedures in respect of hazard detection, accident investigation and instruction and determines responsibilities. There are tools for communicating occupational safety targets, suggestions for improvement and occupational safety measures.

Risks and hazards in occupational safety and plant safety are identified on a regular basis and countermeasures are 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.

The instruction of employees is particularly important. This not only involves the statutorily prescribed recurrent training programmes, but also, and in particular, keeping the issue of occupational safety constantly under discussion and hence in employees' consciousness. For example, employees receive documents relating to a priority issue every month or are invited to take part in occupational safety campaign days at the sites.

Valu-
ables

Everything is valuable

We utilise our raw materials completely. While the sugar and starch content is converted into ethanol, we also refine the other ingredients into high-quality products.

100%

of the raw materials are utilised.

At our plants in Germany and the United Kingdom, we capture the carbon dioxide from biomass fermentation instead of releasing it into the atmosphere. Purified and liquefied, it can be reused and accompanies us in everyday life: in sparkling lemonade or refreshing mineral water, for drinking or even for cooking. The combination of CO_2 and water produces carbonic acid. In a drink, it is not only refreshing, but also has a disinfecting effect and preserves the minerals in the water. Another possible use is in food production, for example, where carbon dioxide creates a protective atmosphere and thus ensures hygienic packaging.

At its Zeitz site, CropEnergies produces up to 100,000 tonnes of liquefied CO_2 per year, which is used in the food and beverage industry.

INNOVATIONS, RESEARCH AND DEVELOPMENT

Highlights

CropEnergies, as the leading European manufacturer of ethanol, operates in a technology-oriented environment. Innovations provide important growth momentum here. The aim of innovations is to unlock key technologies, boost competitiveness and develop successful concepts for manufacturing sustainable products from renewable raw materials.

CropEnergies' innovation strategies are overseen by Südzucker AG's research and development division, particularly in the context of project-related issues. In addition to these activities, service tasks are also performed along the entire value chain. These include issues such as raw material quality, the use of alternative additives and participation in standardisation committees for new, innovative and sustainable fuels.

In the 2019/20 financial year, technological issues and concepts for further lowering of the specific energy demand, in particular, were pursued. One of the focal points was new drying technologies in the manufacture of food and animal feed products.

In terms of process technology, factory-specific issues and measures for the complete use of raw materials were mainly pursued with a view to increasing the ethanol yield. Furthermore, investigations into using alternative raw materials, particularly lignocellulosic materials, for ethanol production were carried out.

Increased use of ultrapure CO_2 from the fermentation produced by ethanol plants is being tested in the context of, in part, publicly funded co-operative ventures with universities and technology providers. Research strategies for manufacturing sustainable valuable chemicals were evaluated or pursued using renewable electricity.

The research, development and service activities undertaken by Südzucker for CropEnergies are performed in defined projects on the basis of service agreements. The total spend in the reporting year was € 1.3 (1.7) million.

Raw material processing and fermentation process

Fermentation is one of the technologically most demanding process steps in ethanol production. In addition to an examination of the influences of the raw material itself, the continuous analysis of new enzymes and yeasts in terms of efficiency and cost-effectiveness is an important part of research activities. The aim is to optimise ethanol yield and throughput.

Optimisation of production plants

Technical and technological measures have enabled specific energy consumption to be further lowered, one focal point being the testing of new technologies for de-watering the material flows arising in production. The aim is to make the de-watering process more efficient, energy-saving and hence more cost-effective.

In Wanze, the connection of individual process areas has contributed to the energy-efficient optimisation of the plant.

At Wilton, it was possible to increase process stability and ethanol yield. The fermentation rate was increased by optimising yeast and enzyme use. An improved connection between individual process areas also lowered primary energy consumption.

Service work for neutral alcohol production

The quality of neutral alcohol is measured by purity and sensory impression, which is also influenced by the raw materials used. If the alcohol is to be used in food or in pharmaceutical and cosmetic industry products, its odour and taste neutrality are crucial quality parameters. Alternative methods of drying were evaluated in accordance with these framework conditions. Furthermore, new drying technologies were tested and assessed in both technological and economic terms.

Work on standards for ethanol

CropEnergies is actively involved, both within the European Committee for Standardisation (CEN) at European level and within the Deutsche Institut für Industrienormung e. V. (DIN) at German level, in the standardisation of ethanol, petrol and fuel blends. The 2019/20 financial year witnessed CropEnergies' strategic pursuit of the introduction of fuels with an ethanol content of more than 10%, the focus being on lower greenhouse gas emissions. As studies show, doubling the ethanol content of petrol to 20% also results in lower particulate and nitrogen oxide emissions.

New product and production concepts

The complete utilisation also of protein-containing side-streams for food applications is part of CropEnergies' business concept.

CropEnergies is providing a high-quality wheat protein-based component for vegan food in close co-operation with its sister company, BENEO GmbH. Process steps for various recipes and application fields have been developed as part of an extensive research programme. This enables the portfolio of vegan food to be continually expanded.

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

The "ZeroCarb FP" project sponsored by the Federal Ministry of Education and Research (BMBF) is pursuing the material use of carbon dioxide from ethanol fermentation. A cultivation method for a microorganism that binds CO_2 and supplies intermediate chemical products has been developed on a laboratory scale. The aim is to use the renewable chemicals obtained in this way as a sustainable alternative to petrochemical products. The developments are now so far advanced that the next step is to pilot the technological implementation.

A project consortium is analysing the implementation of a power-to-gas concept using fermentation CO_2 as part of the BMBF sponsorship programme "FHprofUnt" – Forschung an Fachhochschulen mit Unternehmen (Research at Universities of Applied Science Involving Companies). The focal point is the optimisation of the biotechnological conversion of CO_2 into methane and the identification of technological and economic prerequisites. A pilot plant is now verifying the implementation concept.

A concept for manufacturing "green methanol" is being pursued in a further power-to-X integrated project sponsored by the Federal Ministry for Economic Affairs and Energy (BMWi). This project, too, is carrying out an economic assessment, taking site-specific conditions into account.

The potential use of basic chemicals from ethanol as a raw material opens up new perspectives for the circular economy. These are being evaluated with industrial and academic partners.

Quality and product safety of food and animal feed products

The quality and safety concepts (HACCP) as well as inspection plans of all food and animal feed products are regularly updated, based on monitoring data. In the reporting year, quality standards were extended by a certification of ProtiGrain® with regard to the production of food without genetic modification. Aspects relating to food and animal feed legislation were also handled.

EMPLOYEES

The CropEnergies Group is an international employer in a vibrant industry. As CropEnergies is a member of the Südzucker Group, its employees benefit from the opportunities made available by a large, multinational company.

Number of employees

A total of 450 (433) employees were employed in the CropEnergies Group as of 29 February 2020 (expressed as full-time equivalents).

Around 40% (38%) of employees are employed in Germany, 60% (62%) at the sites in Belgium, the United Kingdom, France and Chile.

Number of employees (full-time equivalents)

	2019/20	2018/19
Number of employees by region		
Germany	180	165
Other European countries and United Kingdom	263	261
Other countries	7	7
	450	433
Number of employees by category		
Wage earners	224	219
Salary earners	226	214
	450	433

Employment relationships and proportion of women

In terms of the overall number, 96% of employees are employed on permanent contracts, with 4% having fixed-term contracts.

CropEnergies operates in a production-oriented environment in which the proportion of female employees and applicants is relatively low. The proportion of women in the core workforce stood at 22.0% (22.1%) at the end of the 2019/20 financial year. Gender is irrelevant in the recruitment and development of employees.

The world of work is currently in transition. New types of working and the work-life balance are becoming more and more important. CropEnergies supports this at its sites through various measures, such as opportunities for increasing the flexibility of working time through flexitime and part-time models. Under certain conditions, opportunities for teleworking can give employees scope to organise their own work. Trust, loyalty, reliability, autonomy and responsibility gain in importance in this context. Further measures are being planned to ensure that CropEnergies also remains an attractive employer in future in the competition for the most highly skilled personnel.

Training and development

Challenging tasks and a dynamically evolving environment require all employees to be increasingly flexible. As the leading ethanol producer in Europe and in the face of short technological innovation cycles, CropEnergies is particularly reliant on its employees' knowledge and commitment. That is why staff training and development are particularly important to CropEnergies. As CropEnergies is a member of an international group, employees have an opportunity to participate in the training and qualification programmes of the Südzucker Group. This offers a wide range of development activities and learning opportunities, including a new learning platform which enables employees to pursue development programmes online directly at their workplaces. There are various apprenticeships and trainee programmes for the vocational training of young people within the Südzucker Group. CropEnergies employees also take part in the international and cross-functional exchanges within the Südzucker Group.

Internal and external information and continuous training programmes, for Sales, Purchasing and Technical Development, for example, which were specially tailored to CropEnergies, were held to enable employees to acquire the skills to handle changed conditions and requirements in today's world of work. Further events took place within the Südzucker Group.

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

Internal suggestion scheme

CropEnergies is integrated into the programme for promoting the Südzucker Group's internal suggestion scheme. Many employees at CropEnergies' various sites participated in it in the 2019/20 financial year, with most of the suggested improvements being allocated an award. By submitting suggestions, employees also demonstrated a commitment to the company that goes beyond everyday activities.

Health and safety

Health and safety have a high priority at CropEnergies and make a significant contribution to the company's sustainable success. Additional information about safety at work can be found in the chapter on sustainability.

Responsible employer

As a responsible employer, CropEnergies does not tolerate discrimination of any kind. Its binding code of conduct, which is based on international standards, prohibits discrimination, harassment, child labour and forced labour and is committed to freedom of association as well as health, and safety at work. Flexible working times, the possibility of teleworking and codes of conduct regarding, for example, availability are designed to contribute to protecting the health of employees and to make CropEnergies more attractive as an employer.

Acknowledgement

The success of the CropEnergies Group is mainly based on the reliability, commitment and expertise of its employees. They support the company with great dedication and work in unison to ensure that CropEnergies is well prepared for the future. The executive board wishes to express its sincere thanks to all employees and looks forward to continuing the successful collaboration with them.

INVESTMENTS

In the 2019/20 financial year, capital expenditure on property, plant and equipment amounted to € 29.8 (13.1) million. Of the total, € 21.2 million was invested at CropEnergies Bioethanol GmbH, € 6.7 million at BioWanze SA, € 1.2 million at Ensus UK Ltd and € 0.5 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.1) million was invested in intangible assets.

One of the features of the biorefinery in Zeitz is its high raw material flexibility, which should also be guaranteed in the future. Investing activities at CropEnergies Bioethanol GmbH in the 2019/20 financial year therefore focused on expanding mill capacity and production capacity for manufacturing protein-rich animal feed products. In the wake of the expansion activities, investments were also made in the site's infrastructure to ensure smooth supply of the plant with operating supplies.

Investing activities at BioWanze SA focused on the expansion of production capacities. After existing mill capacity had proved to be a bottleneck for the plant as a whole, the expansion of grinding capacity that was started in the 2017/18 financial year was successfully completed. Further measures related to safeguarding high product quality. Plans for constructing a facility for the liquefaction of carbon dioxide were also given concrete form in the reporting period. As of 2021, 65,000 tonnes of liquid, biogenic food-quality CO_2, which is to be used, among other things, as carbonic acid in the beverage industry, are expected to be produced every year at Wanze. The investment of € 15 million is being undertaken together with SOL SpA, Monza (Italy). CropEnergies and the SOL Group are thereby consolidating their long-standing successful and trusting partnership in the context of the joint venture CT Biocarbonic GmbH, Zeitz (Germany).

There were further improvements made in process stability at Ensus UK Ltd, with investments focusing on improving plant safety and fire protection. Furthermore, investments were made to modernise the logistics infrastructure.

Ryssen Alcools SAS mainly invested in increasing plant availability in the 2019/20 financial year. It also completed measures for improving plant safety.

Natural treasure

Renewable raw materials

Whether sugar beets or cereals – renewable raw materials are valuable sources of energy and can be used in many different ways. The cultivation of raw materials for the production of renewable ethanol takes up only 1% of the EU's agricultural area.

1%

of the EU's agricultural land is used to produce the raw materials for renewable ethanol.

The origin and processing of the raw materials are strictly controlled. In addition to a mandatory minimum of CO_2 savings, numerous other sustainability criteria must also be met. Raw materials for ethanol production, for example, may under no circumstances be grown on land with high biological value, such as forests, grassed areas and moors.

By using domestic, renewable raw materials, more fossil fuels can remain in the ground. CropEnergies uses biomass not only for biofuels, but also for food and animal feed. The raw materials are 100% utilised.

REPORT ON THE ECONOMIC SITUATION

Overall assertion on business performance

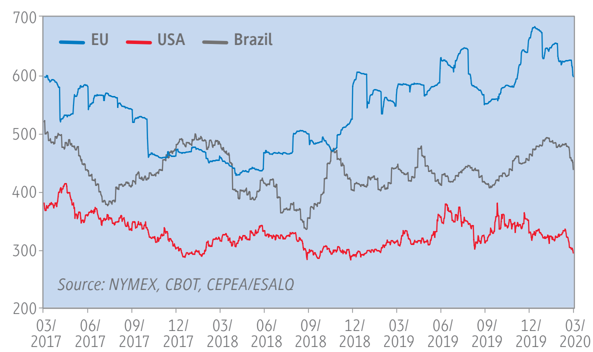
CropEnergies' performance in the past financial year was shaped by an upturn in the demand for low-carbon fuels and a significant increase in ethanol prices. The positive market environment made it possible to take the plant in Wilton back into operation in March 2019 after a three-month pause in production. This enabled the local UK market, in particular, to be supplied with sustainably produced ethanol. Over the course of the financial year, production capacity utilisation was managed flexibly to suit market conditions and to carry out regular maintenance activities. Overall, ethanol production rose by 4% to 1,002,000 m³ in the past financial year. Due to the positive market environment and high plant capacity utilisation, CropEnergies was able to achieve operating profit of more than € 100 million for the first time in the company's history.

Report on business operations

Developments on the international ethanol markets

World I World production of ethanol rose to around 128 (127) million m³ in 2019, with fuel ethanol, at 109 (108) million m³, still accounting for the main part of production. Given global petrol fuel consumption of around 1.5 billion m³, this is equivalent to a share of more than 7 vol.-%. A slight growth of around one percent is also expected in the fuel sector in 2020. The neutral alcohol market for beverages, cosmetics, pharmaceuticals and other industrial applications is expected to continue to boast a volume of around 19 (19) million m³ in 2020.

International ethanol prices (€/m³)



USA I In the USA, ethanol production in 2019 amounted to 61.3 (62.4) million m³ and was hence below the previous year's level for the first time since 2012. Given slightly increased domestic consumption of 56.5 (56.0) million m³, exports declined to 6.4 (7.3) million m³ and stocks to 3.5 (3.8) million m³. The increase in domestic demand was also due to the decision taken by the United States Environmental Protection Agency at the end of May 2019 to allow the year-round sale of E15, i.e., petrol with an ethanol content of up to 15 vol.-%. On the Chicago Board of Trade, the one-month futures contract for ethanol rose initially from US$ 1.34/gallon at the beginning of March to US$ 1.61/gallon in mid-June 2019 or from the equivalent of around € 310/m³ to € 380/m³. However, the listing subsequently experienced a downward trend again, falling below the US$ 1.30/gallon mark or the equivalent of € 300/m³ in mid-August 2019. The rapid decline in price was due, among other things, to the continuing excess supply on the domestic market and trade restrictions, particularly for exports to the People's Republic of China. After making a slight recovery in the interim, the one-month futures contract fell back to around € 300/m³ at the end of February. A massive decline in production to 52.8 million m³ is expected in 2020. Consumption is also expected to decline significantly to 47.8 million m³.

Brazil I In Brazil, ethanol production in the 2019/20 sugar year continued to rise, reaching a new record level at an expected 35.2 (33.1) million m³. A contributing factor here was that sugar cane was increasingly processed into ethanol owing to low sugar prices on the world market. At the same time, domestic consumption rose to 34.9 (32.5) million m³. Owing to the largely balanced supply situation, no major net exports of ethanol were recorded. Ethanol prices were relatively stable in the reporting period, rising from the equivalent of around € 445/m³ at the beginning of March 2019 to around € 460/m³ at the end of February 2020. Production is expected to fall back to 32.4 million m³ in the 2020/21 sugar year. Consumption is expected to amount to 32.1 million m³ and hence to be slightly lower than domestic production.

EU I In the EU excluding the United Kingdom, ethanol production in 2019, at 7.0 (6.9) million m³, was only slightly above the previous year's level. As ethanol consumption simultaneously rose to 7.3 (7.0) million m³ for all applications, net imports increased to 0.4 (0.2) million m³. In the case of fuel ethanol, consumption, at 5.0 (4.7) million m³, also exceeded the production quantity of 4.8 (4.8) million m³.

The increasing consumption of climate-friendly ethanol follows the increase in demand for petrol varieties with a higher proportion of sustainable fuel components. For example, the introduction of Super E10 in the Netherlands as of 1 October 2019 completed its spread in the Benelux area. The market share of Super E10 also continued to grow in France over the course of the year, reaching around 50% towards the end of the year. France also witnessed extremely vibrant growth in sales of E85 at the same time. They increased by 84% to 335,000 m³ in 2019. The spread of the climate-friendly petrol variety Super E10 continued in Europe with its introduction, as of 1 January 2020, in Denmark, Hungary and the Slovak Republic.

In the wake of the growth in demand, European ethanol prices rose from around € 555/m³ at the beginning of March 2019 to € 640/m³ at the end of February 2020, with spot prices again temporarily passing the € 700/m³ mark for the first time since 2012.

Further downward demand of 7.1 (7.3) million m³ of ethanol is expected in the EU in 2020. Ethanol production is expected to amount to 6.7 million m³ and hence also decline. Although the blending targets for alternative, low-carbon fuels have been raised in many countries, the demand for fuel ethanol is expected to decline to 4.4 (5.0) million m³. That is a direct result of mobility restrictions associated with containment of the SARS-CoV-2 pandemic. By contrast, significantly more ethanol is required as a raw material for the production of disinfectants.

In Germany, the largest market for ethanol in the EU, fuel ethanol consumption in 2019 again remained at the previous year's level of 1.5 (1.5) million m³. A reduction to 1.3 million m³ is expected in 2020. Sales of Super E10 rose to 2.5 (2.3) million tonnes in 2019, achieving a share of around 14% of the German petrol fuel market.

Ethanol production in the United Kingdom in 2019, at no more than 0.5 (0.9) million m³, was significantly below the previous year's level and also below domestic consumption of 1.1 (1.1) million m³. Imports therefore rose to 0.8 (0.6) million m³.

EU27 ethanol market

million m³	2020	2019	2018	2017
Opening stock	1.0	1.0	0.9	0.9
Production	6.7	7.0	6.9	6.6
Import	1.0	1.2	0.6	0.4
Consumption	7.1	7.3	7.0	6.7
Export	0.6	0.8	0.4	0.3
Final stock	0.9	1.0	1.0	0.9

Source: F.O.Licht (2020)

Developments on the raw material and protein markets

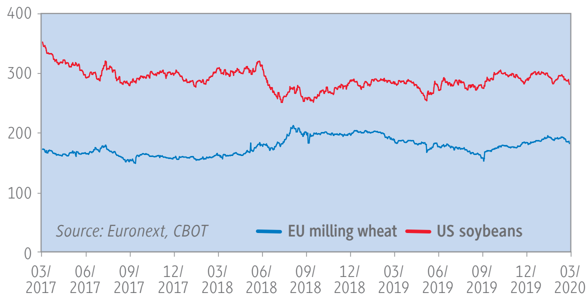
Grain markets I According to its forecast for the 2019/20 grain year published on 26 March 2020, the International Grains Council (IGC) expects world grain production (excluding rice) of 2,175 (2,139) million tonnes. Given world grain consumption of 2,192 (2,163) million tonnes, it expects stocks to decline to 608 (625) million tonnes. Grain production and consumption are expected to continue to rise to 2,223 million and 2,226 million tonnes, respectively, in the 2020/21 grain year. Global grain stocks are accordingly expected to decline to 605 million tonnes.

In 2019/20, the European Commission expects the grain harvest in the EU and the United Kingdom, at around 320 (290) million tonnes, to be significantly higher than before. However, consumption, at 290 (288) million tonnes, is expected to increase only slightly, with over 60% of the grain continuing to be used for animal feed products by contrast, the starch content of merely around 4% of the EU harvest is used for the production of fuel ethanol. The other components of the grain are primarily refined into protein-rich food and animal feed products, thereby making an important contribution to closing the European supply gap with vegetable proteins and reducing soy imports, in particular.

As a result of the grain surplus, the one-month futures contract for milling wheat on the Euronext in Paris fell sharply from around € 190/tonne at the beginning of March, temporarily even falling below the € 160/tonne mark. Over the further course of the year, weather-related sowing difficulties due to heavy rainfall in western Europe and high export demand resulted in a significant rise in the listing again as of mid-September 2019 and its closing back at around € 190/tonne at the end of February 2020.

The IGC expects grain production in the 2020/21 grain year to be slightly below the previous year's level owing to delays in sowing. In particular, a lower wheat harvest is expected.

International agricultural prices (€/t)



Protein markets I During the production of ethanol from grain, only the starch content of the corn is converted into alcohol. CropEnergies refines all other plant components into protein-rich or food and animal feed products, among other things, the prices of which are particularly affected by the price level of soy on the world market and European rapeseed meal prices.

According to the International Grains Council (IGC), the global soybean harvest, at 341 (362) million tonnes, will be lower in 2019/20 than the record harvest in the past year. In the USA, in particular, the sowing area declined significantly due to weather conditions. Given increasing demand of 358 (352) million tonnes, stocks are expected to decline to 38 (55) million tonnes. While soybean prices continued their downward trend in the 1st quarter of 2019/20, falling back below US$ 8/bushel* for the first time since December 2008, a price recovery trend has been observable since mid-May 2019 in view of the supply shortage. As of the end of the financial year, soybeans were trading at around US$ 9.0/bushel. Particularly good harvest prospects in Brazil ran counter to a more significant price increase. A historically low harvest of no more than 17 (20) million tonnes in 2019/20 followed an already low EU rapeseed harvest in the previous year. Nevertheless, prices for rapeseed meal initially declined, due, among other things, to the low soy prices, and reached a low of around € 175/tonne in September 2019. Over the further course of

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

the financial year, rapeseed meal prices likewise increased again in view of the decreasing supply and stood at around € 225/tonne at the end of February 2020.

Developments in the political environment

European climate protection policy 2030 I The EU has set itself the objective of lowering the total number of all greenhouse gas (GHG) emissions by at least 40% compared with 1990 by the year 2030. To this end, companies belonging to the EU-wide emissions trading system ("EU-ETS") are to lower their emissions by 43% (compared with 2005) by the year 2030. The GHG reduction target for the economic sectors not belonging to the EU-ETS is, in turn, 30% (compared with 2005). This "non-ETS area" includes not only buildings, agriculture, waste management and medium-sized industrial installations, but also transport, in particular.

The non-ETS target has been divided into national reduction targets, owing to regional differences. In accordance with the "effort sharing regulation", Germany needs to lower non-ETS area GHG emissions by 38% in annual increments by the year 2030. Achieving the target requires effective measures for limiting emissions at national level. If a member state misses the respective annual target, it must purchase the corresponding amount of emission rights from other member states.

"Renewable Energy Directive" I In addition to a reduction in energy consumption, increasing use of renewable energy sources, in particular, is to contribute to achieving climate protection targets. The "Renewable Energy Directive" provides that their share should be at least 20% in 2020. The proportion of renewable energies in the transport sector is set to increase to 10% in 2020, with renewable fuels from arable crops being able to account for up to 7%. This requires compliance with strict sustainability criteria such as certification of the GHG savings obtained across the entire value chain (life cycle analysis) compared with fossil fuels and complete documentation of the origin of the raw materials used.

For the period up to 2030, the "Renewable Energy Directive" provides for a further increase in the share of renewable energies to at least 32%, with an increase to 14% being envisaged in the transport sector. The contribution of renewable fuels from arable crops should be able to remain up to one percentage point above the level reached in 2020, as long as the 7% mark is not exceeded. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. Such fuels, as well as renewable electricity in road transport, are counted multiple times towards the transport target.

The requirements up to 2030 must be incorporated into national legislation by mid-2021. Proper implementation will ensure that sustainably produced renewable fuels can continue to contribute to climate protection on Europe's roads.

"Fuel Quality Directive" I Comprehensive use of Super E10 is required to achieve the climate and energy targets in the transport sector. CropEnergies therefore welcomes the fact that there has recently been a significant increase in the availability of Super E10 in the EU. Super E10 is being introduced in EU member states on the basis of the "Fuel Quality Directive". In its current version, it provides for the maximum ethanol content of petrol to be 10 vol.-%. In addition, the "Fuel Quality Directive" stipulates that, with effect from 2020 GHG emissions associated with fuel consumption must be reduced by 6 wt.-% compared with the base value of 94.1 g CO_{2eq}/MJ. In relation to a litre of petrol, that is equivalent to GHG emissions of around 3 kg CO_{2eq}. By comparison, sustainably produced ethanol from European raw materials reduces GHG emissions by more than 70 wt.-%, on average. Petrol fuels with higher ethanol content (e.g., 20 vol.-%) can further lower transport-related GHG emissions. In addition, efficiency and combustion properties improve with additional ethanol blending owing to the higher oxygen content and higher octane rating. 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 I Germany has committed, vis-à-vis the EU, to lower non-ETS GHG emissions by 38% by the year 2030. To implement this objective, among other things, lawmakers in Germany adopted the Bundes-Klimaschutzgesetz (Federal Climate Protection Act – KSG) and the Brennstoffemissionshandelsgesetz (Fuel Emissions Trading Act – BEHG) in November 2019. The KSG enshrines binding climate protection targets in law and defines annual emission ceilings for individual sectors of the economy, for the first time. In the transport sector, this upper limit falls gradually from 150 million tonnes of CO_{2eq} in 2020 to 95 million tonnes of CO_{2eq} in 2030. In 2019, transport-related emissions still amounted to more than 160 million tonnes of CO_{2eq}.

The BEHG also provides the basis for certificate trading for fossil GHG emissions in the transport and heating sectors. The federal government and the federal states agreed, on 18 December 2019, to the certificates being sold for a fixed price in the introductory phase, which will gradually increase from € 25/tonne of CO_2 in 2021 to € 55/tonne of CO_2 in 2025. As of 2026, CO_2 certificates are to be auctioned within an initial price corridor of between € 55/tonne and € 65/tonne of CO_2. The significance of sustainably produced, alternative fuels in lowering GHG emissions was taken into account by assigning them an emission factor of zero.

In addition to the above-mentioned measures, the oil industry is obliged to lower GHG emissions associated with the use of fuels across the entire value chain. This greenhouse gas reduction target for fuels was increased from 4.0 wt.-% to 6.0 wt.-% in 2020. The fuel ethanol used in Germany showed greenhouse gas emissions of merely 12.7 g CO_{2eq}/MJ in 2018. This is equivalent to an 87% saving in greenhouse gases, across the entire value chain from raw material production through to use in a vehicle. According to German legislation, renewable fuels from arable crops can be used up to a 6.5% share. The proportion of renewable fuels from wastes and residues is to rise from 0.05% in 2020 to 0.5% from 2025 onwards.

Belgium I In Belgium, the legal basis for increasing the blending target for renewable fuels to 8.5% as of 1 January 2020 was created in 2018. In the meantime, a further increase to around 9.6% has been approved. The new ruling entered into force with effect from 1 April 2020. To ensure that all fuel types contribute to achieving the target, the minimum proportion of renewable energies in petrol and diesel fuels stands at 6.5% in each case. Furthermore, renewable fuels from wastes and residues up to a proportion of 0.6% can be counted double towards the overall target.

United Kingdom I The minimum proportion for renewable energies in fuels was raised to 9.75 vol.-% in the United Kingdom with effect from 1 January 2020. Their proportion is to rise to 12.4 vol.-% by the year 2032. In addition to renewable fuels from arable crops, which are initially allowed to contribute up to 4 vol.-% towards the achievement of the target up to 2020 before gradually decreasing this contribution to 2 vol.-% from 2032 onwards, the use of wastes and residues as well as renewable fuels is to be expanded for particular applications (e.g., air transport).

France I In France, the blending obligation for petrol fuels was increased from 7.9% in 2019 to 8.2% in 2020. Renewable fuels from arable crops can contribute up to 7% to each of these. 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 renewable energies in the transport sector is set to increase to 15% by the year 2030.

The CropEnergies Group's production I In its modern biorefineries in Belgium, Germany, France and the United Kingdom, CropEnergies produces a wide range of products, including not only sustainably generated fuel ethanol, but also neutral alcohol, protein-rich food and animal feed products as well as liquefied CO_2. In the 2019/20 financial year, ethanol production, at 1,002,000 (967,000) m³, was above the previous year's level. Over the course of the financial year, production capacity utilisation was managed to suit market conditions and to carry out regular maintenance activities. Just as ethanol production increased, so, too, there was a slight increase in the production of dried food and animal feed products to 580,000 (574,000) tonnes.

The increase in production was primarily due to the uninterrupted operation of the plant in Wilton. In Zeitz and Wanze, on the other hand, production quantities remained slightly below the previous year's level due to ongoing investing activities and/or maintenance work.

Neutral alcohol production capacities at the sites in Zeitz and Loon-Plage were also utilised at a high level according to market conditions. In Loon-Plage, the production of fuel ethanol was also expanded in the wake of the vibrant development of the French fuel ethanol market.

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

Results of operations, financial position, assets and liabilities

Results of operations

€ thousands	2019/20	2018/19
Revenues	899,175	778,612
EBITDA*	**146,139**	**72,051**
EBITDA margin in %	*16.3%*	*9.3%*
Depreciation*	-42,246	-39,268
Operating profit	**103,893**	**32,783**
Operating margin in %	*11.6%*	*4.2%*
Restructuring costs and special items	0	10,115
Income from companies consolidated at equity	197	189
Income from operations	**104,090**	**43,087**
Financial result	-3,345	-539
Earnings before income taxes	**100,745**	**42,548**
Taxes on income	-26,194	-21,285
Net earnings for the year	**74,551**	**21,263**
Earnings per share, diluted/undiluted (€)	0.85	0.24

**without restructuring costs and special items*

Group revenues I CropEnergies achieved the highest revenues in the company's history in the 2019/20 financial year, generating € 899 (779) million. This was possible, in particular, due to increased ethanol sales prices, which were simultaneously marked by lower volatility than in previous years. They reached the highest level in the financial year in the last quarter.

The year-over-year increase in revenues was also aided by the expansion of the production and sales volume. Once the pause in production at the site in Wilton ended at the beginning of the financial year, the plant was operated to supply local demand.

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

EBITDA I The described price and quantity effects of sales are reflected positively in the earnings figures, with the higher revenues for sustainably produced ethanol, in particular, resulting in a significantly improved gross margin. Given the slight increase in raw material costs, the materials expense ratio decreased to 73.2% (78.9%) of overall performance. Consequently, EBITDA, adjusted for special items, doubled to € 146.1 (72.1) million, thereby reaching its highest level in the company's history.

Operating profit / restructuring and special items I Allowing for a rise in depreciation to € 42.2 (39.3) million due to the first-time adoption of IFRS 16, the striking increase in EBITDA resulted in a trebling of operating profit to € 103.9 (32.8) million. This gives rise to an operating margin of 11.6% (4.2%). While positive net restructuring costs and special items of € 10.1 million had been posted in the previous year, there were no special items to be recognised in the reporting period.

Income from operations I Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, amounted to € 104.1 (43.1) million.

Net financial result I Currency effects resulted in a reduction in the net financial result to € -3.3 (-0.5) million.

Taxes on income I Earnings before taxes rose to € 100.7 (42.5) million. Expenditure of € 26.2 (21.3) million was posted for taxes on income in the financial year. Of this, € 27.8 (23.6) million was current tax expense.

Net earnings I Consolidated net earnings, at € 74.6 (21.3) million, also reached a record level.

Earnings per share I Based on an unchanged figure of 87.25 million no-par-value shares, that translates into earnings per share of € 0.85 (0.24).

Financial position

Statement of changes in financial position

€ thousands	2019/20	2018/19
Gross cash flow	120,196	59,094
Change in net working capital	4,950	-24,653
Net cash flow from operating activities	**125,146**	**34,441**
Investments in property, plant and equipment and intangible assets	-29,884	-13,222
Cash received on disposal of non-current assets	124	62
Payment into current financial investments	-14,992	0
Cash flow from investing activities	**-44,752**	**-13,160**
Cash flow from financial activities	**-71,228**	**-55,813**
Change in cash and cash equivalents due to exchange rate changes	1,380	471
Increase (+) / Decrease (-) in cash and cash equivalents	**10,546**	**-34,061**

As a result of the increase in EBITDA to € 146.1 (72.1) million, cash flow after taxes also increased to € 120.2 (59.1) million. Including the change in net working capital, cash flow from operating activities amounted to € 125.1 (34.4) million.

The cash outflow from investing activities rose to € 44.8 (13.2) million. € 29.8 (13.1) million of this was attributable to investments in property, plant and equipment. The investments were used, in particular, to expand and improve the production plants. Furthermore, CropEnergies made short-term investments in fixed-interest securities totalling € 15.0 (0) million.

Current financial receivables increased by € 54.5 (34.0) million in the past financial year. Furthermore, a dividend of € 13.1 (21.8) million was paid in July 2019. The repayment of lease liabilities of € 3.6 (0) million gave rise to a net cash outflow from financing activities of € 71.2 (55.8) million.

Investments I In the 2019/20 financial year, capital expenditure on property, plant and equipment increased to € 29.8 (13.1) million. Of the total, € 21.2 million were invested at CropEnergies Bioethanol GmbH, € 6.7 million at BioWanze SA, € 1.2 million at Ensus UK Ltd and € 0.5 million at Ryssen Alcools SAS. In addition, a sum of € 0.1 (0.1) million was invested in intangible assets.

Assets and liabilities

Total assets increased to € 669.6 (585.7) million. As a result of earnings, in particular, shareholders' equity rose to € 502.9 (448.7) million. The equity ratio reached 75% (77%).

ASSETS

€ thousands	29/02/2020	28/02/2019
Non-current assets	384,656	382,670
Current assets	284,972	203,078
Total assets	**669,628**	**585,748**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	29/02/2020	28/02/2019
Shareholders' equity	502,881	448,711
Non-current liabilities	65,494	48,495
Current liabilities	101,253	88,542
Total liabilities and shareholders' equity	**669,628**	**585,748**
Net financial assets	107,309	36,813
Debt-cash flow ratio	n/a	n/a
Equity ratio	75.1%	76.6%
Net financial debt in percent of equity	n/a	n/a

Non-current assets increased by € 2.0 million to € 384.7 million as of 29 February 2020, with fixed assets being virtually unchanged, at € 377.6 million, as a result of scheduled depreciation – allowing for investments and right-of-use assets from leases that had to be recognised for the first time under IFRS 16. This amount includes goodwill of € 6.1 million. Deferred tax assets increased by € 1.6 million to € 4.7 million. Furthermore, the interest in entities consolidated at equity rose by € 0.2 million to € 2.3 million. Shareholders' equity and non-current liabilities cover 151% (132%) of fixed assets.

Current assets rose by € 81.9 million year over year to € 285.0 million, with current financial receivables rising by € 54.5 million to € 88.5 million. Trade receivables and other assets increased by € 14.6 million to € 94.6 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 1.4 (0.5) million and receivables in the form of ring-fenced credits for hedges of € 15.6 (6.2) million. Inventory stocks declined by € 12.2 million to € 66.6 million. Cash and cash equivalents increased by € 10.5 million to € 13.4 million. Furthermore, a sum of € 15.0 million was invested in fixed-term securities, and tax assets decreased by € 0.5 million to € 7.0 million.

Non-current liabilities increased by € 17.0 million to € 65.5 million. These include provisions for pensions and similar obligations, which rose by € 10.8 million to € 35.0 million, due to the significantly lower discount rate. Furthermore, non-current lease liabilities of € 6.3 million had to be recognised for the first time. Deferred tax liabilities declined by € 2.8 million to € 18.8 million and non-current tax liabilities increased to € 1.9 (0) million. Other provisions increased by € 0.9 million to € 3.4 million. Other liabilities of € 0.1 million were completely reduced.

Current liabilities increased by € 12.7 million to € 101.3 million, with trade payables and other liabilities increasing by € 12.0 million to € 77.6 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 8.8 (2.9) million. Current tax liabilities decreased by € 4.4 million to € 9.4 million. Furthermore, current lease liabilities of € 3.2 million had to be recognised for the first time and other provisions increased by € 1.9 million to € 11.0 million.

The **net financial position** as of 29 February 2020 shows **net financial assets** of € 107.3 (36.8) million. The net financial assets consist of cash and cash equivalents, short-term investments in fixed-interest securities and current financial receivables less the liabilities from leases.

Economic value added, capital structure and dividend

Economic value added

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

ROCE in the 2019/20 financial year improved significantly to 22.8% (7.1%), mainly due to the increase in operating profit. Capital employed declined to € 456.1 (462.3) million. It includes fixed assets, which have slightly increased due to depreciation and capital expenditure as well as right-of-use assets from leases to be recognised for the first time in accordance with IFRS 16, and working capital reduced by € 6.4 million. Capital expenditures on property, plant and equipment and intangible assets of € 29.9 (13.2) million were below depreciation of € 42.2 (39.3) million.

€ thousands	2019/20	2018/19	2017/18	2016/17	2015/16
Operating profit	**103,893**	**32,783**	**71,660**	**97,562**	**86,695**
Property, plant and equipment*	371,521	371,369	396,301	419,135	447,176
Goodwill	6,095	6,095	6,095	5,595	5,595
Working capital	78,491	84,877	55,434	59,567	43,142
Capital employed	**456,107**	**462,341**	**457,830**	**484,297**	**495,913**
Return on capital employed (ROCE)	22.8%	7.1%	15.7%	20.1%	17.5%

** Including intangible assets*

Capital structure

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

€ thousands	2019/20	2018/19	2017/18	2016/17	2015/16
Debt factor					
Net financial assets (+) / net financial debt (-)	107,309	36,813	36,874	-9,285	-65,678
Cash flow	120,196	59,094	89,609	107,168	87,265
Debt-cash flow ratio	n/a	n/a	n/a	0.1	0.8
Debt equity ratio					
Net financial assets (+) / net financial debt (-)	107,309	36,813	36,874	-9,285	-65,678
Shareholders’ equity	502,881	448,711	445,678	425,777	367,215
Net financial debt in percent of equity	n/a	n/a	n/a	2.2%	17.9%
Equity ratio					
Shareholders’ equity	502,881	448,711	445,678	425,777	367,215
Total assets	669,628	585,748	592,293	597,920	591,476
Equity ratio in percent	75.1%	76.6%	75.2%	71.2%	62.1%

The capital structure continues to be very robust, characterised by a high equity ratio of 75% (77%) and significantly increased net financial assets.

In July 2019, CropEnergies AG joined a syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million. The term is up to five years with options to extend until 2025 or 2026. The credit line was not drawn as of 29 February 2020.

Dividend

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

€ thousands	2019/20	2018/19	2017/18	2016/17	2015/16
Operating profit	103,893	32,783	71,660	97,562	86,695
Net earnings for the year	74,551	21,263	50,809	68,779	42,647
Cash flow	120,196	59,094	89,609	107,168	87,265
Earnings per share (€)	0.85	0.24	0.58	0.79	0.49
Dividend per share (€)	0.30*	0.15	0.25	0.30	0.15
Total dividend per share (€)	**0.30***	**0.15**	**0.25**	**0.30**	**0.15**
Payout ratio	35.3%	62.5%	43.1%	38.0%	30.6%

** Proposed*

Proposed appropriation of profit

The CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 74.6 (21.3) million. After an allocation of € 27.9 million to the revenue reserves, the unappropriated profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, reached € 27.9 million.

The executive board and supervisory board will propose to the annual general meeting on 14 July 2020 that, from the unappropriated profit of CropEnergies AG of € 26.2 million, a corresponding dividend of € 0.30 per share be distributed and the remaining unappropriated profit of € 1.8 million be carried forward.

Actual and forecast business performance

Outlook 2019/20		15 May 2019 Annual report 2018/19	14 June 2019 Inside information Article 17 of MAR 2019/20	14 August 2019 Inside information Article 17 of MAR 2019/20	25 October 2019 Inside information Article 17 of MAR 2019/20	16 December 2019 Inside information Article 17 of MAR 2019/20	Actual 2019/20	Actual 2018/19
Revenues	€ million	800 and 900	820 and 900	820 and 860	840 and 870	around 900	899	779
EBITDA	€ million	60 and 115	70 and 115	90 and 120	110 and 135	around 145	146	72
Operating profit	€ million	20 and 70	30 and 70	50 and 75	70 and 90	around 100	104	33

The table above compares the actual performance in the 2019/20 financial year with the forecasts for the 2019/20 financial year published in the 2018/19 annual report and in the inside information pursuant to Art. 17 MAR. The date indicated in each case relates to the publication date.

Inside information pursuant to Art. 17 MAR is published on the Investor Relations pages of the CropEnergies website at www.cropenergies.com.

OUTLOOK

Macroeconomic climate and industry-specific environment

In its winter forecast, the European Commission expected the EU economy to grow in the 2020 calendar year, as well for the eighth consecutive year. Economic growth in the EU was expected to be 1.4% in 2020 and 2021, thereby declining slightly in comparison with the 1.5% in 2019. However, the European Commission was assuming that the spread of coronavirus would be largely confined to the People's Republic of China and pass its peak in the 1st quarter of 2020. It assessed the impact on the European economy as correspondingly small.

After the spread of coronavirus developed into a global pandemic, the European Commission's expectation in mid-March 2020 is that the EU economy will very likely slip into a recession in 2020. The decline in economic performance is due to several influences. In addition to the initial shock caused by developments in the People's Republic of China, there is a decline in production due to the restrictions of public life that have been imposed. A fall in household consumer spending and lower investments by companies are additional factors. Furthermore, companies are expected to experience liquidity problems, which will also have a negative impact on the performance of the economy as a whole.

The European Commission expects the coronavirus crisis to cause significant economic damage in the EU. Scenario calculations suggest that the coronavirus crisis will negatively impact the EU's real gross domestic product with an additional decline of 2.5%. In view of the original estimate of economic growth of 1.4%, that would give rise to a decline in economic performance of just over one percent. Although the European Commission expects the EU economy to recover in 2021, the recovery is not likely to be sufficient to fully offset the negative economic effect of the coronavirus crisis in 2020.

Ethanol markets

Consumption of fuel ethanol and neutral alcohol in the EU is expected to decline to 7.1 (7.3) million m^3 in 2020. The demand is expected to be largely covered by domestic production of 6.7 million m^3. Imports are expected to remain at a high level, at around one million cubic metres. Many EU member states are still far from fully utilising the potential of sustainably produced ethanol to provide a low-carbon, high-quality and cost-efficient alternative to fossil fuels and to improve air quality. Comprehensive use of Super E10 and increasing use of fuels with higher ethanol content are required to achieve the climate and energy targets in the transport sector. In 2019 and at the beginning of 2020, the use of E10 gained momentum with its introduction in many EU countries. Other countries may be added in the further course of 2020 due to higher blending targets for alternative, low-carbon fuels in many EU countries and the EU-wide requirement to reduce GHG emissions associated with fuel consumption by 6 wt.-%.

For the 2020/21 financial year, CropEnergies expects sales prices to be below the previous year's level. This assessment is based on the expectation that, due to the mobility restrictions imposed in order to contain coronavirus, ethanol demand in the EU will be much lower than in the previous year. Higher blending targets in EU member states will probably only partly offset this decline. A persistently high production surplus in the USA, which could lead to increased exports to the EU, is an additional factor.

Grain markets

The International Grains Council (IGC) expects world grain production (excluding rice) of 2,175 million tonnes in 2019/20. Global stocks are expected to fall to 608 (625) million tonnes due to the somewhat sharper rise in consumption. In the interim, however, there was a significant decline in grain prices. This was due, in particular, to an extremely good wheat harvest. Owing to the overall good supply situation and a positive outlook for the 2020/21 harvest, grain prices are expected to continue to be stable. According to the IGC's March forecast, the grain harvest in 2020/21 is expected to rise to 2,223 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 fulfilling the EU's climate targets for 2030. GHG emissions in the "non-ETS area", to which transport also belongs, are to fall by 30% by the year 2030.

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 set to increase to 14% by the year 2030. The contribution of renewable fuels from arable crops should be able to remain up to one percentage point above the level reached in 2020, as long as the 7% mark is not exceeded. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. These fuels, as well as renewable electricity in road transport, are counted multiple times towards the transport target.

The follow-on regulation offers a chance that sustainably produced renewable fuels can contribute to climate protection on Europe's roads even after 2020.

Group performance

CropEnergies generated the highest revenues in the company's history, at € 899 (779) million, and a record operating profit of € 104 (33) million in the 2019/20 financial year. The increase in earnings was mainly due to the revenues for renewable ethanol which were significantly higher year over year, owing, among other things, to an upturn in the demand for low-carbon fuels, whose contribution to climate protection is being utilised by more and more countries to meet their climate protection targets.

Business development in the 2020/21 financial year will be largely determined by price developments on the European ethanol markets. Although climate protection will also remain an important environmental policy objective in the medium term, the operating and mobility restrictions imposed throughout Europe since mid-March as a result of the corona pandemic will have a negative impact on sales volumes and prices, at least in the short term. Business development in the 1st quarter (1 March to 31 May), in particular, has been significantly impacted, especially as maintenance work at the plant in Wanze, Belgium, is experiencing corona-related delays. No more than an approximately balanced operating profit is therefore currently expected in the 1st quarter. However, CropEnergies expects to see an improvement in the course of the financial year. A significant decline in revenues and operating profit compared with the previous record year is expected for the current financial year.

As Europe's largest producer of ethanol, CropEnergies AG unreservedly accepts its overall social responsibility in the corona crisis. In addition to increasing neutral alcohol production, CropEnergies is making technical alcohol available to numerous customers for the production of disinfectants, thus making an important contribution to combating the virus.

The extent to which this increased use of ethanol for disinfectants can at least offset the reduced sales of ethanol as a climate-friendly fuel is not yet foreseeable. The forecast will therefore be substantiated in line with the course of the corona pandemic.

Home-made

Regional food and animal feed

During ethanol production, the starchy part of the raw materials is fermented to ethanol. Valuable food and animal feed products are produced from the protein part. With each litre of ethanol CropEnergies produces 1 kilogram of GMO-free protein animal feed. That way, all raw materials are fully utilised.

This is very necessary because there is a protein deficit in Europe.

70%

70% of the vegetable proteins required for animal feed must be imported - mostly in the form of soy from the American continent. This means long and polluting transport routes.

The animal feed produced by the European ethanol industry replaces 5 million tonnes of soy imports per year. This corresponds to a release of 1.8 million hectares of land in North and South America, and European agriculture is simultaneously supplied with regional, high-quality protein animal feeds.

RISK AND OPPORTUNITIES REPORT

Risk management system

CropEnergies is one of the largest and most efficient producers of renewable ethanol in Europe. Additionally, as a result of its complete utilisation of raw materials, CropEnergies has an attractive portfolio of high-grade food and animal feed products as well as neutral alcohol. This reduces the dependence on developments on the fuel ethanol and raw material markets. Company operations, external influences and corporate actions to secure the survival, growth and success of an undertaking are subject to opportunities and risks. In order to identify these and actively manage them, CropEnergies has set up a group-wide risk management system.

CropEnergies' opportunities and risk management includes in-house regulations for recording, presenting and assessing risk-related processes. The processes are integrated into the Südzucker Group's risk management. All group companies are included in the consolidated group for risk management purposes.

Risk and opportunity policy

For CropEnergies, the responsible handling of entrepreneurial opportunities and risks is an integral part of sustainable, value-oriented corporate management. CropEnergies defines risk and opportunities as future developments or events that can have a positive or negative effect on the achievement of strategic goals and operational plans. Assessing risks and utilising opportunities safeguards the company and its competitiveness. To that end, CropEnergies uses an integrated system for the early detection and monitoring of business-specific risks. At the same time, opportunities that arise are also identified and assessed in the risk management system.

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 regulatory standards is an integral part of our 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 guideline and trains employees accordingly at regular intervals.

System for the early detection of risks

The executive board bears group-wide responsibility for the risk management system as well as for the early detection and countering of risks to the company as a going concern and strategic risks. It has set up a risk committee, which comprises the executive board and managers from the procurement, sales, logistics, production, business development, public relations, finance, accounting and controlling divisions and Südzucker risk management. The risk committee usually convenes once a month and also on an ad hoc basis if and when the need arises. The subject of the consultations includes all risk categories. For the main risks relating to raw materials sourcing, sales, trading and financial market risks, standardised scenario projections are calculated on the basis of future market expectations and the effects on planned operating profit are determined. Risk is assessed on a monthly basis for the current financial year. The results obtained by the risk committee are documented on a monthly basis. In addition to the regular reporting, ad hoc risks require internal group reporting to the executive board. All employees are urged to communicate any impending or existing risks immediately to their line managers. This enables CropEnergies to ensure that risks are identified at all levels, independently of existing hierarchies.

The independent auditor regularly assesses whether the system for the early detection of risks functions properly.

Risk documentation

CropEnergies documents all material corporate risks in an internal risk register. A risk owner who is responsible for assessing and estimating the risk is assigned to every risk. 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. 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 2020/21 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 used for the corresponding categories "low", "medium" and "high".

Corona pandemic

The outbreak of coronavirus in China and its progressive spread across the world have resulted, especially in Europe, in massive interventions in public life involving a significant impact on the economy and society. As a producer of ethanol, which is an essential component of fuels and disinfectants, CropEnergies is part of the systemically relevant infrastructure.

CropEnergies has various production sites in Europe, which can all potentially be affected by the pandemic.

The pandemic may cause sick leave to increase in production and administration. Measures for containing the spread of the virus, such as quarantine at home, may result in further disruptions to operations which cannot always be countered by means of appropriate measures (home office). The restriction

	Valuation in 2020/21	
Overview of short-term risks and opportunities	**Risks**	**Opportunities**
Economical environment		
Changes in the legal and political framework	medium	medium
Operational risks and opportunities		
Procurement	high	medium
Sales and credit risks	high	low
Quality and environment	low	low
Information technology	low	low
Production	high	low
Finance		
Financial risks and opportunities	medium	low

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

on travel activities poses special challenges to many areas. At the Wanze site in Belgium, there have been delays in completing the routine maintenance work begun at the beginning of March 2020 and hence in re-starting the plant due to lockdowns or border closures imposed in various countries. Government measures to limit social contacts as well as a lack of protective equipment may make it more difficult to carry out work.

It is currently not possible to estimate the scope and duration of the pandemic and its influence on economic developments. The decline in employment across the world and the fear of a global recession are resulting in weaker consumption and investment sentiment, which may – probably only temporarily – also affect CropEnergies' sales markets. Restricted mobility has resulted in a sharp decline in demand and hence also in lower prices for energy, fossil fuels and even ethanol. Petrol sales in March and April 2020 can be expected to show a high double-digit percentage decline in Germany and other EU member states compared with the reference period in the previous year. Should low prices for fuel ethanol continue over a longer period, this could have a significant negative impact on the earnings situation of European ethanol producers and may even lead to consolidation effects. This could give rise to both opportunities and risks for CropEnergies.

At the same time, the demand for ethanol for technical applications has increased due to the high demand for disinfectants. Against the background of supply bottlenecks for denatured neutral alcohol, the German authorities, as well as those in France, Belgium and Austria, have also approved undenatured technical alcohol for use in disinfectants, subject to certain quality requirements. The technical alcohol produced by CropEnergies meets these quality requirements. This enables CropEnergies to provide large quantities of technical alcohol as a main component in the production of disinfectants which are urgently needed, for example, in hospitals and doctors' practices.

Both political measures such as border closures and reduced availability of transportation may cause delivery chains in procurement and sales logistics to be adversely affected. Combined with other effects of the epidemic, particularly potential cases of illness in production, this may cause a reduction in capacity utilisation or even make it necessary to stop production temporarily. CropEnergies counters this risk by means of a flexible logistics network and tightened hygienic measures.

Neither the financial impact nor the duration of the exceptional situation can currently be foreseen. Accordingly, it is not yet possible to quantify the potential financial impact reliably.

Economical environment

Changes to the legal and political framework
Regulatory developments can have both a positive and a negative impact on the progress of business activities. As discussed in the section "Developments in the political environment" in the management report, CropEnergies' business activities are governed by various regulatory and political framework conditions at both national and European levels. In addition, the framework conditions especially in the USA and Brazil, which are home to the world's largest ethanol markets, can have an impact on international trade flows and thus indirectly affect the business activities of CropEnergies.

Changes in foreign trade relations with third countries, in statutory support schemes for renewable energies existing in a number of EU countries as well as in tariff rates may also result in opportunities or risks.

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

The United Kingdom's exit from the European Union (Brexit) may entail risks for CropEnergies' business activity which are currently difficult to estimate. There will be no changes from a customs law perspective within the transition period up to 31 December 2020. Thereafter, changes to the trading law framework may entail both opportunities and risks.

Changes to the political framework may also give rise to opportunities. For example, the spread of the climate-friendly petrol variety Super E10 continues in Europe in 2020 with its introduction in Denmark, Hungary and the Slovak Republic. In view of the fact that the blending targets for alternative, low-carbon fuels have been raised in many countries, a further increase in demand for fuel ethanol is expected in over the next few years. Intermittent distortions in demand due to the corona pandemic cannot, however, be ruled out in 2020.

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 the proceeds from 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 and through the use of derivative instruments. 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. Nonetheless, depending on the market price situation, there is still the risk that it might not be possible to close hedging transactions that cover the costs, or that increases in raw material prices cannot be passed on to ethanol customers.

The EU links the promotion of fuels produced from biomass to compliance with certain sustainability criteria. The ethanol sustainably produced by CropEnergies fulfils these requirements. This presupposes that sustainably grown raw materials are also available.

CropEnergies is also exposed to the risk of fluctuations in market price when it comes to purchasing energy and CO_2 certificates 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 local 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 selling price of ethanol. It may therefore be subject to major fluctuations. CropEnergies controls these risks as far as possible by means of derivative instruments and by using ethanol plants flexibly depending on market situation. The use of derivative hedging instruments takes place within defined limits and rules, and is subject to an extensive control process. European ethanol prices are currently being determined by price reporting agencies, based on very small trade volumes, which results in high volatility and low levels of transparency in respect of price determination.

The availability of suitable means of transport for timely delivery of raw materials and end products is also subject to fluctuation. For example, a prolonged drought may cause water levels to fall and hence result in limited availability and loading capacity of inland navigation vessels and in higher costs. Strikes or a lack of investment in road, waterway and rail infrastructure may also cause delays to the delivery of ethanol as well as food and animal feed products. CropEnergies counters these risks through access to a flexible logistics network and long-term relations with forwarding agents, shipping companies, train operating companies and other logistics providers.

Large customers account for the bulk of the CropEnergies Group's sales of ethanol. Should such supply contracts not be fulfilled or follow-on orders prove to be much smaller, this may give rise to risks for the results of operations and assets and liabilities.

Further development of the company and its profitability are largely influenced by the development of selling 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 proceeds from the sale of 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 transactions are minimised by concluding transactions with short maturities and defined limits with banks and partners that have a high credit rating. Accordingly, the creditworthiness of banks and affiliated companies undergoes continual monitoring.

Quality and environment

CropEnergies has a quality assurance system which regularly monitors product quality and environmental risks with the aid of modern process control technology and laboratory analyses. This includes all processes, from procurement of the raw materials to the production process through to the supply of customers, and defines responsibilities, activities and procedures.

The environmental risks linked to production mainly relate to the use of energy and water and the generation of emissions, waste water and waste. CropEnergies counters these environmental risks by constantly monitoring and improving business processes.

Information technology

Management of the CropEnergies Group crucially depends on complex information technology which is increasingly exposed to information 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 using qualified internal and external experts. CropEnergies benefits in this respect from its integration into the Südzucker Group, which is continually refining information systems and processes.

Production

The risk of unplanned production stoppages is minimised by means of continuous maintenance measures and highly qualified staff. If required, CropEnergies examines whether an unplanned reduction in production at one plant can be offset by additional production at another plant.

Opportunities arise particularly through expansion of the raw material processing capacity and production capacity at the site in Zeitz, which was undertaken in the 2019/20 financial year.

Finance

Financial risks and opportunities

CropEnergies is exposed to a small extent to risks as a result of changes in exchange rates and interest rates. Exchange rate risks can arise both from operating activities and from assessment of foreign currency financing within the group.

At CropEnergies, raw materials are mainly purchased, and end products mainly sold, in euro. Currency risks arise only when purchasing raw alcohol in US dollars and selling industrial alcohol in US dollars and British pounds. These risks can be hedged by means of derivative instruments. The use of these hedging instruments takes place within defined limits and rules, 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 29 February 2020. However, negative interest may be charged on sight deposits held by banks.

Detailed information on currency, interest rate and price risks as well as liquidity and credit risks can be found in the notes to the consolidated financial statements in item (29) "Risk management within the CropEnergies Group".

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

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.

Changes in the estimation of the effects of bioenergy production on the cultivation of agricultural goods in other regions of the world may likewise involve opportunities or risks.

In addition, changes in the framework conditions of the certification systems relevant to CropEnergies may affect the competitiveness of the ethanol produced by CropEnergies.

Opportunities arise particularly from changes to the political framework. For example, the EU has set itself the objective of lowering greenhouse gas (GHG) emissions by at least 40% compared to 1990 by the year 2030. This target is to be raised to between 50% and 55% in the context of the European "Green Deal".

Increasing use, in particular, of renewable energy sources instead of fossil energy sources is to contribute to achieving the climate protection targets. For the period after 2020, the "Renewable Energy Directive" therefore provides for an increase in the share of renewable energies to at least 32%, with an increase to 14% being envisaged in the transport sector up to 2030. The contribution of renewable fuels from arable crops should be able to remain up to one percentage point above the level reached in 2020. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030. Proper transposition into national law, which must take place by mid-2021, will ensure that sustainably produced renewable fuels can continue to contribute to climate protection on Europe's roads. The transposition of the new "Renewable Energy Directive" in EU member states should result in increasing ethanol demand in the whole of the EU. This may give rise to opportunities for growth for CropEnergies.

Opportunities and risks may also arise from the government allocation of green certificates relating to further environmental protection investments in Belgium. The procedure for current applications / the new regulation for follow-on support from 2024 onwards is currently being revised in the context of a legislative amendment in Belgium.

Development of demand and change in consumer behaviour

The products of the CropEnergies Group are exposed to the risk of fluctuations in demand due to the development of the economy as a whole. Changes in consumer behaviour on the sales markets relevant to CropEnergies may also result in fluctuations in demand. For example, it may happen that consumers differentiate according to production technologies, greenhouse gas reduction potential and/or raw materials. This would also impact CropEnergies' business activities.

Personnel

Owing to demographic trends, the recruitment and long-term retention of qualified employees poses an increasing challenge. Particularly in the areas of IT, technology and the natural sciences, there is a risk of not being able to fill posts appropriately or only with a time delay. To counteract this, CropEnergies offers an attractive working environment, career prospects in an international environment, advanced and continuing education courses, health promotion measures 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 supports its employees by providing them with company doctors, reintegration programmes and information sessions. There are also extensive safety-at-work programmes that aim to achieve "zero accidents".

Compliance

General legal risks

There are no observable legal disputes pending against the CropEnergies Group that could have a material effect on the group's financial position.

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

Anti-trust law risks

Anti-trust law risks may arise if governing bodies or employees of the CropEnergies Group violate laws and internal rules, which may result in fines, claims for damages and image damage.

A competition directive is in force as a group-wide framework for the prevention of breaches of anti-trust law. The objective of this directive is to prevent employees from breaching anti-trust laws and to provide practical support in the application of relevant rules and regulations. This includes the obligation of all employees to comply with anti-trust legislation. To avoid breaches of anti-trust law, training courses are conducted across the group and repeated at regular intervals.

Fraud and corruption risks

Fraud and corruption risks may arise if governing bodies or employees of the CropEnergies Group violate laws, internal rules or regulatory standards recognised by CropEnergies such that the company suffers damage to its assets or image. Likewise, people outside the company may, with fraudulent intent, attempt to prompt payments or deliveries by using fake identities. To ensure legally compliant and socio-ethical behaviour in the CropEnergies Group, CropEnergies has adopted a corresponding directive, to which every employee must adhere.

Liquidity

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 on a day-by-day basis and optimised by means of national or transnational cash pools. Risks arising as a result of fluctuations in cash flows are identified early on and are managed within the framework of the liquidity planning, which is an integral part of the corporate planning process. As of the reporting date, CropEnergies has net financial assets. Thanks to binding internal and external credit lines, CropEnergies can draw on additional cash resources in the short term, where necessary.

Summary of the risks and opportunities

The outbreak of coronavirus in China and its progressive spread across the world have resulted, especially in Europe, in massive interventions in public life involving a significant impact on the economy and society. Neither the financial consequences of this exceptional situation nor its duration can currently be foreseen.

Grain and ethanol price developments have a significant impact on CropEnergies' earnings situation. As there is no strong correlation between raw material and ethanol markets and they are also extremely volatile, forecasting earnings performance is made more difficult. This can be reduced only to a limited extent by price hedging.

Future opportunities arise from ambitious climate protection targets that the EU has set itself. For example, increasing use, in particular, of renewable energy sources instead of fossil energy sources is expected to contribute to lowering greenhouse gas emissions by at least 40% compared with 1990 by the year 2030.

Overall opportunities have improved year over year. The group's overall risk exposure has significantly increased year over year owing to the uncertainties arising from the further development of the corona pandemic. However, there are still 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, however, well-equipped to meet future challenges.

Accounting-related internal control and risk management system

Main features

The accounting-related internal control system in the CropEnergies Group comprises policies, processes and measures to ensure the effectiveness, cost efficiency and regularity of the financial reporting and compliance with the relevant legal provisions. The internal control system of the CropEnergies Group consists of a control system and a monitoring system.

IFRS Reporting Guideline

The accounting and valuation principles of the CropEnergies Group, together with the rules on financial reporting according to the International Financial Reporting Standards (IFRS), define the standard accounting and valuation policies applied by the national and international subsidiaries included in the consolidated financial statements of CropEnergies. Only the IFRS adopted by the European Commission for application within the EU at the time the financial statements are prepared and whose application is mandatory during the financial year concerned are applied.

Internal control system in relation to the accounting process

Through the established organisational, control and monitoring structures, the internal control system enables the complete recording, preparation and appraisal of company-related matters including their presentation in the group financial reporting.

Process-integrated and process-independent controls form the two constituents of the internal monitoring system of the CropEnergies Group. Besides the "dual control principle", digitised process controls and automated validation and plausibility checks are an integral part of the process-dependent controls.

At the group level, the specific control activities to ensure the regularity and reliability of the group financial reporting include the analysis and, where necessary, adjustment of the separate financial statements presented by the group companies while taking into account the reports prepared by the independent auditors and the annual accounts discussions held for this purpose. In addition, there are comprehensive group guidelines on accounting and valuation. Furthermore, the processing and aggregation of data for the preparation of the management report and the notes to the financial statements are also performed at the group level.

The measures of the internal control system designed to ensure the regularity and reliability of the group financial reporting assure that transactions are recorded in their entirety and promptly in compliance with the requirements of the law and the articles of association. In addition, it is ensured that inventories are properly carried out and assets as well as liabilities are correctly recognised, measured and reported in the consolidated financial statements.

The separation of functions and responsibilities for administration, execution, settlement and authorisation is designed to prevent criminal acts. The internal control system also guarantees the replication of changes in the economic and legal environment of the CropEnergies Group as well as the application of new or amended statutory regulations on the group financial reporting.

Internal audit

The supervisory board has delegated supervision of the effectiveness of the internal control and risk management system to the audit committee. As a process-independent audit body, the Südzucker Group's internal auditing department is integrated in the internal monitoring system of the CropEnergies Group. It guarantees, in the course of its monitoring activities, the functionality and effectiveness of the system by carrying out regular system audits.

External audit

The independent auditor examines the system for the early identification of risks, integrated into the risk management system, in terms of its fundamental suitability for identifying, at an early stage, risks that endanger the future of the company as a going concern. Furthermore, the auditor reports to the supervisory board about significant weaknesses identified in the system for internal control and the early detection of risks.

CORPORATE GOVERNANCE AND RESPONSIBILITY *

In the following, we report on the company's corporate management in accordance with § 289f (1) HGB and corporate governance in accordance with paragraph 3.10 of the German Corporate Governance Code. The declaration on corporate management and the corporate governance report are published on the CropEnergies website at www.cropenergies.com.

Functioning of the executive board and supervisory board

As a German stock corporation, CropEnergies AG has a dual management system comprising an executive board and a supervisory board. Both boards have autonomous powers and collaborate in a close and confidential manner in managing and monitoring the company.

Executive board
As a German stock corporation, CropEnergies AG has a dual management system comprising an executive board and a supervisory board. Both boards have autonomous powers and collaborate in a close and confidential manner in managing and monitoring the company.

Supervisory board
The supervisory board appoints, monitors and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the rules of procedure of both the executive board and the supervisory board stipulate that decisions are subject to approval by the supervisory board. The executive board keeps the supervisory board regularly, promptly and extensively informed in writing as well as at its regular meetings about the planning and development of the business operations, and the position of the group including risk management and compliance.

The chairman of the supervisory board coordinates the activities of the supervisory board, conducts its meetings and represents the interests of the supervisory board externally. The supervisory board convenes without the executive board if necessary. In the case of significant events, an extraordinary meeting of the supervisory board is convened where necessary. In order to discharge its duties, the supervisory board can summon auditors, legal consultants and other internal and external consultants at its own discretion. The supervisory board passes resolutions on the structure of the compensation system for the executive board together with the key contractual components and reviews it on a regular basis. The supervisory board has drawn up its own rules of procedure for its work; these are in force, as amended on 13 January 2020, and published on CropEnergies AG's website.

Composition of the supervisory board
The supervisory board of CropEnergies AG, which comprises six members, is solely composed of shareholder representatives pursuant to § 96 (1) and § 101 (1) AktG. Each term of office of the shareholder representatives newly elected by the annual general meeting on 18 July 2017 runs for the period until adjournment of the annual general meeting that decides on approval for the 2021/22 financial year (i.e., until the annual general meeting in 2022). The supervisory board proposes that Dr. Thomas Kirchberg, who was appointed by the district court on 16 March 2020, be elected, at the next annual general meeting, for the remaining term of office of the supervisory board. All members of the supervisory board are familiar with the sector in which CropEnergies operates. Franz-Josef Möllenberg is the financial expert on the supervisory board and the audit committee, i.e., a member who has expertise in the areas of accounting and auditing.

* The following declaration on corporate management and the corporate governance report have not been checked by an auditor, with the exception of the compensation report.

The supervisory board's diversity concept
Regarding its composition, the supervisory board is particularly guided, pursuant to a resolution passed on 13 November 2017 and renewed on 16 July 2019 (taking into account the sector, the company's size and the scale of the international activities), by the following objectives and expertise profile for the committee as a whole:

- Every member of the supervisory board should have adequate entrepreneurial and/or company experience and ensure that sufficient time is available to carry out duties and responsibilities.
- Every member of the supervisory board should have the reliability and personal integrity required to perform the supervisory board's monitoring responsibilities.
- At least two members of the supervisory board should be "independent" within the meaning of paragraph 5.4.2 of the German Corporate Governance Code.
- The supervisory board should not have more than two former members of the executive board.
- The supervisory board should have at least two members with international experience or particular expertise in a market outside Germany that is important to the company.
- At least one member of the supervisory board should have expertise in the area of accounting or auditing (financial expert).
- The supervisory board seeks an appropriate degree of female representation. It bases its decision primarily on suitability, not on gender. By means of a resolution dated 16 May 2017, the supervisory board defined "retention of zero %" as the target for the proportion of women in the supervisory board – for the period up to 15 May 2022.
- No candidates over 70 years of age should be nominated for election or re-election to the supervisory board unless this is advisable in the company's interest.

A regular limit of length of membership on the supervisory board is not specified. This facilitates continuity and the preservation of long-standing expertise in the supervisory board in the interests of the company.

When making nominations for the election of supervisory board members, the supervisory board will continue to be primarily guided by the personal aptitude of candidates, their specialist knowledge and experience, integrity and independence as well as their motivation and capability.

The following should be noted with regard to the status of the implementation of the supervisory board's diversity concept:

On 18 July 2017, the annual general meeting elected shareholder representatives to the supervisory board, endorsing the supervisory board's nominations. The supervisory board considers that it again has at least two independent members (pursuant to paragraph 5.4.2 of the German Corporate Governance Code, anyone who has a business or personal relationship with the company, its governing bodies, a controlling shareholder or one of its affiliated companies, which could be grounds for a major and lasting conflict of interest is, in particular, deemed to be "non-independent"). At least two members embody the criterion of "internationality" to a special degree. The supervisory board currently has no female members.

The executive board's diversity concept

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

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

Supervisory board committees

With the audit committee and nomination committee, the supervisory board has formed committees from among its members which prepare and supplement its activities. The committees consist of four members in each case. The duties of the two committees are based on the supervisory board rules of procedure as amended on 13 January 2020 and those for the audit committee of 3 May 2012. The current composition of the committees is presented under item (36) "Supervisory board" in the notes to the consolidated financial statements.

The chairman of the supervisory board is not at the same time chairman of the audit committee.

Shareholders and general meeting

The shareholders of CropEnergies AG exercise their voting and control rights at the annual general meeting held at least once a year. The annual general meeting takes place in the first eight months of the financial year and decides on all matters as per the statutory requirements with binding effect for all shareholders and the company. Each CropEnergies share confers the same rights.

Every shareholder who meets the prerequisites for attending the annual general meeting as well as for exercising voting rights and registers in time is entitled to attend the annual general meeting. Shareholders who are unable to attend in person have the option of having their voting rights exercised by a financial institution, a shareholder association, proxies used by CropEnergies AG who are bound by the instructions of the shareholders, or some other representative of their choice. Shareholders also have the option of submitting their vote in advance of the annual general meeting via the Internet or giving instructions to CropEnergies AG's proxies via the Internet.

Annual general meeting 2020

The invitation to the annual general meeting, which is expected to be held on 14 July 2020, together with all the reports and information required for passing resolutions will be published in accordance with the provisions of German company law and made available on the CropEnergies AG website under "Investor Relations".

Risk management

The conscientious handling of business risks is one of the principles of good corporate governance. Group-wide and company-specific reporting and control systems are available to the executive board and management of CropEnergies, enabling them to identify, analyse and manage these risks. The systems are continuously further developed, and adjusted to the changing framework conditions. The executive board keeps the supervisory board regularly informed about current risks and their development. The audit committee is especially concerned with monitoring the financial reporting process, the effectiveness of the internal control system, risk management and the internal auditing system as well as the auditing of the financial statements. Risk management at CropEnergies is outlined in the risk and opportunities report on pages 60–68.

Corporate governance report

Good corporate governance implies the responsible management and control of corporate enterprises oriented towards long-term value creation. The aim of corporate governance is to promote the trust of shareholders and investors, the financial markets, business partners, employees and the general public in the company, thereby also increasing the value of the company on a sustainable, long-term basis. The executive and supervisory boards of CropEnergies AG are committed to the principles of good corporate governance. CropEnergies fulfils the most stringent transparency requirements on German stock exchanges. Accordingly, the CropEnergies share has been listed in the Prime Standard since 2006. Compliance with the German Corporate Governance Code underlines the commitment to transparent corporate management.

In CropEnergies' view, the German Corporate Governance Code as amended on 16 December 2019 is largely balanced, practical and of a high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles.

Declaration of conformity for 2019

The declaration of conformity for 2019 issued by the executive board and the supervisory board pursuant to § 161 AktG, the following divergence from recommendations was updated in comparison with the text of the previous year:

It was possible to delete the passage at paragraph 4.1.3 – (Compliance, whistle-blower system), as this recommendation was implemented through the introduction of an electronic whistle-blower system in April 2018.

As with declarations of conformity issued in previous years, the declaration of conformity for 2019 is published on the CropEnergies website at www.cropenergies.com on the Investor Relations/Corporate Governance pages:

It has the following wording:

"The executive board and the supervisory board of CropEnergies AG, Mannheim, passed a resolution on 11 November 2019 to issue the following declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG:

CropEnergies AG complied with the recommendations of the 'Government Commission of the German Corporate Governance Code' in the Code's current version of 7 February 2017 with the following exceptions and will comply with the recommendations in future:

Paragraph 4.2.2 (Vertical comparison of executive board compensation):

The supervisory board is charged with assessing the appropriateness of the executive board's compensation. In so doing, it takes into consideration the company's salary and wage structure. The supervisory board is convinced that the formal procedure recommended in paragraph 4.2.2, subsection 2, sentence 3 is superfluous, as it would not improve the quality of its decisions.

Paragraph 4.2.3, subsections 4 and 5
(Severance payment cap in executive board contracts):
The executive board contracts do not provide for a severance payment cap. We see no need for this, especially as there are considerable legal reservations about such contractual clauses.

Paragraphs 4.2.4 and 4.2.5
(Individualised executive board compensation):
The annual general meeting of CropEnergies AG most recently passed a resolution on 12 July 2016 to waive individual disclosure of executive board compensation for a period of five years. The company therefore does not disclose executive board members' individual compensation in its compensation report.

Paragraph 5.3.2, sentence 3
(Autonomy of the audit committee chairman):
Thomas Kölbl is chairman of the audit committee. He is simultaneously a member of the executive board of Südzucker AG, which holds a majority interest in CropEnergies AG. In our view, it makes sense that a majority shareholder is appropriately represented on the supervisory board of a company and its committees. It is our conviction that it is in the interests of the company and all its shareholders for Thomas Kölbl to exercise this office as audit committee chairman.

Paragraph 5.4.1, subsection 2
(Objectives for the composition of the supervisory board):
A regular limit of length of membership on the supervisory board is not specified. This facilitates continuity and the preservation of long-standing expertise in the supervisory board in the interests of the company.

Paragraph 5.4.6
(Supervisory board compensation):
Our company's articles of association make provision for performance-related supervisory board compensation oriented to dividends (cf. paragraph 5.4.6, subsection 2, sentence 2). Convergence with the interests of the shareholders in particular speaks for this structure.

We disclose the supervisory board's compensation as a total, divided according to fixed compensation and performance-related components (cf. paragraph 5.4.6, subsection 3). In our opinion, the associated encroachment on privacy associated with the disclosure of compensation on an individual basis is disproportionate to the benefits of such practice. The corporate governance report, notes and management report therefore do not contain any individualised information on supervisory board compensation."

Gender quota
The Stock Corporation Act makes provision for listed companies to define target figures for supervisory board, executive board and the two management levels below executive board. CropEnergies AG is affected by this, but is not affected by the introduction of a fixed gender quota of 30% in the supervisory board; this applies to listed companies that are also equally represented. CropEnergies is not a co-determined company.

At its meeting on 16 May 2017, the supervisory board determined the proportion of women in the supervisory board up to 15 May 2022 to be the "retention of zero %".

At its meeting on 16 July 2019, the supervisory board, taking all relevant criteria and particularly the current and expected future status quo into account, determined the target for the proportion of women in the executive board up to 15 May 2022 to be the "retention of zero %". At its meeting on 15 May 2017, the executive board decided as a target specification that the proportion of women at management level below the executive board (owing to its flat hierarchies, CropEnergies AG has only one management level below the executive board) should be retained at 20% until 14 May 2022.

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

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

Code of conduct and guiding principles
CropEnergies has prepared a code of conduct and guiding principles. These are published on the CropEnergies website at www.cropenergies.com under "Company".

Compensation report

In the compensation report, CropEnergies discloses the level and structure of the compensation paid to the executive board (paragraph 4.2.5 of the Code) and the supervisory board (paragraph 5.4.6 of the Code). CropEnergies AG waives individualised disclosure of executive board and supervisory board compensation as the associated encroachment on privacy is out of reasonable proportion to the benefits. The shareholders of CropEnergies AG last passed a resolution not to disclose individualised information on executive board compensation for a period of five years, by a large majority, at the annual general meeting on 12 July 2016 (opting out). The decision to waive individualised disclosure of supervisory board and executive board compensation was reflected in the declaration of conformity.

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

1. a fixed annual salary,

2. variable annual compensation, depending on
a) the achievement of agreed targets and
b) the operating profit generated by the CropEnergies Group based on performance over several years (the basis, in each case, being the CropEnergies Group's average operating profit for the past three financial years),

3. non-monetary benefits mainly in the form of a company car for business and private use and contributions to social insurance, and

4. a company pension scheme, based on a percentage of the fixed annual salary.

There are no share-based compensation components or stock option plans.

The total compensation for the executive board is disclosed in the notes at item (35), "Related party transactions".

The compensation of the supervisory board is set out in § 12 of the articles of association of CropEnergies AG. Each member of the supervisory board receives a fixed compensation of € 20,000, payable at the end of the financial year, and variable compensation at the rate of € 1,000 for each € 0.01, or part thereof, by which the dividend paid per share exceeds € 0.20, in addition to the reimbursement of their out-of-pocket expenses and the value-added tax they incur for their supervisory board activities. The chairman receives double and his deputy one-and-a-half times this compensation. The fixed compensation increases by 25% for each membership of a supervisory board committee; the rate of increase is 50% for the chairman of a committee. This presupposes that the relevant committee has convened in the financial year.

The compensation for activities undertaken by the supervisory board members is disclosed in the notes 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. CropEnergies has agreed such a deductible with the members of the executive board. Regarding a deductible for supervisory board members, the German Corporate Governance Code recommends a similar ruling. CropEnergies complies with this recommendation.

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 2019/20 financial year.

Compliance

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

Compliance management system

Compliance is enshrined in the CropEnergies mission statement and is specified in a compliance management system (CMS). As a member of the Südzucker Group, CropEnergies has adopted the latter's code of conduct and the compliance corporate values and principles contained therein in an appropriate form. The corporate standards existing within the Südzucker Group have been codified in these principles. The objective is to ensure that the principles are enforced throughout CropEnergies utilising the existing reporting channels and information flows.

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 Südzucker 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. At Südzucker, the main focus is on the areas of anti-trust law, corruption and bribery prevention, capital market/reporting obligations and data protection.

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

  Regular training courses in respect of compliance-related issues take place in all company divisions. Training courses and information activities on the subject of anti-trust law, corruption prevention, data protection and IT security were carried out across the group in the 2019/20 financial year. In February 2020, e-learning was expanded by the "Südzucker Campus" learning management platform to include a mandatory online training programme on the subject of anti-trust law, corruption and bribery prevention, data protection and capital market compliance.

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

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

- Compliance communication
  The Südzucker code of conduct (➔ www.suedzucker.de/de/Unternehmen/Verhaltenskodex/) and its compliance business values and principles ➔ www.suedzucker.de/de/Unternehmensgrundsaetze/) have been made known to all employees. To raise employees' awareness of compliance on a day-to-day basis, posters, for example, have been put up at sites. Suspected cases can also be reported via anonymous whistle-blower systems.

- Compliance monitoring and further development
  Südzucker's internal auditing department monitors 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, where necessary, based on insights obtained from these audits and from reported compliance cases.

Takeover-related disclosures

The following information is provided by way of explanatory disclosures pursuant to §§ 289a (1), 315a (1) HGB and an explanatory report pursuant to § 176 (1) sentence 1 AktG; they are part of the audited group management report. These disclosures relate, among other things, to aspects that may play a role in the acquisition of company control, as well as the executive board's powers to change the capital structure.

Composition of the subscribed capital, voting rights and transfer of shares
The subscribed capital of the company as of 29 February 2020 is € 87,250,000 and is divided into 87,250,000 no-par-value bearer shares, each representing a proportional amount of € 1 of the share capital *(§ 315a [1] No. 1 HGB).*

The company does not hold any of its own shares as of the reporting date.

Each share confers the same rights and grants one vote respectively at the annual general meeting. Restrictions on the voting right of the shares may result from the provisions of the Stock Corporation Act. Under certain circumstances, the shareholders may be barred from voting (§ 136 AktG). Furthermore, the company has no voting right on its own shares (§ 71 b AktG). CropEnergies is not aware of any contractual restrictions on the voting rights or on the transfer of the shares *(§ 315a [1] No. 2 HGB).*

Capital interests exceeding 10%
The company is aware of the following direct and indirect interests in the share capital of CropEnergies AG exceeding 10% of the voting rights.

As of 29 February 2020, Südzucker AG, Mannheim (Südzucker) and Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Stuttgart (SZVG) directly hold 69.2% and 5.2%, 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 74.4% of voting rights *(§ 315a [1] No. 3 HGB).*

Shares conferring special rights, voting right control in the case of employee shares
There are no CropEnergies shares conferring special rights *(§ 315a (1) No. 4 HGB)*. There is also no kind of voting right control from the participation of employees in the company's capital *(§ 315a [1] No. 5 HGB).*

Appointment and removal of executive board members
Pursuant to § 84 and § 85 AktG, the members of the executive board are appointed and/or removed by the supervisory board. Pursuant to § 6 [1] of the articles of association, the executive board must comprise at least two individuals. In all other respects, the supervisory board determines the number of executive board members. The supervisory board can appoint a chairman as well as a deputy chairman to the executive board. The members of the executive board were appointed for a term of at least 3 years in each case.

Amendments to the articles of association
Pursuant to § 179 [1] AktG, amendments to the articles of association require a resolution to be passed by the general meeting. The articles of association of CropEnergies AG make use of the option to deviate therefrom pursuant to § 179 (2) AktG and provide that resolutions, unless mandatory provisions of stock corporation law or the articles of association determine otherwise, can be passed by simple majority vote and, if a capital majority is required, by simple capital majority. The authority to make amendments merely relating to the wording has been delegated to the supervisory board *(§ 315a [1] No. 6 HGB).*

Executive board authorisation, particularly regarding share issue and share buy-back
The annual general meeting on 14 July 2015 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 2020. 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. Among other things, the executive board is authorised, with the consent of the supervisory board, to sell its own acquired shares 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 authorisation to acquire the company's own shares has not been exercised to date *(§ 315a [1] No. 7 HGB).*

The annual general meeting of 12 July 2016 authorised the executive board, with the consent of the supervisory board, to increase the share capital of the company by 11 July 2021 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind and to exclude the pre-emptive subscription right of the shareholders in certain instances. The authorisation was not exercised in the 2019/20 financial year.

Change of control and compensation agreements
On 12 July 2019, Südzucker AG entered into an agreement with a bank consortium in respect of a syndicated line of credit totalling € 600 million, with a maturity up to 2024 (or with option to extend up to 2025 or 2026). CropEnergies AG has joined this line of credit with a sub-credit line of € 100 million. In the event of a change of control within the meaning of the agreement, each member of the bank consortium has the right, under certain conditions, to terminate its share of the line of credit and its corresponding share of outstanding loans and to demand their repayment (including interest).

In other respects, no material agreements that are conditional on a change of control due to a takeover bid have been entered into, nor any compensation agreements with members of the executive board or in favour of employees in the event of a change of control *(§ 315a [1] No. 9 HGB).*

Disclosures on executive board and supervisory board compensation can be found in the compensation report on pages 74.

Home advan-tage

Working where you live

With our production facilities in rural areas, we are not only close to our raw materials, but also to our employees. The choice between rural exodus or commuting to the city with long traffic jams affects the lives of many employees. CropEnergies is committed to improving the quality of life and achieving a good work-life balance for its employees by providing jobs close to their rural homes. At the same time we provide important impulses for further value creation and jobs around the CropEnergies locations.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

1 March 2019 to 29 February 2020

€ thousands	Note	2019/20	2018/19
Income statement			
Revenues	(6)	**899,175**	**778,612**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	-8,313	4,078
Other operating income	(8)	4,853	17,120
Cost of materials	(9)	-652,198	-617,127
Personnel expenses	(10)	-37,992	-34,680
Depreciation	(16), (17)	-42,246	-39,268
Other operating expenses	(11)	-59,386	-65,837
Income from companies consolidated at equity	(18)	197	189
Income from operations	**(12)**	**104,090**	**43,087**
Financial income	(13)	120	549
Financial expenses	(13)	-3,465	-1,088
Earnings before income taxes		**100,745**	**42,548**
Taxes on income	(14)	-26,194	-21,285
Net earnings for the year		**74,551**	**21,263**
Earnings per share, diluted/undiluted (€)	(31)	**0.85**	**0.24**

Table of other comprehensive income		
Net earnings for the year	**74,551**	**21,263**
Mark-to-market gains and losses*	-2,334	-1,446
Revaluation not affecting income	16,420	-533
Realisation resulting in a profit or loss	-18,754	-913
Foreign currency differences from consolidation	784	1,337
Income and expenses to be reclassified in future in the profit and loss account	**-1,550**	**-109**
Remeasurement of defined benefit plans and similar obligations*	-6,144	-764
Income and expenses not to be reclassified in future in the profit and loss account	**-6,144**	**-764**
Income and expenses recognised in shareholders' equity	**-7,694**	**-873**
Total comprehensive income	**66,857**	**20,390**

**After deferred taxes*

Cash flow statement

1 March 2019 to 29 February 2020

€ thousands	Note	2019/20	2018/19
Net earnings for the year		74,551	21,263
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	42,246	39,268
Change in non-current provisions and deferred tax liabilities		4,582	-777
Other income not affecting cash		-1,183	-660
Gross cash flow		120,196	59,094
Gain (-) / Loss (+) on disposal of non-current assets		-786	205
Increase (+) / Decrease (-) in current provisions		1,912	-7,661
Increase (-) / Decrease (+) in inventories, receivables and other current assets		-4,085	-13,555
Increase (+) / Decrease (-) in liabilities (excluding financial liabilities)		7,909	-3,642
Change in working capital		5,736	-24,858
I. Net cash flow from operating activities		**125,146**	**34,441**
Investments in property, plant and equipment and intangible assets	(16), (17)	-29,884	-13,222
Cash received on disposal of non-current assets		124	62
Payment into current financial investments		-14,992	0
II. Cash flow from investing activities		**-44,752**	**-13,160**
Dividends paid		-13,088	-21,813
Payment of financial receivables		-54,500	-34,000
Repayment of lease liabilities		-3,640	0
III. Cash flow from financial activities		**-71,228**	**-55,813**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**9,166**	**-34,532**
Change in cash and cash equivalents due to exchange rate changes		1,380	471
Increase (+) / Decrease (-) in cash and cash equivalents		**10,546**	**-34,061**
Cash and cash equivalents at the beginning of the year		2,813	36,874
Cash and cash equivalents at the end of the year		**13,359**	**2,813**

€ thousands	Note	2019/20	2018/19
Interest expense	(32)	510	224
Tax payments	(32)	29,737	22,176

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

Balance sheet

29 February 2020

ASSETS

€ thousands	Note	29/02/2020	28/02/2019
Intangible assets	(16)	8,317	8,864
Property, plant and equipment	(17)	369,299	368,600
Shares in companies consolidated at equity	(18)	2,268	2,071
Receivables and other assets	(28)	44	39
Deferred tax assets	(14)	4,728	3,096
Non-current assets		384,656	382,670
Inventories	(19)	66,558	78,728
Current financial receivables	(25), (26), (28)	88,500	34,000
Trade receivables and other assets	(20), (27), (28)	94,564	79,983
Current tax receivables	(14)	6,999	7,554
Securities	(25), (26), (28)	14,992	0
Cash and cash equivalents	(25), (26), (28)	13,359	2,813
Current assets		284,972	203,078
Total assets		669,628	585,748

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	29/02/2020	28/02/2019
Subscribed capital		87,250	87,250
Capital reserves		197,847	197,847
Other reserves and other comprehensive income		217,784	163,614
Shareholders' equity	(21)	502,881	448,711
Provisions for pensions and similar obligations	(22)	35,003	24,227
Other provisions	(23)	3,385	2,514
Non-current financial liabilities	(25), (26), (28)	6,326	0
Other liabilities	(28)	0	85
Current tax liabilities	(14)	1,957	0
Deferred tax liabilities	(14)	18,823	21,669
Non-current liabilities		65,494	48,495
Other provisions	(23)	11,049	9,138
Current financial liabilities	(25), (26), (28)	3,216	0
Trade payables and other liabilities	(24), (27), (28)	77,599	65,583
Current tax liabilities	(14)	9,389	13,821
Current liabilities		101,253	88,542
Total liabilities and shareholders' equity		669,628	585,748

Development of shareholders' equity

1 March 2019 to 29 February 2020

€ thousands	Subscribed capital	Capital reserves	Other reserves and other comprehensive income: Other reserves	Cash flow hedges	Cumulative foreign currency differences	Total	Total consolidated shareholders' equity
1 March 2018 (published)	87,250	197,847	165,153	-3,836	-736	160,581	445,678
Adjustment of the first-time adoption IFRS 9			-10			-10	-10
1 March 2018	87,250	197,847	165,143	-3,836	-736	160,571	445,668
Net earnings for the year			21,263			21,263	21,263
Mark-to-market gains and losses on cash flow hedging instruments*				-1,446			
Foreign currency differences from consolidation					1,337		
Remeasurement of defined benefit plans and similar obligations*			-764				
Income and expenses recognised in shareholders' equity			**-764**	**-1,446**	**1,337**	**-873**	**-873**
Total comprehensive income			**20,499**	**-1,446**	**1,337**	**20,390**	**20,390**
In the acquisition costs of non-financial assets reclassified hedges				4,466		**4,466**	**4,466**
Dividends paid			**-21,813**			**-21,813**	**-21,813**
28 February 2019	87,250	197,847	163,829	-816	601	163,614	448,711
1 March 2019	87,250	197,847	163,829	-816	601	163,614	448,711
Net earnings for the year			74,551			**74,551**	**74,551**
Mark-to-market gains and losses on cash flow hedging instruments*				-2,334			
Foreign currency differences from consolidation					784		
Remeasurement of defined benefit plans and similar obligations*			-6,144				
Income and expenses recognised in shareholders' equity			**-6,144**	**-2,334**	**784**	**-7,694**	**-7,694**
Total comprehensive income			**68,407**	**-2,334**	**784**	**66,857**	**66,857**
In the acquisition costs of non-financial assets reclassified hedges				**401**		**401**	**401**
Dividends paid			**-13,088**			**-13,088**	**-13,088**
29 February 2020	87,250	197,847	219,148	-2,749	1,385	217,784	502,881

**After deferred taxes*
The changes in shareholders' equity are explained at item (21) of the notes,

Notes to the consolidated financial statements

General notes

(1) Principles of preparation of the consolidated financial statements

CropEnergies AG has its headquartered office and domicile at Maximilianstraße 10 in 68165 Mannheim, Germany. The company is registered in the commercial register at the district court of Mannheim under the number HRB 700509. Pursuant to § 2 of its articles of association of 16 November 2016, the object of the company is to acquire, hold and administer ownership interests in and establish other undertakings which are engaged, directly or indirectly, in the manufacture and distribution of bioethanol (agricultural alcohol), other biofuels and similar products which are produced from grain or other raw materials including the manufacture and distribution of co-products. CropEnergies AG is majority-owned by Südzucker AG.

The consolidated financial statements relate to CropEnergies AG and its subsidiaries. CropEnergies has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, taking into account the interpretations of the IFRS Interpretations Committee (IFRS IC), as applicable in the EU. In addition, account was taken of the requirements of German commercial law pursuant to § 315e (1) of the German Commercial Code (HGB). All the IFRSs issued by the IASB valid at the time the present consolidated financial statements were prepared and applied by CropEnergies AG have been adopted by the European Commission for application within the EU.

The consolidated financial statements as of 29 February 2020 were released by the executive board on 22 April 2020 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 7 May 2020 and reviewed and approved by the supervisory board at its meeting on 11 May 2020. The publication date is 13 May 2020.

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 in item (5) „Accounting principles".

IFRSs and IFRICs adopted for the first time: The following standards were mandatory for the first time in the 2019/20 financial year.

Standard		Passed by IASB	Adopted by the EU
IAS 19 (amended 2018)	Employee Benefits	07/02/2018	13/03/2019
IAS 28 (amended 2017)	Investments in Associates (amendment)	12/10/2017	08/02/2019
IFRS 9 (amended 2017)	Financial Instruments (amendment)	12/10/2017	22/03/2018
IFRS 16	Leases	13/01/2016	31/10/2017
Miscellaneous	Annual Improvements of IFRS – 2015–2017 Cycle	12/12/2017	14/03/2019
IFRIC 23	Uncertainty over Income Tax Treatments	07/06/2017	23/10/2018

The application of standard IFRS 16 (Leases) became mandatory for the first time from 1 March 2019.

In accordance with IFRS 16's transitional provisions, an entity's first-time adoption of IFRS 16 follows the modified retrospective approach, which means that there is no restatement of prior-year figures.

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).

The first-time adoption of IFRS 16 resulted in right-of-use assets of € 9.9 million being recognised. Accordingly, non-current financial liabilities showed an addition of € 7.4 million and current financial liabilities one of € 2.5 million. The right-of-use assets are presented on the balance sheet together with acquired or internally generated property, plant and equipment.

Overview of the impact of IFRS 16 on the balance sheet:

€ thousands	Value published 28 February 2019	Adjustment IFRS 16	Value adjusted 1 March 2019
ASSETS			
Intangible assets	8,864	0	8,864
Property, plant and equipment	368,600	9,879	378,479
Non-current assets	**382,670**	**9,879**	**392,549**
Current assets	**203,078**	**0**	**203,078**
Total assets	**585,748**	**9,879**	**595,627**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	**448,711**	**0**	**448,711**
Financial liabilities	0	7,371	7,371
Non-current liabilities	**48,495**	**7,371**	**55,866**
Financial liabilities	0	2,508	2,508
Current liabilities	**88,542**	**2,508**	**91,050**
Total liabilities and shareholders' equity	**585,748**	**9,879**	**595,627**

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.

The other 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 2019/20 financial year or later and those that have been published by the IASB, but not yet recognised by the EU. Where the standards have not yet been recognised by the EU, the anticipated adoption date is indicated. CropEnergies has not opted for early adoption of any of the new or revised standards mentioned. The indications in respect of content are based on whether the regulations are relevant to CropEnergies and, if so, in what form; where regulations that apply in future are not relevant to CropEnergies, no indications in respect of content are provided.

Standard / interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Content and, if relevant, expected impact on CropEnergies
Conceptual Framework (amendment)		29/03/2018	2020/21	29/11/2019	The amendment is not relevant to CropEnergies.
IAS 1	Presentation of Financial Statements (amendment)	31/10/2018	2020/21	29/11/2019	The amendment has specified the definition of "material".
IAS 1	Presentation of Financial Statements (amendment)	23/01/2020	2022/23	No	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 as of the balance sheet date. The amendments may become relevant from the 2022/23 financial year.
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	31/10/2018	2020/21	29/11/2019	The amendment refers to the definition of "material" in IAS 1.
IAS 39 (amended 2019)	Financial Instruments: Recognition and Measurement (amendment)	26/09/2019	2020/21	15/01/2020	The interest rate benchmark reform addressed the question of how the replacement of an existing interest rate benchmark (IBOR) impacts specific hedge accounting requirements.
IFRS 3	Business Combinations (amendment)	22/10/2018	2020/21	No	The amendment has adjusted the definition of a business as distinguished from an acquisition of a group of assets. The amendments may become relevant to business combinations from the 2020/21 financial year.
IFRS 7 (amended 2019)	Financial Instruments: Disclosures (amendment)	26/09/2019	2020/21	15/01/2020	See information about IAS 39 (amended 2019).

Standard / interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Content and, if relevant, expected impact on CropEnergies
IFRS 9 (amended 2019)	Financial Instruments (amendment)	26/09/2019	2020/21	15/01/2020	See information about IAS 39 (amended 2019).
IFRS 17	Insurance Contracts	18/05/2017	2021/22	No	The standard is not relevant to CropEnergies.
Miscel-laneous	Conceptual Framework (itself not part of the EU endorsement process, but changes to the references within the various IFRS)	29/03/2018	2020/21	29/11/2019	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.

(2) Consolidated companies

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

- CropEnergies Bioethanol GmbH, Zeitz*
- CropEnergies Beteiligungs GmbH, Mannheim*
- BioWanze SA, Brussels / Wanze as of March 2020 (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SAS, Paris (France)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)

CropEnergies Inc. based in Houston (USA) was dissolved in the 2019/20 financial year.

A detailed presentation of the equity interests can be found in the list of subsidiaries and equity interests on page 132.

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:

€ thousands	29/02/2020	28/02/2019
Non-current assets	6,758	7,312
Inventories	*54*	*70*
Receivables and other assets	*606*	*472*
Cash and cash equivalents	*725*	*512*
Current assets	1,385	1,054
Total assets	**8,143**	**8,366**
Shareholders' equity	**4,521**	**4,128**
Non-current liabilities	318	995
Current liabilities	3,304	3,243
Total liabilities	**3,622**	**4,238**
Income	3,332	3,655
- Expenses	-2,939	-3,277
= Net earnings for the year	393	378

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

CT Biocarbonic GmbH is a strategic joint venture established for the production and sale of food-grade liquefied CO_2. The book value of the shares of CT Biocarbonic GmbH amounts to € 2.3 (2.1) million. This corresponds to half of the CT Biocarbonic GmbH equity, respectively.

(3) Consolidation methods

According to IFRS, all business combinations are to be accounted for using the purchase method. The purchase price for the acquired subsidiary company is allocated to the assets acquired and the liabilities and contingent liabilities assumed. The relevant basis are the values at the time at which the power to control the subsidiary company can be obtained. The eligible assets and the liabilities and contingent liabilities assumed are recognised fully at their fair values irrespective of ownership interest. Intangible assets are required to be reported separately from goodwill if they are separable from the entity and result from a contractual or other right. Remaining differences are capitalised as goodwill.

The investment in CT Biocarbonic GmbH has been included in the consolidated financial statements using the equity method as of its date of acquisition or when the conditions for the application of IFRS 11 (Joint Arrangements) or IAS 28 (Investments in Associates) were satisfied. CT Biocarbonic GmbH is an equity investment in which CropEnergies has a 50% stake and which is jointly managed. The company is initially recognised at cost and subsequently according to the amortised interest in net assets. This increases or decreases the carrying amounts annually by the share in profit or loss, dividend distributions and other changes in shareholders' equity. Investments accounted for using the equity method are written down if the recoverable amount falls below the carrying amount.

Intercompany sales, expenses and income as well as all receivables and liabilities or provisions between the consolidated companies are eliminated. Intercompany gains or losses are eliminated from fixed assets and inventories from intra-group supplies.

(4) Currency translation

Transactions in foreign currency are translated into the functional currency (the currency of the primary economic environment in which the entity operates) at the rates of exchange at the time of the transaction. Currency gains and losses arising from the settlement of such transactions as well as from the translation, at the closing rate, of monetary assets and liabilities are recognised in the income statement.

The annual financial statements of Ensus UK Ltd, Yarm, are prepared in British pounds (GBP) and those of Ryssen Chile SpA, Lampa, Santiago de Chile, in Chilean pesos (CLP). 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 29/02/2020	Average rate 2019/20	Year-end rate 28/02/2019	Average rate 2018/19
Chile	CLP	900.24	804.97	741.43	760.29
Great Britain	GBP	0.85	0.87	0.86	0.88

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.

Acquired goodwill is reported under **intangible assets**. Goodwill and intangible assets with an indefinite useful life are not amortised as scheduled, but are subjected to an impairment test (impairment-only approach) once every year and if there are indications of impairment (triggering events). The procedure for this impairment test is presented in the balance sheet disclosures. Leasing accounting is not applied to intangible assets.

Property, plant and equipment is measured at acquisition or production cost, less straight-line depreciation and impairment. In the year of acquisition, the asset values of property, plant and equipment are written down on a pro rata temporis basis. Government grants and subsidies are deducted from acquisition cost.

Property, plant and equipment and intangible assets with a finite useful life are depreciated as scheduled on the basis of the following expected useful lives:

	Expected useful life
Intangible assets	3 to 5 years
Buildings	10 to 25 years
Technical plant and machinery	5 to 15 years
Office furniture and equipment	3 to 10 years

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

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

Inventories are measured at acquisition or production cost and, in the case of food and animal feed products, at net realisable value. The average cost method or the FIFO method (first in – first out) is applied, as this corresponds to the actual order in which the inventories are consumed. Production cost includes the production-related full costs measured on the basis of normal capacity. Specifically, production cost includes the direct costs as well as fixed and variable production overheads (material and manufacturing overhead costs) including depreciation on production facilities. Included in particular are the costs incurred at the specific production cost centres. Financing costs are not included. If necessary, the lower realisable net selling value less costs still to be incurred (net realisable value) is applied. This net realisable value is the estimated revenues realisable in the normal course of business from the sale of the product less the variable selling costs required to sell it. Write-downs on work in progress and finished goods are reported under the item „Change in inventories". Write-downs are reversed if and to the extent that the net realisable value of the previously impaired inventories increases.

Trade receivables that do not have a significant financing component are measured at their transaction price upon initial recognition. **Other financial assets** are measured at their market value plus transaction costs at the time of accrual and subsequently at amortised acquisition cost on the basis of the effective interest method.

Adequate specific valuation allowances are recognised on separate impairment accounts for default and other risks associated with the receivables. The nominal values less necessary valuation allowances thereby correspond to the fair values. Unrecoverable receivables are derecognised on a case-by-case basis. Following the introduction of IFRS 9, the valuation allowances for trade receivables not only include specific valuation allowances for actual credit risks such as customer insolvency or default of more than 90 days without any reliable information on collateral, but also an impairment provision for expected future credit losses. Impairments recognised for expected future credit losses are determined based on historical default rates depending on how overdue the trade receivables are. Determination is based on a portfolio-based approach and takes future default information into account.

CO_2 emission rights are recognised in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO_2 emission rights allocated or acquired at no charge for each calendar year are intangible assets, which are classified as other current assets. They are measured at acquisition cost, which is zero in the case of emission rights that are allocated at no cost.

If actual emissions exceed the allocated certificates, a provision for CO_2 emissions is recognised and expensed. The provision is measured on the basis of the acquisition cost of purchased certificates or the market value of emission certificates on the respective measurement date.

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

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

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

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

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

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

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

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

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

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

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

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

As the derivative financial instruments used are mainly forward transactions traded on the stock exchange, corresponding collateral needs to be deposited for them. The forward transactions and the collateral are recognised gross on the balance sheet. Initial margins to be paid are recognised under „Other assets". Variation margins to be paid or received during the term of the derivative financial instruments are recognised under „Other assets“ or „Other liabilities“. The utilisation of the credit line made available for this is recognised under „Liabilities to banks“.

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

Discretionary decisions have to be taken when applying the accounting policies. This applies especially with regard to the following issues: a decision needs to be made as to whether to treat certain contracts as derivatives or to account for them as so-called in-house consumption contracts from executory contracts.

The preparation of the consolidated financial statements according to IFRS requires **assumptions** and **estimations** to be made. These assessments by management can affect the value of the assets and liabilities reported as well as income and expenses, and the recognition of contingent liabilities.

In the case of provisions for pensions and similar obligations, the discount rate assumed is also an important variable. The discount rate for pension obligations is determined on the basis of the yields of prime fixed-rate industrial bonds observable on the financial markets as of the reporting date. Analytically derived assumptions are also made about pensionable age, life expectancy, staff turnover, and future salary and pension increases. With regard to the impact of changes to individual actuarial assumptions on the amount of defined-benefit pension obligations, reference is made to the disclosures on the sensitivity analysis at item (22) „Provisions for pensions and similar obligations“. Assumptions and estimations also relate to the recognition and measurement of other provisions.

The assessment of goodwill impairments and the production plant in Wilton is based on future cash flow forecasts and the application of a discount rate that is adjusted to the industry and the company-specific risk.

The prices for ethanol, grain as well as food and animal feed products are key influencing factors in the CropEnergies Group’s planning, with the prices for ethanol and grain being particularly volatile.

Also the determination of the useful lives of depreciable fixed assets, the net realisable value and inventories is based on estimations.

Deferred tax assets are recognised if future tax benefits are likely to be realised. The actual taxable earnings situation in subsequent periods, and hence the actual extent to which deferred tax assets can be utilised, may differ from the assessment at the time the deferred taxes were capitalised. Income taxes may be subject to uncertainties with regard to the probability and amount of the expected tax payment or refund. This requires the company to make an estimation. The planning horizon generally amounts to 5 years.

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

Further details on the assumptions and estimations underlying these consolidated financial statements can be found in the notes on the individual items of the financial statements.

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

Notes on the income statement

(6) Revenues

€ thousands	2019/20	2018/19
Ethanol	696,508	575,588
Food and animal feed products	192,469	189,264
Other revenues	10,198	13,760
	899,175	778,612

Revenues for ethanol, food and animal feed products increased by € 124.1 million to € 889.0 million. The increase in revenues was due, in particular, to increased ethanol sales prices, which were simultaneously marked by lower volatility than in previous years.

Furthermore, revenues increased year over year due to expansion of the production and sales volume. Once the pause in production at the site in Wilton ended at the beginning of the financial year, the plant was operated to supply local demand.

As admissible under IFRS 15, CropEnergies makes no disclosures on the remaining lease obligations as of 29 February 2020 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 € 130 (80) thousand.

(8) Other operating income

The other operating income of € 4.9 (17.1) million mostly comprises sales commission and recharged logistics costs of € 1.8 (0.8) million as well as currency gains of € 1.4 (1.6) million. The previous year's value also includes income from the reversal of a provision for a disputed excise duty liability of € 10.1 million and subsidies of € 2.2 million.

(9) Cost of materials

€ thousands	2019/20	2018/19
Cost of raw materials, consumables and supplies and of purchased merchandise	633,145	598,626
Cost of purchased services	19,053	18,501
	652,198	617,127

The cost of materials rose owing to the 4% increase in ethanol production to € 652.2 (617.1) million. Given the slight increase in raw material costs, the materials expense ratio decreased to 73.2% (78.9%) of overall performance.

The green certificates allocated by the government on the basis of the actual energy produced from renewable raw materials at the BioWanze site are recognised as a reduction of the increased cost of materials in the amount of their sales proceeds. The corresponding sales proceeds of the green certificates amounted to € 23.1 (21.8) million in the reporting period. The allocation quantity depends on the electricity volume produced sustainably from biomass in the reporting period in question, a commitment in respect of an allocation beyond the reporting period up to April 2024 being in place.

The procedure for new applications for support through green certificates from 1 January 2020 onwards is currently being revised in the context of a change in legislation in Belgium. This shows that the reduction of greenhouse gases through, for example, the use of renewable energies continues to enjoy a high and growing status in Belgium.

CropEnergies has applied for follow-on support under the old legal framework as part of its investment planning. Furthermore, future follow-on support may be applied for in accordance with the new implementing provisions, the details of which are still being worked out. In this respect, CropEnergies is unable, at this stage, to make any definitive statement on what effect the current application or the new regulation for follow-on support from 2024 will have.

(10) Personnel expenses

€ thousands	2019/20	2018/19
Wages and salaries	28,796	26,217
Social security, pension and welfare expenses	9,196	8,463
	37,992	34,680

Number of employees (full-time equivalents)	2019/20	2018/19
Number of employees by region		
Germany	180	165
Other European countries and United Kingdom	263	261
Other countries	7	7
	450	433
Number of employees by category		
Wage earners	224	219
Salary earners	226	214
	450	433

The number of employees (full-time equivalents) employed as of 29 February 2020 stood at 450 (433). 444 (422) employees (full-time equivalents) were employed on a yearly average.

Personnel expenses increased to € 38.0 (34.7) million. The personnel expense ratio (as a percentage of overall performance) declined slightly to 4.3% (4.4%).

(11) Other operating expenses

€ thousands	2019/20	2018/19
Selling and advertising expenses	23,668	26,381
Operating and administrative expenses	16,077	16,307
Other expenses	19,641	23,149
	59,386	65,837

Selling and advertising expenses declined to € 23.7 (26.4) million and mainly consisted of logistics costs for supplying customers. Operating and administrative costs amounted to € 16.1 (16.3) million.

The other expenses mainly comprised the cost of shared services provided by the Südzucker Group of € 5.4 (5.5) million, other taxes of € 2.1 (2.3) million, currency losses of € 1.8 (1.5) million as well as rental and leasing expenses of € 1.6 (3.1) million.

Research and development costs are included in other expenses.

(12) Income from operations

€ thousands	2019/20	2018/19
Income from operations	104,090	43,087
of which operating profit	103,893	32,783
of which restructuring costs and special items	0	10,115
of which income from companies consolidated at equity	197	189

Income from operations, amounting to € 104.1 (43.1) million, comprises operating profit, net restructuring costs and special items, as well as earnings from entities consolidated at equity.

Operating profit is the income from operations adjusted for the effects from at equity consolidation. Special items are items affecting earnings that do not recur regularly within business operations or are aperiodical. Operating profit serves as the basis of internal corporate management. In the past financial year, there were no business transactions that affected net restructuring costs and special items.

The operating margin increased to 11.6% (4.2%) of revenues.

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(13) Financial income and expenses

€ thousands	2019/20	2018/19
Interest income	59	39
Other financial income	61	510
Financial income	**120**	**549**
Interest expense	-1,118	-793
Other financial expense	-2,347	-295
Financial expense	**-3,465**	**-1,088**
Net financial result	**-3,345**	**-539**

The net financial result declined by € -2.8 million year over year to € -3.3 million, mainly due to an increase in unrealised currency losses. The net financial result includes the interest unwinding expense of € 0.6 (0.5) million for provisions for pensions and similar obligations as well as interest expenses of € 0.4 (0) 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 2019/20 financial year gives rise to a theoretical tax rate of 29.98% (30.10%). The changed theoretical tax rate results from a change in the business tax assessment rate.

€ thousands	2019/20	2018/19
Earnings before taxes on income	100,745	42,548
Theoretical tax rate	*29.98%*	*30.10%*
Theoretical tax expense	**30,203**	**12,807**
Change in theoretical tax expense as a result of:		
Different tax rates	-2,631	2,580
Tax reduction for tax-free income	-749	-768
Tax increase for non-deductible expenses	2,021	2,777
Trade tax adjustment	16	3
Taxes for prior years	624	-450
Tax effects from loss carry-forwards and temporary differences	-3,787	4,530
Other	497	-194
Taxes on income	**26,194**	**21,285**
Effective tax rate	**26%**	**50%**

The effects from current taxes from previous years amounting to € 0.6 (-0.5) million mainly relate to the impact of tax audits of the individual companies.

The tax effects from loss carry-forwards and temporary differences of € -3.8 (4.5) million are due to the measurement and use of loss carry-forwards to current earnings in respect of Ensus.

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

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

No deferred tax liabilities were recognised on temporary differences in connection with shares in subsidiaries of € 0.6 (0.3) 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 2019/20 financial year consist of current tax expenses of € 27.8 (23.6) million and deferred taxes of € -1.6 (-2.3) million.

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

€ thousands	Deferred tax assets		Deferred tax liabilities	
29/28 February	2020	2019	2020	2019
Property, plant and equipment	644	845	22,147	21,946
Inventories	7	0	159	26
Other assets	539	368	233	149
Tax-free reserves	0	0	621	639
Provisions	6,237	3,129	444	540
Liabilities	2,683	912	601	527
	10,110	5,254	24,205	23,827
Offsets	-5,382	-2,158	-5,382	-2,158
Balance sheet	4,728	3,096	18,823	21,669

Of the deferred tax assets amounting to € 10.1 (5.3) million before netting, € 6.5 (4.1) million are non-current. Of the deferred tax liabilities amounting to € 24.2 (23.8) million before netting, € 22.8 (22.6) million are non-current.

Deferred taxes were not recognised for loss carry-forwards and temporary differences amounting to € 53.1 (56.7) million. Of the loss carry-forwards, an estimated € 0.0 (0.4) million will expire within 20 years; € 53.1 (56.3) million are usable without temporal restriction. 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	2019/20			2018/19		
	Before tax effects	Tax effects	After tax effects	Before tax effects	Tax effects	After tax effects
Income and expenses to be reclassified in future in the profit and loss account						
Mark-to-market gains and losses	-2,797	463	-2,334	-2,261	815	-1,446
Foreign currency differences from consolidation	784	0	784	1,337	0	1,337
	-2,013	**463**	**-1,550**	**-924**	**815**	**-109**
Income and expenses not to be reclassified in future in the profit and loss account						
Remeasurement of defined benefit plans and similar obligations	-8,715	2,571	-6,144	-1,082	318	-764
	-10,728	**3,034**	**-7,694**	**-2,006**	**1,133**	**-873**
Net earnings for the year			74,551			21,263
Total comprehensive income			**66,857**			**20,390**

Of the tax assets of € 7.0 million, € 5.9 million arise in Germany, € 1.0 million in France and € 0.1 million in Chile. Tax liabilities amount to € 11.3 million, € 8.6 million of which stem from the German companies, € 1.8 million from Belgium and € 0.9 million from the French companies.

(15) Research and development costs

The focus of the research and development activities carried out by the CropEnergies Group was on technological support for processes in existing production facilities, their optimisation and further improvements in food and animal feed products. In addition, a contribution was made to the shaping of standards, new concepts for the production of ethanol were developed and analytical methods with regard to the production of neutral alcohol implemented.

Research and development costs amounted to € 1.3 (1.7) 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.

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

2018/19 € thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2018	6,095	9,230	15,325
Other changes	0	0	0
Change due to currency translation	0	-11	-11
Additions	0	156	156
Transfers	0	2	2
Disposals	0	0	0
28 February 2019	6,095	9,377	15,472
Depreciation			
1 March 2018	0	-5,916	-5,916
Change due to currency translation	0	7	7
Depreciation for the year	0	-699	-699
Disposals	0	0	0
28 February 2019	0	-6,608	-6,608
Net book value at 28 February 2019	6,095	2,769	8,864

When carrying out impairment tests, goodwill must be allocated to cash-generating units (CGUs) or groups of cash-generating units. As part of impairment tests, the corresponding book values of the CGUs are regularly compared with their value in use (guiding value concept at CropEnergies) in order to identify a possible impairment.

CropEnergies has defined its CGUs in accordance with internal reporting. In the CropEnergies Group, the only CGU bearing goodwill is Ryssen France (including the companies Ryssen und COFA). Goodwill is unchanged at € 6.1 million.

To determine the recoverable amount, CropEnergies first calculates the value in use. The value in use is the present value of the future cash flows that can probably be produced from a cash-generating unit. The value in use is determined on the basis of a going concern valuation model (discounted cash flow method). Cash flow forecasts based on the 5-year planning approved by the executive board or passed by the supervisory board and valid at the time of conducting the impairment test are used for this purpose. The planning is based on experience as well as expectations regarding macroeconomic framework data and market developments, particularly in respect of ethanol.

The cost of capital has to be calculated as the weighted average of the cost of equity and the cost of borrowing. The cost of equity is derived from the returns expected by CropEnergies' shareholders; the borrowing costs used are derived from the long-term refinancing conditions of CropEnergies' capital market environment. As of 31 August 2019, the correspondingly determined discount rate was 6.5% (7.9%) before taxes and 5.0% (5.7%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGUs, CropEnergies uses a constant growth rate of 0.5% (1.5%). This growth rate for discounting the perpetuity is below the growth rate calculated in the detailed planning period and serves largely to compensate a general inflation rate. The cash flows are calculated less the capital expenditures required to achieve the assumed corporate development. These reinvestment rates are based on past experience regarding the need for replacement purchases of property, plant and equipment.

In the 2019/20 financial year, no write-downs of goodwill were necessary in the light of the annual impairment test or other circumstances, as the value in use of the CGUs was above book value. Even if the discount rate (after taxes) had been 1.5 percentage points higher, no write-downs of goodwill would have been necessary. Ryssen processes and trades in alcohol; in this respect, fluctuating ethanol prices have a similar effect on both revenues and material costs and hence only a limited effect on the company's operating profit. Even if the operating profit of Ryssen were to halve in the long term, no write-downs of goodwill would be necessary.

The goodwill impairment test is based on forward-looking assumptions. Judging from today's vantage point, changes in the assumptions (mainly market prices for raw materials and end products and the capital cost) cannot cause the book values of the CGUs to exceed their recoverable amount (value in use) so that they would need to be adjusted in the following financial year. To date, fluctuations of market prices for raw materials and end products in this order of magnitude have been neither observable nor probable in empirical terms.

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

Acquired property, plant and equipment

2019/20 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2019	146,991	553,333	20,937	8,711	729,972
Change due to currency translation	39	378	1	-14	404
Additions	1,355	11,979	1,008	15,477	29,819
Transfers	129	2,195	65	-2,389	0
Disposals	-48	-2,112	-660	-173	-2,993
29 February 2020	148,466	565,773	21,351	21,612	757,202

Depreciation					
1 March 2019	-49,473	-297,880	-14,019	0	-361,372
Change due to currency translation	-2	-168	-1	0	-171
Depreciation for the year	-5,008	-31,426	-1,604	0	-38,038
Impairment losses	0	0	0	0	0
Disposals	19	1,551	513	0	2,083
29 February 2020	-54,464	-327,923	-15,111	0	-397,498
Net book value at 29 February 2020	94,002	237,850	6,240	21,612	359,704

2018/19 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2018	146,520	544,968	20,494	3,782	715,764
Change due to currency translation	179	1,704	14	35	1,932
Additions	291	6,204	524	6,047	13,066
Transfers	6	1,070	75	-1,153	-2
Disposals	-5	-613	-170	0	-788
28 February 2019	146,991	553,333	20,937	8,711	729,972

Depreciation					
1 March 2018	-44,483	-265,798	-12,496	0	-322,777
Change due to currency translation	-6	-532	-9	0	-547
Depreciation for the year	-4,986	-31,909	-1,674	0	-38,569
Impairment losses	0	0	0	0	0
Disposals	2	359	160	0	521
28 February 2019	-49,473	-297,880	-14,019	0	-361,372
Net book value at 28 February 2019	97,518	255,453	6,918	8,711	368,600

There were no devaluations to the respective value in use in the 2019/20 financial year.

The additions in the 2019/20 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

2019/20 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
1 March 2019 (adjusted)	8,081	1,407	391	0	9,879
Additions	1,477	1,443	382	0	3,302
Depreciation for the year	-1,889	-1,474	-233	0	-3,596
Change due to currency translation	10	0	0	0	10
Net book value at 29 February 2020	7,679	1,376	540	0	9,595

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

The weighted average incremental borrowing rate as of 29 February 2020 was 3.9%.

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

(18) Shares in companies consolidated at equity

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

2018/19 € thousands	Companies consolidated at equity
1 March 2018	**1,882**
Share of profits	189
28 February 2019	2,071

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

(19) Inventories

€ thousands	29/02/2020	28/02/2019
Raw materials and supplies	23,638	24,139
Work in progress	4,411	2,996
Finished goods and merchandise	38,509	51,593
	66,558	**78,728**

There was a mainly price- and volume-related decrease of € 12.2 million in inventories to € 66.6 million. There were no impairments to work in progress, finished goods and merchandise in the current financial year.

(20) Trade receivables and other assets

€ thousands	29/02/2020	28/02/2019
Trade receivables	58,829	55,845
Other assets	35,735	24,138
	94,564	**79,983**

Trade receivables and other assets increased by € 3.0 million to € 58.8 million. Their book value is derived as follows:

€ thousands	29/02/2020	28/02/2019
Total trade receivables	60,055	56,988
Allowance for doubtful receivables	-1,226	-1,143
Book value	**58,829**	**55,845**

The valuation allowances for trade receivables have developed as follows:

€ thousands	2019/20	2018/19
Allowance for doubtful receivables at 1 March	**1,143**	**1,029**
Additions	133	150
Utilised	0	0
Released	-50	-36
Allowance for doubtful receivables at 29/28 February	**1,226**	**1,143**

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

€ thousands	29/02/2020	28/02/2019
Receivables not past due	54,570	52,511
Past due receivables		
less than 10 days	1,650	58
between 11 and 30 days	2,543	2,902
between 31 and 90 days	66	221
more than 90 days	0	153
Book value	58,829	55,845
Valuation allowances for doubtful receivables	1,226	1,143
Total trade receivables	60,055	56,988

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

Other assets, amounting to € 35.7 (24.1) million, mainly consist of receivables in the form of ring-fenced credits for hedges of € 15.6 (6.2) million, other taxes of € 7.8 (10.1) million, purchased CO_2 emission rights of € 6.0 (4.1) million, receivables from advance payments of € 2.7 (1.5) million, other receivables of € 2.2 (1.7) million and positive mark-to-market values of derivative hedging instruments of € 1.4 (0.5) million.

(21) Shareholders' equity

Subscribed capital I CropEnergies AG's subscribed capital (share capital) is unchanged at € 87,250,000. It is divided into 87,250,000 no-par-value bearer shares, each representing a proportional amount of € 1.00 of the share capital. The share capital is fully paid in.

Capital reserves I The capital reserve relates to CropEnergies AG and was unchanged at € 197.8 million as of the balance sheet date. This reserve includes external flows of funds required to be included according to §272 of the German Commercial Code (HGB), which resulted from the share premium from capital increases under consideration of IFRS-required reductions and associated costs – including taxes to be paid.

Other reserves and other comprehensive income I The other reserves and other comprehensive income consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar obligations recognised directly in equity, consolidation-related currency translation effects and hedging results reclassified in the acquisition costs of non-financial assets. The "cash flow hedges" item contains the changes in the mark-to-market values – including deferred taxes – of wheat, ethanol and currency derivatives including accruals amounting to € -2.3 (-1.4) million. Almost all the amounts reported under wheat, ethanol and currency derivatives are recognised through profit or loss in the next financial year. the amount written back to revenues was € -18.8 (-0.9) million and that to the cost of materials was € 0.4 (2.3) million.

Together with revenue reserves and other comprehensive income of € 217.8 (163.6) million, shareholders' equity amounts to € 502.9 (448.7) million.

The annual general meeting on 14 July 2015 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 2020. 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. Among other things, the executive board is authorised, with the consent of the supervisory board, to sell its own acquired shares 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 authorisation to acquire own shares has not been exercised to date.

The annual general meeting of 12 July 2016 authorised the executive board, with the consent of the supervisory board, to increase the share capital of the company by 11 July 2021 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind and to exclude the pre-emptive subscription right of the shareholders in certain instances. The authorisation was not exercised in the 2019/20 financial year.

(22) Provisions for pensions and similar obligations

Defined benefit pension plans

In the context of defined-contribution pension plans, CropEnergies pays into state or private pension insurance schemes on the basis of statutory regulations, contractual agreements or on a voluntary basis. The current premium payments are reported as expense under personnel expenses and amounted to € 2.4 (1.9) million. By paying the contributions, the company has no further payment obligations; no provision is therefore recognised.

Defined contribution 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 French companies. 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	29/02/2020	28/02/2019
Defined benefit obligation for direct pension benefits	38,108	27,200
Fair value of plan assets	-3,105	-2,973
Provisions for pensions and similar obligations (net defined benefit obligation)	**35,003**	**24,227**
Discount rate in %	1.16	2.20

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

Germany

As far as employees in Germany are concerned, there are employer-financed commitments via company pensions, the level of which is determined by basic salary and length of service. Direct benefit commitments in respect of provision for retirement and dependants in the form of a fixed percentage of the pension assessment basis oriented to fixed salaries applies to members of the executive board. In respect of the pension plans for active members of the executive board, please refer to the disclosures in the compensation report as part of the corporate governance report in the management report and to item (35) "Related party transactions" in these notes. The pension obligations of CropEnergies AG and CropEnergies Bioethanol GmbH of € 31.5 (21.7) million are financed by provisions, with the present values of € 31.6 (21.8) 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 € 6.0 (5.0) million is offset by plan assets totalling € 3.0 (2.9) million, exist for employees in Belgium. The commitments via company pensions are determined by the level of the basic salary and length of service. Payment takes place as periodic pension payments and non-recurring payments.

France

Provisions for obligations similar to pensions cover pension commitments that must be recognised by law in France. They include a non-recurring payment in the event of termination of the employment relationship due to retirement or death, but not in the event of termination by the employee. The amount of the non-recurring payment is regularly determined from the fixed salary last drawn and is linked to the length of service. The net liability amounted to € 0.5 (0.4) million.

Net liability of defined-benefit obligations

The net liability of the defined-benefit obligations has developed as follows:

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

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
1 March 2018	**24,517**	**-2,850**	**21,667**
Expenses for company pension plans (Income statement)			
Current service cost	1,442		1,442
Past service cost	0		0
Interest expense / income	569	-62	507
	2,011	**-62**	**1,949**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-94	-94
Losses (+) and gains (-) from changes of demographical assumptions	271		271
Losses (+) and gains (-) from changes in financial assumptions	994		994
Losses (+) and gains (-) on experience adjustments	-90		-90
	1,175	**-94**	**1,081**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-297	-297
Participants contributions to plan assets	24	-24	0
Benefit payments	-311	289	-22
Transference	-181		-181
Other	-35	65	30
	-503	**33**	**-470**
28 February 2019	**27,200**	**-2,973**	**24,227**

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 € -8.7 (-1.1) million and resulted from adjustment of the discount rate, 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 %	29/02/2020	28/02/2019
Discount rate	1.16	2.20
Salary growth	2.50	2.50
Pension growth	1.50	1.50

Pension provisions were calculated on the basis of an interest rate of 1.15% (2.25%) in Germany and an interest rate of 1.20% (2.00%) in other countries. These interest rates are based on the return from premium corporate bonds, the duration of which corresponds to the average weighted duration of the obligation.

Generally accepted and updated country-specific mortality tables – such as the Heubeck 2018 G table in Germany – served in each case as the basis for biometric calculations.

Sensitivity analysis

The sensitivity analysis presented below takes the changes in an assumption into account in each case, with the other assumptions remaining unchanged in relation to the original calculation. Possible correlation effects between the individual assumptions are not considered.

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

28 February 2019			
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage points	24,180	-11,1%
	Decrease by 0.50 percentage points	30,771	13,1%
Salary growth	Increase by 0.25 percentage points	28,026	3,0%
	Decrease by 0.25 percentage points	26,508	-2,5%
Pension growth	Increase by 0.25 percentage points	27,968	2,8%
	Decrease by 0.25 percentage points	26,467	-2,7%
Life expectancy	Increase by one year	27,968	2,8%
	Decrease by one year	26,417	-2,9%

Plan assets

The primary investment objective for the plan assets is to provide full coverage of the payment obligations resulting from the corresponding pension commitments. The plan assets consist exclusively of insurance contracts, with a guaranteed minimum return being expected. There was no listing on an active market.

As of the balance sheet date, the plan assets of € 3.1 (3.0) million were invested in insurance contracts.

Risks

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

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

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

Future payments

The weighted duration of pension obligations is around 27 (24) years. Employer contributions to plan assets amounting to € 0.3 (0.3) million are expected in the 2020/21 financial year.

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

Future pension and single payments	€ thousands
2020/21	279
2021/22	530
2022/23	433
2023/24	380
2024/25	430
2025/26 to 2029/30	4,506
	6,558

(23) Development of other provisions

2019/20 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2019	**1,373**	**10,279**	**11,652**
Change due to currency translation	0	-4	-4
Addition	596	7,164	7,760
Utilised	-333	-4,416	-4,749
Released	-143	-82	-225
29 February 2020	**1,493**	**12,941**	**14,434**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 1.2 (1.0) million, for severance payments of € 0.1 (0.1) million and for phased early retirement schemes of € 0.1 (0.1) million. Of the total of € 1.5 million, € 0.1 million is expected to be utilised in the 2020/21 financial year.

The provisions for uncertain liabilities amounting to € 12.9 (10.3) million mainly relate to CO_2 emission rights of € 6.8 (4.9) million, excise duties of € 4.4 (3.3) million and litigation risks of € 0.9 (0.9) million. Material legal disputes did not occur, however.

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

Of the total amount of provisions of € 12.9 million, € 11.0 million are expected to be utilised in the 2020/21 financial year and the remaining amount over the next five years. The additions to the provisions include compounding costs of € 22 (23) thousand.

(24) Trade payables and other liabilities

€ thousands	29/02/2020	28/02/2019
Trade payables	54,190	49,153
Other liabilities	23,409	16,430
	77,599	65,583

Trade payables increased by € 5.0 million to € 54.2 million.

Other liabilities, amounting to € 23.4 (16.4) million, mainly comprise negative mark-to-market values of derivative hedging instruments of € 8.8 (2.9) million, liabilities in respect of personnel expenses of € 7.8 (7.0) million, liabilities in respect of other taxes amounting to € 5.2 (4.8) million and other liabilities of € 1.6 (1.7) million.

(25) Financial receivables / liabilities

€ thousands	29/02/2020	28/02/2019
Financial receivables	88,500	34,000
Securities	14,992	0
Cash and cash equivalents	13,359	2,813
Liabilities from leases	-9,542	0
Net financial assets	**107,309**	**36,813**

The net financial position as of 29 February 2020 shows net financial assets of € 107.3 (36.8) million. The net financial assets consist of cash and cash equivalents of € 13.4 (2.8) million, short-term investments in fixed-interest securities totalling € 15.0 (0) million and current financial receivables from Südzucker AG amounting to € 88.5 (34.0) million less liabilities from leases of € 9.6 (0) million.

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

Financial management

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

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

If necessary, CropEnergies avails itself of a borrowing structure optimised in terms of maturity and interest terms. For interim funding, flexible access to short-term liquidity is an important element of the financing structure.

CropEnergies pursues a conservative financing policy aimed at safeguarding the profitability, liquidity and stability of the company, which is flanked by strict financial management (cash and liquidity management) and integrated risk management. The financing policy is based on the following objectives:

- a strong capital structure with a sustainable equity funding base through the shareholder groups backing the company,
- debt funding instruments that allow flexible utilisation while assuring a balanced maturity profile,
- access to sufficient short-term liquidity at all times and
- controlling of financial risks through integrated risk management.

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

(26) Lending and borrowing activities (primary financial instruments)

The CropEnergies Group has entered into the following material credit agreements:

In July 2019, CropEnergies AG joined a syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million. The term is up to five years with options to extend until 2025 or 2026. The credit line was not drawn as of 29 February 2020.

CT Biocarbonic GmbH, in which CropEnergies has a 50% stake, had taken out a fixed-interest-rate bank loan in a total amount of € 6.1 million in the 2009/10 financial year. The loan bore interest at the rate of 3.75% p.a. and was fully repaid as of 30 December 2019. Furthermore, loan receivables of € 1.5 (1.5) million are due from the joint venture. The loan is long term and bears interest at the rate of 2.00% p.a.

The CropEnergies Group's cash and cash equivalents of € 13.4 (2.8) million consist of short-term bank deposits with banks of prime credit standing. The group also has current financial receivables of € 88.5 (34.0) million and short-term investments in fixed-interest securities totalling € 15.0 (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. Where price risks cannot be excluded through physical supply contracts, CropEnergies uses derivative financial instruments, such as wheat futures and options, 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	
29/28 February	**2020**	2019	**2020**	2019
Cash flow hedge derivatives				
Wheat futures	84,348	45,815	-608	-1,693
Ethanol derivatives	148,183	38,034	-6,458	-554
Currency derivatives	6,764	2,461	32	-1
Total cash flow hedge derivatives	**239,295**	**86,310**	**-7,034**	**-2,248**

€ thousands	Nominal value		Market value	
29/28 February	**2020**	2019	**2020**	2019
Derivatives held for trading				
Gas swaps	1,352	0	-317	0
Currency derivatives	683	657	-1	-2
Wheat options	13,120	18,750	-83	-138
Total derivatives held for trading	**15,155**	**19,407**	**-401**	**-140**

All derivatives have maturities of less than one year.

The *nominal value* of a derivative hedge is the arithmetical base on which payments are calculated. The hedged item and risk are not the nominal value, only the changes in price or interest rate based thereon.

Market value represents the amount that CropEnergies would have to pay or receive if the hedge were liquidated on the reporting date. As only marketable, tradable financial instruments are used to hedge price risks from grain purchases and ethanol sales, the market value is determined on the basis of market quotations.

On the balance sheet date, the volume of wheat futures amounted to € 84.3 (45.8) million with a market value of € -0.6 (-1.7) 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 € 8.4 million.

Exchange-traded options were entered into in order to hedge risks arising from the volatility of wheat prices in the 2019/20 financial year. 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 € 8 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 € 148.2 (38.0) million with a market value of € -6.5 (-0.6) million. As only marketable, tradable financial instruments are used to hedge ethanol prices, the market value is determined on the basis of market quotations.

Sensitivity: If wheat prices had been 10% higher or lower on the reporting date, the market value, reflected in shareholders' equity and to some extent in deferred taxes, would have decreased or increased by € -14.8 million.

The total volume of currency derivatives was € 7.4 (3.1) million, with a market value of € 31 (-3) thousand. Currency derivatives are measured on the basis of reference rates, taking into account forward premiums and discounts.

Sensitivity: If the relevant exchange rates had been 10% higher or lower on the reporting date, the market value, recognised in shareholders' equity, in the income statement and, to some extent, in deferred taxes, would have changed by € -0.5 and € 0.7 million, respectively.

In the 2019/20 financial year, gas swaps were used for the first time to secure energy requirements. As of the balance sheet date, the volume of gas swaps amounted to a nominal volume of € 1.4 (0) million with a market value of € -0.3 (0) 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 € 104 thousand.

Credit risks can arise from positive market values of derivatives. Credit risks are minimised by entering into derivative transactions through commodity futures exchanges with daily marking to market or with banks or customers of prime credit standing.

All changes in the value of derivative transactions undertaken to hedge future cash flows (cash flow hedges) are initially recognised in the revaluation reserve without effect on profit or loss and are recognised through profit or loss only when the cash flow is realised. Their market value as of 29 February 2020 was € -7.0 (-2.2) million. In part, only one price component of the hedged item is therefore designated in a hedge accounting relationship, with value changes from the designated hedged item and hedging transaction therefore balancing out completely. 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 value are apparent from the unrealised gains and losses in the statement of comprehensive income. The costs (i.e., competitive disadvantages) arising from disclosure of the average hedging rates are probably greater than the benefits.

(28) Additional disclosures on financial instruments

Book and fair values of financial instruments

The following table shows the book values and fair values of the financial assets and liabilities according to IFRS 9 (Financial Instruments). According to the definition of IFRS 13 (Measurement of Fair Value), fair value is the price received for the sale of an asset or paid for the transfer of a debt, on the valuation date, in the context of a proper transaction between market participants.

	Valuation category according to IFRS 9	29 February 2020		28 February 2019	
€ thousands		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Financial assets					
Current financial receivables	At amortised cost	88,500	88,500	34,000	34,000
Trade receivables	At amortised cost	58,829	58,829	55,845	55,845
Other assets	At amortised cost	17,862	17,862	7,996	7,996
Securities	At amortised cost	14,992	14,992	0	0
Cash and cash equivalents	At amortised cost	13,359	13,359	2,813	2,813
Derivatives held for trading (positive market value)	At fair value through profit or loss	135	135	139	139
Cash flow hedge derivatives (positive market value)	n/a (Hedge Accounting)	1,251	1,251	393	393
		194,928	194,928	101,186	101,186
Financial liabilities					
Liabilities from leases	n/a	9,542	–	0	–
Trade payables	At amortised cost	54,190	54,190	49,153	49,153
Other liabilities	At amortised cost	1,579	1,579	1,692	1,692
Derivatives held for trading (negative market value)	At fair value through profit or loss	536	536	279	279
Cash flow hedge derivatives (negative market value)	n/a (Hedge Accounting)	8,285	8,285	2,641	2,641
		74,132	64,590	53,765	53,765

	29 February 2020		28 February 2019	
Sum totals of valuation categories € thousands	Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Assets valuated at amortised costs	193,542	193,542	100,654	100,654
Assets valuated at fair value through profit or loss	135	135	139	139
Liabilities valuated at fair value through profit or loss	536	536	279	279
Liabilities valuated at amortised costs	55,769	55,769	50,845	50,845

€ thousands	Net result profit (+) / loss (-) according to valuation category IFRS 9 2019/20	2018/19
Assets valuated at amortised costs	1,583	2,288
Assets and liabilities valuated at fair value through profit or loss	103	-1,304
Liabilities valuated at amortised costs	-5,220	-2,556

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 € 1.1 (0.8) million. This consists of interest income of € 0.06 (0) million and interest expenses of € 1.1 (0.8) million.

No ineffectiveness, which can arise from maturity mismatches between hedged item and hedging transaction, needed to be recognised.

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, and financial liabilities in the previous year. 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 2019/20 financial year, no reclassifications were made between the respective measurement levels.

	Fair value hierarchy							
Tsd. €	29 February 2020	Level 1	Level 2	Level 3	28 February 2019	Level 1	Level 2	Level 3
Positive market values – Cash flow hedge derivatives	1,251	1,219	32	0	393	392	1	0
Positive market values – Derivatives held for trading	135	135	0	0	139	139	0	0
Financial assets	**1,386**	**1,354**	**32**	**0**	**532**	**531**	**1**	**0**
Negative market values – Cash flow hedge derivatives	8,285	8,285	0	0	2,641	2,638	3	0
Negative market values – Derivatives held for trading	536	218	318	0	279	277	2	0
Financial liabilities	**8,821**	**8,503**	**318**	**0**	**2,920**	**2,915**	**5**	**0**

Impairments on financial instruments were only necessary in trade receivables and amounted to € 1.2 (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 currency derivatives are calculated based on discounted cash flows expected in the future, taking into account forward rates for currencies and raw materials (market comparison procedure).

In the 2019/20 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 under other receivables or other liabilities.

(29) Risk management in the CropEnergies Group

The CropEnergies Group is exposed to market price risks arising from changes in end product, raw material and energy prices. In addition, there are financial risks such as currency, interest rate, credit and liquidity risks.

Credit risks I The CropEnergies Group's trade receivables are mostly in relation to customers in the oil, food and animal feed industries. The resulting credit risk is limited through credit sale insurance to 10% of the respective total outstanding receivables and is controlled on the basis of internal guidelines and limits.

Valuation allowances based on the actual default risk are recognised where necessary for any remaining risk in respect of trade receivables. In accordance with internal group requirements, an allowance account is used, in principle, to adjust the carrying amounts of receivables. The maximum risk position arising from trade receivables corresponds to the book value of these receivables. The book values of past-due trade receivables and the residual doubtful trade receivables are stated in item (20) in the notes.

The maximum credit risk of other receivables and assets corresponds to the book value of these instruments and, in the assessment of CropEnergies, is not significant. All other receivables and assets are classified as investment grade.

Liquidity risk I Liquidity risk denotes the risk that an enterprise may not be able to meet its financial obligations on time or sufficiently. The liquidity of the CropEnergies Group is monitored on a daily basis and optimised by means of national or transnational cash pools.

The CropEnergies Group generates liquidity from its operating business and – where necessary – through recourse to external finance. The funds serve to finance investments, acquisitions and working capital.

Additionally, to assure the CropEnergies Group's solvency at all times and to increase its financial flexibility, a liquidity reserve is maintained in the form of cash and cash equivalents but especially in the form of free credit lines.

In July 2019, CropEnergies AG joined a syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million.

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

€ thousands 29 February 2020	Book value	Contractually agreed outflow of payments						
Financial liabilities		total	less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years
Liabilities from								
Liabilities from leases	9,542	28,913	3,534	1,712	584	528	404	22,151
Trade payables	54,190	54,190	54,190	0	0	0	0	0
Other liabilities	1,579	1,579	1,579	0	0	0	0	0
Derivatives held for trading (negative market value)	536	536	536	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	8,285	8,285	8,285	0	0	0	0	0
	74,132	**93,503**	**68,124**	**1,712**	**584**	**528**	**404**	**22,151**

€ thousands 28 February 2019	Book value	Contractually agreed outflow of payments						
Financial liabilities		total	less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years
Liabilities from								
Trade payables	49,153	49,153	49,153	0	0	0	0	0
Other liabilities	1,692	1,692	1,692	0	0	0	0	0
Derivatives held for trading (negative market value)	279	279	279	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	2,641	2,641	2,641	0	0	0	0	0
	53,765	**53,765**	**53,765**	**0**	**0**	**0**	**0**	**0**

The cash outflows for the discharge of liabilities are based on the earliest due date. The interest payments on financial instruments with variable interest rates are calculated on the basis of the interest rates applicable as of the reporting date. A net settlement agreement exists for all derivative contracts apart from currency derivatives.

Currency risk I Currency risks can arise from transactions in foreign currency and are hedged on a limited scale through derivative instruments. The use of these hedging instruments takes place within defined limits and rules, and is subject to a constant control process. Raw materials are largely sourced, and products largely sold, in euro and, to a small extent, in British pounds and US dollars.

Where financial receivables or liabilities are denominated in foreign currency, they are exposed to the risk of currency depreciation or appreciation until they are discharged. However, the volume of financial receivables and liabilities denominated in foreign currencies due to external companies is of minor importance for the CropEnergies Group.

CropEnergies can however also be exposed to indirect currency risks from fluctuations in the market value of the euro versus the US dollar and the Brazilian real. However, such indirect effects on the world market prices for raw materials, energy and ethanol cannot be quantified.

Interest rate risk I CropEnergies is exposed to the risk of interest rate changes in the euro zone, with the interest rate risk relating mainly to financial liabilities. As at 29 February 2020, CropEnergies has no financial liabilities.

Market price risk I The CropEnergies Group is exposed to market price risks with regard to end products. CropEnergies controls these risks through the arrangement of sales contracts and their term as well as through derivative instruments. The use of these hedging instruments takes place within defined limits and rules, and is subject to a comprehensive control process.

Other disclosures

(30) Contingent liabilities and other financial commitments

On the reporting date, there were open purchase order commitments of € 16.7 (19.2) million for capital expenditures and € 199.1 (121.3) million for raw materials. The commitments for capital expenditures mainly relate to optimisation projects in relation to the ethanol plants. The commitments for raw materials mostly relate to purchase orders for grain and raw alcohol. There was a purchase order commitment of € 17.1 (20.3) million in relation to the companies of the Südzucker Group.

The first-time adoption of IFRS 16 (Leases) in the 2019/20 financial year means that disclosure of obligations from operating leases no longer applies, as obligations from leases are reported as lease obligations within financial liabilities in the balance sheet. Further disclosures on this are provided at items (1) and (17) of these notes to the consolidated financial statements. The undiscounted minimum lease payments in subsequent periods amounted to € 15.4 million in the 2018/19 financial year. The corresponding payment obligations from, in particular, rental agreements for office spaces, machinery, tank wagons, land use and office equipment were due, as follows:

€ thousands	28/02/2019
Due within the next year	5,549
Due within 1 to 5 years	4,889
Due in more than 5 years	5,003
	15,441

The difference between the off-balance-sheet lease obligations under IAS 17 (Leases) of € 15.4 million as of 28 February 2019 and the additional lease liabilities of € 9.9 million from the first-time adoption of IFRS 16 on 1 March 2019 is € 5.5 million. It mainly relates to the discounting of the operating lease obligations under IAS 17 (mainly land use), the utilisation of the exemption for short-term and low-value leases and the divergent treatment of fuel depot extension options. The average incremental borrowing rate as of 1 March 2019 was 4.0%. The lease obligations for short-term and low-value leases will amount to around € 1.3 million in 2020/21.

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 € 74.6 (21.3) million. Throughout the 2019/20 financial year, the number of CropEnergies shares stood at 87.25 million. The calculation of earnings per share (IAS 33) is therefore based on a time-weighted average of 87.25 (87.25) million shares. This generates earnings per share of € 0.85 (0.24), with diluted earnings being the same as undiluted earnings.

(32) Disclosures on the cash flow statement

The cash flow statement, which was prepared in accordance with the provisions of IAS 7 (Cash Flow Statements), presents the change in the CropEnergies Group's net cash position from the three areas of operating activities, investing activities and financing activities.

As a result of the increase in EBITDA to € 146.1 (72.1) million, cash flow also increased to € 120.2 (59.1) million. Including the change in net working capital, cash flow from operating activities amounted to € 125.1 (34.4) million.

The cash outflows for tax payments amounted to € 29.7 (22.2) million and are attributable to operating activities. In addition, there were interest expenses of € 0.5 (0.2) million, likewise attributable to operating activities. The capital expenditures of € 29.9 (13.2) 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, CropEnergies made short-term investments in fixed-interest securities totalling € 15.0 (0) million.

As of 29 February 2020, cash and cash equivalents amounted to € 13.4 (2.8) million.

The total cash outflow from financing activities consisted of the increase of € 54.5 (34.0) million in current financial receivables, the dividend distribution of € 13.1 (21.8) million which took place in July 2019 and the repayment of lease liabilities of € 3.6 (0) million.

(33) Group auditor's fees

For services performed by the Group's independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, expenses of € 197 (129) thousand were incurred in the 2019/20 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 € 5 (5) thousand. The fees for other attestation services mainly comprise services in the context of energy legislation outside of the audit of the consolidated financial statements.

(34) Declaration of conformity pursuant to § 161 AktG

The executive and supervisory boards of CropEnergies AG issued the declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG, on 11 November 2019. It is available permanently to CropEnergies AG shareholders on the company's website at www.cropenergies.com under "Investor Relations".

(35) Related party transactions

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

Südzucker AG I The transactions with Südzucker AG involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 18.6 (18.5) million. In addition, services worth € 3.7 (3.5) million, research & development work worth € 1.2 (1.5) million as well as other services worth € 1.1 (1.1) million were provided. Furthermore, pension obligations amounting to € 0.3 million were taken on and the corresponding present value reimbursed.

Set against this, the CropEnergies Group received € 3.4 (3.4) million from Südzucker AG for supplies of goods, € 0.2 (0.3) million for services provided and € 0.2 (0.2) million for other services. The CropEnergies Group incurred net interest expense of € 0.2 (0.3) million from the provision of an external credit line. Furthermore, pension obligations amounting to € 0.1 million were transferred. The corresponding present values were reimbursed.

On the balance sheet date, there were receivables of € 0.3 (0.5) million outstanding from Südzucker AG and liabilities of € 2.0 (4.3) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial receivables from Südzucker AG amounted to € 88.5 (34.0) million.

Affiliated companies of Südzucker AG I The transactions with the affiliated companies of Südzucker AG involved supplies, especially raw materials and traded commodities, amounting to € 50.8 (56.9) million. In addition, services worth € 0.8 (0.7) million were provided.

Set against this, the CropEnergies Group received € 78.7 (83.9) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received service revenues of € 1.4 (0.7) million and compensation payments of € 0.3 (0.4) million.

On the balance sheet date there were receivables of € 6.7 (11.0) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 4.2 (10.4) million outstanding to Südzucker AG in respect of the aforesaid related party transactions.

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

CT Biocarbonic GmbH I Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 1.4 (1.7) million. Furthermore, loan receivables of € 1.5 (1.5) million are due from CT Biocarbonic GmbH on the reference date.

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

Executive board I The executive board received total compensation for the 2019/20 financial year of € 1,400 (1,222) thousand, with the fixed annual salary accounting for € 760 (666) thousand. € 566 (492) thousand was paid as variable compensation. € 75 (64) thousand was paid in the form of non-monetary benefits and social insurance contributions. All compensation involves short-term benefits.

Pension provisions for active executive board members amounted to € 7.7 (6.2) million. In the 2019/20 financial year, an amount of € 1.5 (0.4) million was added to the provisions. Pension provisions of € 1.2 million exist for former executive board members.

Supervisory board I Assuming that the annual general meeting approves the proposed dividend on 14 July 2020, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 247 (175) thousand for the 2019/20 financial year, with the fixed compensation accounting for € 173 (175) thousand. In addition, out-of-pocket expenses amounting to € 9 (8) thousand were reimbursed.

The description of the compensation systems for the executive and supervisory boards is part of the management report and can be found in the declaration on corporate management / corporate governance report on pages 72–75.

(36) Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker *AG*

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

Group positions
- *AGRANA Stärke GmbH, Vienna (Austria)*
- *AGRANA Zucker GmbH, Vienna (Austria)*
- *ED&F MAN Holdings Limited, London (United Kingdom)*
- *Freiberger Holding GmbH, Berlin*
- *PortionPack Europe Holding B. V., Oud-Beijerland (Netherlands) (Chairman)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Dr. Hans-Jörg Gebhard

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

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

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

Dr. Wolfgang Heer
until 4 February 2020
Ludwigshafen am Rhein
Former chairman of the executive board of Südzucker AG

Dr. Thomas Kirchberg
from 16 March 2020
Würzburg
Member of the executive board of Südzucker AG

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

Group positions
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *BGD Bodengesundheitsdienst GmbH, Mannheim (Chairman) (until 21 April 2020)*
- *Freiberger Holding GmbH, Berlin (Chairman)*
- *Südzucker Moldova S.R.L., Chişinău (Moldova), (Chairman) (until 8 April 2020)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim*

Franz-Josef Möllenberg

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

Other positions held in national supervisory boards stipulated by law
- *Südzucker AG, Mannheim (1st Deputy Chairman)*

Ökonomierat Norbert Schindler

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

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

Supervisory board committees

Audit committee
Thomas Kölbl *(Chairman)*
Dr. Wolfgang Heer, *until 4 February 2020*
Dr. Thomas Kirchberg, *from 15 April 2020*
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

Nomination committee
Thomas Kölbl *(Chairman)*
Dr. Wolfgang Heer, *until 4 February 2020*
Dr. Thomas Kirchberg, *from 15 April 2020*
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

(37) Executive board

Joachim Lutz (CEO)
Mannheim
First appointed: 4 May 2006
Executive board spokesman since 30 April 2015
Term of office up to the end of the annual general meeting on 14 July 2020

Michael Friedmann (CSO)
until 29 February 2020
Mannheim
First appointed: 30 April 2015

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

Dr. Stephan Meeder (CFO)
Mannheim
First appointed: 30 April 2015
Appointed until: 29 April 2025

(38) List of subsidiaries and equity interests

Company	Location	Country	Direct holding	Indirect holding	Total holding
CropEnergies Bioethanol GmbH	Zeitz	Germany	15%	85%	100%
CropEnergies Beteiligungs GmbH	Mannheim	Germany	100%		100%
BioWanze SA	Brussels	Belgium	100%		100%
Ryssen Alcools SAS	Loon-Plage	France		100%	100%
Ryssen Chile SpA	Lampa, Santiago de Chile	Chile		100%	100%
Compagnie Financière de l'Artois SAS	Paris	France	100%		100%
Ensus UK Ltd	Yarm	United Kingdom		100%	100%
CT Biocarbonic GmbH	Zeitz	Germany		50%	50%

(39) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) amount to € 74.6 (21.3) million. After an allocation of € 27.9 million to the revenue reserves, the unappropriated profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, reached € 27.9 million.

The executive board and supervisory board will propose to the annual general meeting on 14 July 2020 that, from the unappropriated profit of CropEnergies AG of € 26.2 million, a corresponding dividend of € 0.30 per share be distributed and the remaining unappropriated profit of € 1.8 million be carried forward.

(40) Report on events after the balance sheet date

The global spread of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organisation (WHO) on 11 March 2020. A higher probability of potential significant effects on our future business development is thereby made more concrete. Until the annual financial statements were prepared on 22 April 2020, business operations had not been substantially restricted, with the exception of an extended maintenance phase for the plant in Wanze, which, owing to official requirements for containing the pandemic in Belgium, is only expected to be able to re-start in the course of the month of May.

Furthermore, owing to the operating and mobility restrictions imposed across Europe, a decline in fuel ethanol demand and prices is observable. This is countered by the increased demand for ethanol for disinfectants. Owing to the dynamic development, it is, however, not possible to make a reliable forecast as to the future financial impact. As of the reporting date, however, there are already signs that the first quarter will provide only roughly balanced operating profit.

(41) Segment report

According to IFRS 8 (Operating Segments), information has to be disclosed on those segments that the company has created for internal reporting and control purposes (so-called management approach).

CropEnergies AG with its German subsidiaries and the foreign subsidiaries each form their own operating segment. In a second step, the operating segments are aggregated into a single reportable segment in accordance with IFRS 8.12–14, as the CropEnergies Group produces only one homogeneous main product (ethanol). Similar end products that can be commercially distributed independently are produced in related or identical production processes. The planning and control of the CropEnergies Group's operating activities are performed by the executive board as the chief decision-maker mainly on the basis of operating profit. Management uses this financial indicator to control the individual operating units (including the superordinate holding companies in each case).

CropEnergies uses ROCE (return on capital employed, the ratio of operating profit to capital employed) as an indicator to determine whether the operating segments have the same economic characteristics and a similar long-term revenue development. The ROCE of the operating segments has a similar long-term range.

The operating segments are also comparable in terms of the nature of the products and production processes, customer types, sales methods and regulatory framework.

The operating segments can therefore be aggregated into one reporting segment in accordance with IFRS 8. Business transactions between the operating segments were carried out at usual market prices and eliminated.

€ million	29/02/2020	28/02/2019
Total assets	669.6	585.7
Capital employed	456.1	462.3
Inventories	66.6	78.7
Total liabilities	-166.7	-137.0
Net financial debt	107.3	36.8
Expenditures on property, plant and equipment and intangible assets	29.9	13.2
Number of employees	450	433

€ million	29/02/2020	28/02/2019
Carrying amount fixed and intangible assets		
Germany	131.9	123.3
Other countries	245.7	254.2
	377.6	**377.5**
Expenditures on property, plant and equipment and intangible assets*	**2019/20**	**2018/19**
Germany	21.4	6.6
Other countries	8.5	6.6
	29.9	**13.2**

**Including assets under construction*

Statement of comprehensive income

1 March 2019 to 29 February 2020

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

1 March 2018 to 28 February 2019

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**999,685**	**-221,073**	**778,612**
Change in work in progress and finished goods inventories and internal costs capitalised	3,089	989	4,078
Other operating income	9,956	-2,951	7,005
Cost of materials	-833,928	216,801	-617,127
Personnel expenses	-34,680	0	-34,680
Depreciation	-39,992	724	-39,268
Other operating expenses	-69,333	3,496	-65,837
Operating profit	**34,797**	**-2,014**	**32,783**
Restructuring costs and special items	10,115	0	10,115
Income from companies consolidated at equity	0	189	189
Income from operations	**44,912**	**-1,825**	**43,087**
Financial result	-645	106	-539
Earnings before income taxes	**44,267**	**-1,719**	**42,548**
Taxes on income	-21,618	333	-21,285
Net earnings for the year	**22,649**	**-1,386**	**21,263**

Income from operations, amounting to € 104.1 (43.1) million, less net restructuring costs and special items as well as at equity earnings gives rise to operating profit of € 103.9 (32.8) million. It comprises the reporting segment amounting to € 106.4 (34.8) million and consolidation of € -2.5 (-2.0) 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	2019/20	2018/19
Germany	215,133	250,262
United Kingdom	200,174	151,540
Belgium	176,028	146,072
Netherlands	130,722	104,858
France	62,859	51,171
Poland	23,199	21,482
Other countries	91,060	53,227
	899,175	778,612

In the 2019/20 financial year, the CropEnergies Group did not derive more than 10% of its consolidated revenues from any of its customers whereas, in the previous year, it derived more than 10% from two (12.2% and 10.3%, respectively).

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Mannheim, 22 April 2020

THE EXECUTIVE BOARD

Joachim Lutz CEO	Dr. Fritz Georg von Graevenitz CSO	Dr. Stephan Meeder CFO

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 February 29, 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from March 1, 2019 to February 29, 2020, 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 March 1, 2019 to February 29, 2020. 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 accordance with the German legal requirements.

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 February 29, 2020, and of its financial performance for the financial year from March 1, 2019 to February 29, 2020, 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”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles 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 March 1, 2019 to February 29, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

❶ Financial instruments – hedge accounting

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ Financial instruments – hedge accounting

① The companies of the CropEnergies Group use derivative financial instruments. These include in particular wheat futures for the purpose of hedging commodity price risks arising in the ordinary course of business. Commodities price risks result primarily from the procurement of agricultural commodities such as wheat, to the extent it is not possible to rule out risks of changing prices through the use of physical settlement agreements. The total notional volume of outstanding wheat futures as of February 29, 2020 amounted to EUR 84.3 million. The negative fair value of the derivative financial instruments used as wheat price hedges amounts to EUR 1.0 million are offset by positive fair values of € 0.3 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, wheat options are also used to hedge against commodity price risks that are not designated in an accounting hedging relationship. These transactions were of minor significance in the past financial year.

On the ethanol market, purchase agreements are entered into with customers, with the sales price indexed to a variable ethanol price. The companies of the CropEnergies Group have therefore concluded derivative financial instruments (ethanol futures) with a notional volume totaling EUR 148.1 million to hedge against price fluctuations arising from the sale of ethanol. The negative fair value of the derivative financial instruments used as ethanol price hedges amounts to EUR 7.3 million are offset by positive fair values of € 0.9 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 context of hedge accounting in accordance with the requirements of IFRS 9, the effective portion of the changes in fair value are recognized directly in equity over the duration of the hedging relationship until the maturity of the hedged cash flows. The hedging relationships were fully effective in the fiscal year, so that no ineffectiveness was recorded.

In addition, gas swaps are also used to hedge energy price risks that are not designated in a hedge accounting relationship. On the balance sheet date, these transactions had a negative market value of € 0.3 million.

From our point of view, these matters were of particular significance for our audit due to the high complexity and number of transactions as well as the extensive accounting and reporting requirements under IFRS 9.

② As a 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 IAS 39 for designation as a hedging relationship were duly met. In addition, we examined the hedge accounting, particularly in relation to the effects on equity and earnings. We verified that the conditions for applying hedge accounting and the estimates and assumptions made by the executive directors were sufficiently substantiated and documented. A further component of the audit was the recognition in the balance sheet of derivative financial instruments not designated as hedges.

③ The Company's disclosures on the accounting treatment of hedging relationships are contained in sections (5) "Accounting principles", (20) "Trade receivables and other assets", (27) "Derivative financial instruments", and (28) "Additional disclosures on financial instruments" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section „Corporate Governance" of the group management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code (except for compensation report)
- the section "sustainability report" of 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 and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.]

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) 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 control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a man-

ner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on July 16, 2019. We were engaged by the supervisory board on July 16, 2019. We have been the group auditor of the CropEnergies AG, Mannheim, without interruption since the financial year 2006/2007.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Conrad.

Frankfurt am Main, 22 April 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad	ppa. Martin Knoll
Auditor	Auditor

GLOSSARY

Alcohol I ➔ Ethanol.

Bioethanol I ➔ Ethanol

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

Blending (with petrol) I Adding ➔ Ethanol to petrol. In Europe, the standard concerning petrol is the EN 228 standard that has allowed the addition of 10 vol.-% ➔ Ethanol or 22 vol.-% ETBE since the end of 2012. Different ethanol blending rates apply around the world for conventional petrol (e.g., 18–27.5 vol.-% in Brazil; 10–15 vol.-% in the USA).

Carbon dioxide (CO_2) I End product of the burning of any carbon-containing material and base product for the creation of vegetable biomass through photosynthesis. When biomass is burned, only the amount of C. previously absorbed during growth is released. CO_2 is the principal ➔ Greenhouse gas. CO_2 can be used in the food and packaging industries.

CDS (Concentrated Distillers' Solubles) I Liquid animal feed from ➔ Stillage which is produced in the production of ➔ Ethanol from grain and is then thickened. C. from CropEnergies is distributed under the brand name ➔ ProtiWanze®.

Cellulose I Structural substance of plants, main component of cell walls. Cellulose is a polysaccharide consisting of several thousand ß-glucose components. It can be broken down by mineral acids, enzymes or fungi („wood saccharification", „wood alcohol production"). Processes for the production of ➔ Ethanol from cellulose are currently under development.

CO_2 I ➔ Carbon dioxide.

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

Dehydration I Term used for the so-called "drying" of ➔ Alcohol. In this last step of ➔ Ethanol production, virtually all the remaining water is removed from the ➔ Alcohol, thus achieving a purity level of over 99%.

Distillation I Separation of liquids which consist of different ingredients by means of controlled heating, e.g., fractional distillation of crude oil (petroleum) or separation of ➔ Alcohol and water. This separation process is based on the various boiling points of the compound ingredients.

DDGS (Distillers' Dried Grains with Solubles) I Dry stillage. DDGS is the dried ➔ Stillage produced in the production of ethanol from grains and is used as a valuable protein animal feed. D. from CropEnergies is distributed under the brand name ➔ ProtiGrain®.

E5 I Fuel for petrol engines with up to 5 vol.-% ➔ Ethanol.

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

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

E85 I Fuel for flexible fuel vehicles (➔ FFVs). E85 is an ethanol-petrol mixture with an ethanol content of approximately 85%. In Germany, it is regulated by the DIN 51625 standard.

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

Ethanol I Also known as bioethanol, ethyl alcohol. Belongs to the group of alcohols, and is synonymous with ➔ Alcohol in the narrower sense. Ethanol is the main product of alcohol ➔ Fermentation, and is the principal component of spirits and alcoholic beverages. Ethanol is used in the pharmaceutical industry, e.g., for desinfactants in the beverage or chemical industry, as a fuel additive and as a fuel on its own. CropEnergies obtains ethanol from renewable raw materials. Sugar-, starch- or cellulose-containing biomasses are suitable as biomass. CropEnergies uses grains, sugar syrup, raw alcohol and residues as raw material.

Fermentation I Biotechnical procedure for manufacturing a desired product; in the course of the procedure, organic material is converted by microorganisms such as bacteria, fungi or unicellular organisms or their enzymes. During the production of ➔ Ethanol, the sugar contained in the mash is converted by yeast into ➔ Alcohol.

Fuel Quality Directive I European Parliament and Council Directive 98/70/EC of 13 October 1998 which sets minimum standards for the quality and labelling of the quality specifications of fuels. With this directive, the European Parliament and Council have adopted an amendment proposed by the European Commission to reduce air pollution and ➔ Greenhouse gas emissions from fuels. This also opened the way for the EU-wide introduction of ➔ E10 fuel.

Gallon I Measure of volume (dry or liquid measure) for which there are several definitions. The US liquid gallon customary for measuring liquids in the USA is equivalent to around 3.785 litres.

Gluten I A tenacious elastic protein contained in cereal grains. It is used in the production of food products (particularly bakery goods) and special animal feeds. Gluten is of central importance for the baking properties of flour.

GMP+ I Guidelines for quality assurance of the production processes and environment, among other things, in the production of food and animal feed products.

Grain year I Period of twelve months for statistical purposes for collecting data (e.g., acreage, crop yields) for each type of grain. It begins with the start of the harvesting season. In Europe, the grain year for wheat runs from 1 July to 30 June.

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

HACCP (Hazard Analysis Critical Control Point) I A systematic preventive approach in worldwide use for analysing hazards and monitoring critical control points in the production of food and animal feed to ensure health safety.

IFS (International Food Standard) certification I Certification and auditing of systems for guaranteeing the safety and quality of food in the production process. The certification is performed by accredited certification bodies.

Insider information in accordance with Article 17 of MAR I The "Market Abuse Regulation" (MAR) prescribed by the EU aims to prevent insider dealing and market manipulation. Article 17 makes it an obligation to publish market-relevant information so that other market participants are not disadvantaged in relation to company insiders. Listed companies such as CropEnergies AG need to publish this information on an ad hoc basis, i.e., as soon as possible.

ProtiGrain® I Brand name for the ➔ DDGS produced by CropEnergies. It is marketed as high-grade protein animal feed.

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

Rectification I A step in the ethanol production process in which the ➔ Alcohol is purified and residues are removed.

Renewable Energy Directive I Directive 2009/28/EC of the European Parliament and Council of 23 April 2009 for promoting the use of energy from renewable sources. Among other things, this sets a mandatory target quota for renewable energies of 10% of the total fuel consumption in the transportation sector by 2020. 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. The last amendment was made by means of the 2015/1513 directive („iLUC Directive") of 9 September 2015.

Scope I Classification of the greenhouse gas (GHG) emissions arising during production. Direct (scope 1) GHG emissions come from sources which are the property of or managed by the reporting company (e.g., own power stations). Indirect (scope 2) GHG emissions result from the generation of electric or thermal energy which the reporting company has purchased from third parties for its own use.

Severance payment cap I The upper limit on the amount of compensation that a member of the executive board receives if his contract is prematurely terminated.

Stillage I Residues of non-fermentable substances produced during distillation. Its content of protein, nitrogen compounds, fat and other substances make grain stillage a valuable animal feed for livestock.

Sustainability certification I Serves to monitor and audit the entire cultivation, supply and production chain for ➔ Biofuels to ensure compliance with the EU requirements of the ➔ Biofuel Sustainability Regulation through independent certification systems and bodies recognised and overseen by the EU Commission or national supervisory authorities (e.g., the Federal Institute for Agriculture and Food [BLE] in Germany). This certification also covers power generation from liquid biomass.

Sustainability criteria I Criteria that ➔ Biofuels used for the purposes of meeting the targets of the ➔ Renewable Energy Directive and ➔ Biofuels benefiting from national support programmes are required to satisfy as proof of their ecological sustainability. Examples are a minimum reduction of ➔ Greenhouse gas emissions and the protection of areas of high biological diversity. Social sustainability criteria were also taken into account in the drafting of the ➔ Renewable Energy Directive.

Volume percent (volume concentration) I Written as vol.-% or v/v. In the case of ➔ Ethanol, designation for the ➔ Alcohol content of a fluid based on the volume at 20 °C.

Weight percent I Measure of the percentage of the mass of one component relative to the total mass of a mixture (abbreviated: wt.-%).

FORWARD-LOOKING STATEMENTS AND FORECASTS

This annual report contains forward-looking statements. These statements are based on current estimations and forecasts of the executive board and information currently available to it. The forward-looking statements are not guarantees of the future developments and results mentioned therein. Rather, the future developments and results depend on a number of factors, entail various risks and imponderables and are based on assumptions that may not prove to be accurate. The risk and opportunities report in this annual report provides an overview of the risks.

CropEnergies accepts no obligation to update the forward-looking statements made in this annual report.

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Financial calendar

Statement for the 1st quarter of 2020/21	8 July 2020
Annual general meeting 2020	14 July 2020
1st half-yearly report 2020/21	7 October 2020
Statement for the 1st to 3rd quarters of 2020/21	13 January 2021
Annual report press and analysts' conference financial year 2020/21	19 May 2021

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