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Forward-looking statements and forecasts

This report contains forward-looking statements. These statements are based on current estimations and forecasts of the executive board and information currently available to it. The forward-looking statements are not guarantees of the future developments and results mentioned therein. Rather, the future developments and results depend on a number of factors, entail various risks and imponderables and are based on assumptions that may not prove to be accurate. The „Risk and opportunities report" on pages 58 to 66 of the 2018/19 Annual Report provides an overview of the risks. We do not accept any obligation to update the forward-looking statements made in this statement.

mobility – sustainable. renewable.

Financial Year 2019/20

INTERIM REPORT

1st half
1 March to 31 August 2019

Mannheim, 9 October 2019

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

CropEnergies AG's financial year differs from the calendar year. The periods referred to are thus defined as follows:
2nd quarter: 1 June – 31 August
1st half: 1 March – 31 August

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

Contents

Highlights 1st half 2019/20

■ Revenues up to € 447.6 (393.2) million	€ +54 million
■ EBITDA grows to € 64.9 (33.7) million	€ +31 million
■ Operating profit rises to € 43.7 (14.2) million	€ +30 million
■ Net earnings in the 1st half reach € 31.8 (7.1) million	€ +25 million
■ Ethanol production declines to 478,000 (494,000) m^3	-3%
■ Net financial assets increase to € 44 (as of 28 February 2019: € 27*) million	

Outlook for the 2019/20 financial year

- Revenues are expected to range between € 820 and € 860 million
- Operating profit is expected to range between € 50 and € 75 million
- This is equivalent to an EBITDA of between € 90 and € 120 million

*Including adjustment in accordance with IFRS 16

Interim management report

Operating environment

Current framework in the EU

In the EU, the "Renewable Energy Directive" and the "Fuel Quality Directive" are setting the course for more climate protection in the transport sector. The proportion of renewable energies in 2020 is set to increase to 10%, with renewable fuels from arable crops being able to account for up to 7%. Fuels from wastes and residues as well as renewable electricity used in rail and road transport are to close the remaining gap. In addition, renewable fuels are to make a significant contribution to reducing greenhouse gas emissions associated with fuel consumption by 6 wt.-% compared with the base value of 94.1 g CO_{2eq}/MJ by the year 2020. A litre of petrol causes emissions of around 3 kg CO_{2eq}, whereas for European ethanol the average is around 0.5 kg CO_{2eq}/litre.

"Renewable Energy Directive" after 2020

The recast "Renewable Energy Directive" provides for the proportion of renewable energies in the transport sector to increase to at least 14% for the period after 2020. 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 increase from 0.2% in 2022 to at least 3.5% in 2030. In addition, these fuels, as well as renewable electricity, can be counted multiple times towards the renewable energies target in the transport sector. The follow-on regulation ensures that sustainably produced renewable fuels can continue to contribute to climate protection.

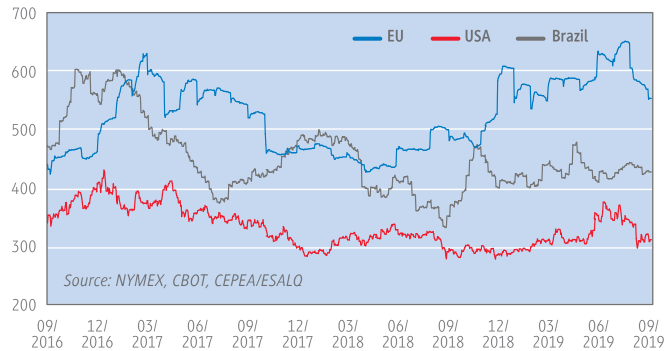
"Climate Protection Regulation"
By means of the "Climate Protection Regulation", the EU is seeking to lower greenhouse gas emissions in those sectors not covered by the EU Emissions Trading System (ETS) by 30% by the year 2030. This "non-ETS area" includes not only buildings, agriculture, waste management and smaller industrial installations, but also transport, in particular. National reduction targets have been defined owing to regional differences within the EU. Germany, for example, is to lower non-ETS emissions by 38% by 2030.

Target achievement requires implementation of effective measures for limiting emissions at national level. Climate protection legislation that aims to enshrine in law the sector targets defined in the federal government's 2050 Climate Protection Plan is currently being discussed in Germany. A reduction in greenhouse gas emissions to no more than 98 million tonnes CO_{2eq} by 2030 is planned for the transport sector. This is equivalent to a reduction of more than 60 million tonnes compared with 2018. Renewable fuels can contribute to lowering greenhouse gas emissions to a large extent. In light of this, the German ethanol industry proposes raising the greenhouse gas reduction quota gradually from 6 wt.-% in 2020 to 16 wt.-% by 2030. This would ensure that less carbon-intensive fuels are used and that the fuel sector thereby makes its contribution to achieving the 2030 climate targets.

Ethanol markets
In the **USA**, the one-month futures contract for ethanol on the Chicago Board of Trade (CBOT) registered a decline from the equivalent of around € 360/m³ to € 320/m³ in the 2nd quarter of 2019/20. In the interim, the listing even fell below the € 300/m³ mark. The decline was due to the persistently high production surplus in the USA. Trade restrictions, particularly with regard to exports to the PR China, in the wake of the ongoing trade conflict between the two countries were an additional factor here. Owing to the difficult market conditions, several ethanol producers in the USA announced the temporary shutdown of production capacities.

Ethanol production, at 62.3 (62.4) million m³, is expected to remain at the previous year's level in the 2019 calendar year. Domestic consumption is expected to rise from 56.1 to 56.7 million m³, with the increase also being due to the wider spread of E15, i.e., petrol with an ethanol content of up to 15 vol.-%, after the United States Environmental Protection Agency approved its year-round sale at the end of May 2019. Although exports, at 7.0 (7.3) million m³, are consequently not expected to reach the previous year's record, they will remain at a very high level.

International ethanol prices (€/m³)



In **Brazil**, ethanol prices rose from the equivalent of around € 415/m³ at the beginning of June 2019 to € 430/m³ at the end of August 2019. In the current 2019/20 sugar year, ethanol production is expected to amount to 34.0 (33.1) million m³ and hence to be largely the same as domestic consumption of 34.2 (32.5) million m³. In view of the balanced supply situation, no significant net exports from Brazil are expected.

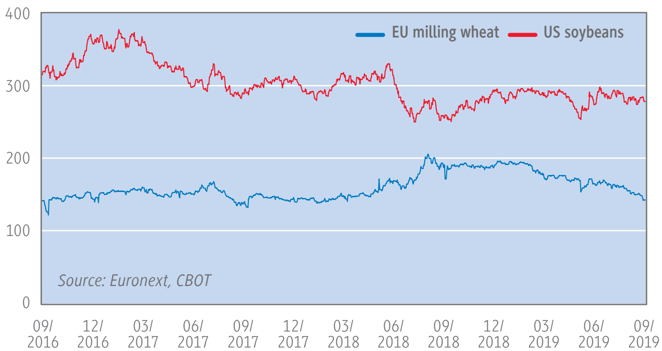
Ethanol prices in **Europe** fell, in the 2nd quarter, from around € 595/m³ at the beginning of June 2019 to € 575/m³ at the end of August 2019. Spot prices, however, proved to be far more volatile. They ranged from around € 530/m³ to € 680/m³. The decline in price and the high volatility of spot prices were mainly due to the rise in imports from South America and the USA over the past few months.

In 2019, 0.7 (0.6) million m³ of ethanol are expected to be imported. Imports are contrasted by domestic production of 7.6 (7.8) million m³ and domestic consumption of 8.1 (8.0) million m³. Production of fuel ethanol, at 5.2 (5.4) million m³, is expected to be below consumption of 5.5 (5.4) million m³.

Grain and protein markets

According to the International Grain Council (IGC), world grain production (excluding rice) is expected to increase to 2,159 (2,143) million tonnes in 2019/20. Given anticipated grain consumption of 2,186 (2,160) million tonnes, a decline in stocks to 601 (628) million tonnes is expected. The European Commission expects the grain harvest in the EU to increase to 312 (290) million tonnes in 2019/20. Consumption is expected to stand at 290 (288) million tonnes. The good harvest prospects in Europe resulted in European wheat prices on the Euronext in Paris falling to around € 165/tonne by the end of the 2nd quarter of 2019/20. The last time this price level was observed was in April 2018.

International agricultural prices (€/t)



Animal feed products, with a share of more than 60%, continue to account for the majority of domestic grain consumption. The starch content of merely around 4% of the EU grain harvest, on the other hand, is used for the production of fuel ethanol. The other components of the processed grain, particularly proteins, are refined into valuable food and animal feed products, thereby reducing dependence on soy imports from North and South America.

The global soybean harvest in 2019/20, at 342 (363) million tonnes, is expected to be slightly smaller than previously expected. Given consumption of 359 (353) million tonnes, stocks are expected to decline to 38 (54) million tonnes. In view of reduced harvest forecasts and stocks, soybean prices were able to recover slightly from their low in May 2019 when they fell below the US$ 8/bushel* mark for the first time in more than 10 years. Nevertheless, soybeans continue to trade at a low level, at around US$ 8.50/bushel or the equivalent of € 285/tonne. Rapeseed meal prices in Europe were also at a low level. From the beginning of June 2019 to the end of August 2019, prices declined from around € 210/tonne to around € 185/tonne.

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

Business development

Production of ethanol and food and animal feed products

In its modern biorefineries in Belgium, Germany, France and the United Kingdom, CropEnergies produces renewable ethanol and protein-rich food and animal feed products. Ethanol production stood at 478,000 (494,000) m³ in the 1st half of 2019/20. After production in the 1st quarter of 2019/20 was still below that of the previous year, CropEnergies was able to achieve a higher production in the 2nd quarter of 2019/20. The plant in Wilton continued to be operated at reduced capacity to fulfil orders mainly from British customers. In contrast to the little or no change in ethanol production in the 1st half, there was a decline in the production of dried food and animal feed products owing to a change in the raw material mix.

Revenues and net earnings

€ thousands	2nd quarter		1st half year	
	2019/20	2018/19	2019/20	2018/19
Revenues	**244,855**	**200,780**	**447,590**	**393,234**
EBITDA*	**39,071**	**19,405**	**64,889**	**33,704**
EBITDA margin in%	*16.0%*	*9.7%*	*14.5%*	*8.6%*
Depreciation*	-10,515	-9,811	-21,171	-19,530
Operating profit	**28,556**	**9,594**	**43,718**	**14,174**
Operating margin in%	*11.7%*	*4.8%*	*9.8%*	*3.6%*
Restructuring costs and special items	0	0	0	0
Income from companies consolidated at equity	176	80	108	33
Income from operations	**28,732**	**9,674**	**43,826**	**14,207**
Financial result	-138	-744	-254	-1,095
Earnings before income taxes	**28,594**	**8,930**	**43,572**	**13,112**
Taxes on income	-7,420	-4,251	-11,764	-5,999
Net earnings for the period	**21,174**	**4,679**	**31,808**	**7,113**
Earnings per share, diluted/undiluted (€)	**0.24**	**0.05**	**0.36**	**0.08**

*Without restructuring costs and special items

Business development: 2nd quarter

CropEnergies achieved the highest quarterly revenues in the company's history in the 2nd quarter, generating € 244.9 (200.8) million. This was due to the increased production quantity and significantly improved ethanol sales prices. In spite of higher prices for the processed raw materials, there was a doubling of EBITDA to € 39.1 (19.4) million in conjunction with the above-mentioned quantity increase.

After depreciation, which increased to € 10.5 (9.8) million as a result of the first-time adoption of IFRS 16, operating profit trebled to € 28.6 (9.6) million. Based on revenues, this gives rise to an operating margin of 11.7% (4.8%). Since, as in the previous year, there were no special items, income from operations, at € 28.7 (9.7) million, is virtually the same as operating profit.

Aided by an improved financial result, earnings before income taxes amount to € 28.6 (8.9) million. After taxes, net earnings of € 21.2 (4.7) million were achieved in the 2nd quarter of 2019/20. Based on 87.25 million no-par-value shares, this corresponds to earnings per share of € 0.24 (0.05).

Business development: 1st half

Cumulated, CropEnergies recorded an increase in sales to € 447.6 (393.2) million in the 1st half. This was due to significantly higher ethanol sales prices. In addition, trade volume was increased in comparison with the previous year.

Higher raw material prices could be offset only in part by mostly improved selling prices for food and animal feed products, resulting in a rise in net raw material costs. The striking improvement in ethanol sales prices, however, made it possible to increase EBITDA significantly to € 64.9 (33.7) million. Given, as expected, slightly higher depreciation, operating profit was trebled to € 43.7 (14.2) million. This gives rise to an operating margin of 9.8% (3.6%). Income from operations reached € 43.8 (14.2) million.

Taking the financial result of € -0.3 (-1.1) million into account, earnings before income taxes rose to € 43.6 (13.1) million. After taxes, this produces net earnings of € 31.8 (7.1) million for the reporting period. Based on 87.25 million no-par-value shares, that translates into earnings per share of € 0.36 (0.08).

Statement of changes in financial position

€ thousands	1st half year	
	2019/20	2018/19
Gross cash flow	**52,414**	**27,532**
Change in net working capital	-8,492	-1,489
Net cash flow from operating activities	**43,922**	**26,043**
Investments in property, plant and equipment and intangible assets	-12,824	-4,676
Payment into current financial investments	-5,997	0
Cash received on disposal of non-current assets	23	42
Cash flow from investing activities	**-18,798**	**-4,634**
Cash flow from financing activities	**-16,020**	**-33,013**
Change in cash and cash equivalents due to exchange rate changes	498	159
Increase (+)/Decrease (-) in cash and cash equivalents	**9,602**	**-11,445**

As a result of the higher EBITDA, gross cash flow increased to € 52.4 (27.5) million. Including the change in net working capital, cash flow from operating activities in the 1st half of 2019/20 amounted to € 43.9 (26.0) million.

The cash outflow from investing activities rose to € 18.8 (4.6) million. € 12.8 (4.6) million of this was attributable to investments in property, plant and equipment, which were used, in particular, to expand and improve the production plants. Furthermore, CropEnergies made a short-term investment in fixed-interest securities of € 6.0 (0) million.

Current financial receivables increased by € 1.2 million to € 35.2 million. Furthermore, a dividend of € 13.1 (21.8) million was paid in July 2019. The repayment of lease liabilities of € 1.9 (0) million and the addition of other financial liabilities of € 0.2 (0) million gave rise to a net cash outflow from financing activities of € -16.0 (-33.0) million.

Balance sheet structure

€ thousands	31 August 2019	31 August 2018	Change	28 February 2019
Assets				
Non-current assets	383,089	391,168	-8,079	382,670
Current assets	227,698	198,550	29,148	203,078
Total assets	**610,787**	**589,718**	**21,069**	**585,748**

Liabilities and shareholders' equity				
Shareholders' equity	455,383	440,518	14,865	448,711
Non-current liabilities	59,467	50,872	8,595	48,495
Current liabilities	95,937	98,328	-2,391	88,542
Total liabilities and shareholders' equity	**610,787**	**589,718**	**21,069**	**585,748**
Net financial assets	44,089	36,629	7,460	36,813
Equity ratio	74.6%	74.7%		76.6%

Non-current assets declined by € 8.1 million to € 383.1 million as of 31 August 2019, with fixed assets, in particular, decreasing by € 9.2 million to € 377.7 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 € 0.8 million to € 3.2 million. Furthermore, the interest in entities consolidated at equity rose by € 0.3 million to € 2.2 million.

Current assets rose by € 29.2 million year over year to € 227.7 million, with current financial receivables rising by € 24.0 million to € 35.2 million. Cash and cash equivalents declined by € 13.0 million to € 12.4 million, with € 6.0 million having been invested in fixed-interest securities. Trade receivables and other assets increased by € 11.3 million to € 104.8 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 3.1 (6.9) million. Furthermore, inventories rose slightly by € 0.6 million to € 62.3 million and tax assets by € 0.3 million to € 7.0 million.

Non-current liabilities increased by € 8.6 million to € 59.5 million, with provisions for pensions and similar obligations rising by € 10.3 million to € 32.8 million, due, among other things, to a significantly lower discount rate. Deferred tax liabilities declined by € 8.1 million to € 17.7 million. Furthermore, non-current lease liabilities of € 6.5 million had to be recognised for the first time. Other liabilities of € 0.2 million were completely reduced and other non-current provisions increased by € 0.1 million to € 2.5 million.

Current liabilities declined by € 2.4 million to € 95.9 million, with other current provisions decreasing by € 9.0 million to € 7.3 million. Furthermore, current lease liabilities of € 3.1 million had to be recognised for the first time. Current tax liabilities rose by € 2.5 million to € 10.1 million. Trade payables and other liabilities increased by € 1.0 million to € 75.4 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 9.0 (0.2) million.

The **net financial position** as of 31 August 2019 shows **net financial assets** of € 44.1 (36.6) million. The net financial assets consist of cash and cash equivalents, a short-term investment in fixed-interest securities and current financial receivables less liabilities from leases.

Shareholders' equity increased to € 455.4 (440.5) million; the equity ratio remained virtually constant at 74.6% (74.7%) in spite of the leases to be recognised for the first time under IFRS 16.

Risk and opportunities report

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

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

For detailed information on the risk management system and the group's risks and opportunities, please refer to the "Risk and opportunities report" on pages 58 to 66 of the Annual Report for the 2018/19 financial year. Allowing for the previously explained developments at regulatory level, the disclosures provided there are still valid.

Outlook

CropEnergies increased revenues to € 447.6 (393.2) million and operating profit to € 43.7 (14.2) million in the 1st half of 2019/20. The main reason for this was the striking increase in ethanol sales prices. Against this background, CropEnergies adjusted the forecast for the 2019/20 financial year on 14 August 2019, confirming it on 16 September 2019. CropEnergies accordingly expects revenues of between € 820 and € 860 (previous year: € 779) million and operating profit of between € 50 and € 75 (previous year: € 33) million for the 2019/20 financial year. This is equivalent to an EBITDA of between € 90 and € 120 (previous year: € 72) million.

Interim financial statements

Statement of comprehensive income

€ thousands	2nd quarter		1st half year	
	2019/20	2018/19	2019/20	2018/19
Income statement				
Revenues	**244,855**	**200,780**	**447,590**	**393,234**
Change in work in progress and finished goods inventories and internal costs capitalised	-8,334	-8,816	-13,219	-10,056
Other operating income	742	2,235	1,805	2,968
Cost of materials	-172,544	-150,487	-324,132	-304,232
Personnel expenses	-9,110	-8,515	-18,168	-17,249
Depreciation	-10,515	-9,811	-21,171	-19,530
Other operating expenses	-16,538	-15,792	-28,987	-30,961
Income from companies consolidated at equity	176	80	108	33
Income from operations	**28,732**	**9,674**	**43,826**	**14,207**
Financial income	255	40	533	77
Financial expenses	-393	-784	-787	-1,172
Earnings before income taxes	**28,594**	**8,930**	**43,572**	**13,112**
Taxes on income	-7,420	-4,251	-11,764	-5,999
Net earnings for the period	**21,174**	**4,679**	**31,808**	**7,113**
Earnings per share, diluted/undiluted (€)	**0.24**	**0.05**	**0.36**	**0.08**
Table of other comprehensive income				
Net earnings for the period	**21,174**	**4,679**	**31,808**	**7,113**
Mark-to-market gains and losses*	423	6,646	-2,691	10,088
Foreign currency differences from consolidation	-1,640	-963	-4,140	-538
Income and expenses to be reclassified in future in the profit and loss account	**-1,217**	**5,683**	**-6,831**	**9,550**
Remeasurement of defined benefit plans and similar obligations*	-3,753	0	-5,504	0
Income and expenses not to be reclassified in future in the profit and loss account	**-3,753**	**0**	**-5,504**	**0**
Income and expenses recognised in shareholders' equity	**-4,970**	**5,683**	**-12,335**	**9,550**
Total comprehensive income	**16,204**	**10,362**	**19,473**	**16,663**

* After deferred taxes

Cash flow statement

€ thousands	1st half year	
	2019/20	2018/19
Net earnings for the period	31,808	7,113
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	21,171	19,530
Other items	-565	889
Gross cash flow	**52,414**	**27,532**
Change in net working capital	-8,492	-1,489
I. Net cash flow from operating activities	**43,922**	**26,043**
Investments in property, plant and equipment and intangible assets	-12,824	-4,676
Payment of current financial investments	-5,997	0
Cash received on disposal of non-current assets	23	42
II. Cash flow from investing activities	**-18,798**	**-4,634**
Dividends paid	-13,088	-21,813
Payment of financial liabilities	-1,200	-11,200
Repayment of lease liabilities	-1,878	0
Other financial liabilities	146	0
III. Cash flow from financing activities	**-16,020**	**-33,013**
Change in cash and cash equivalents (Total of I., II. and III.)	**9,104**	**-11,604**
Change in cash and cash equivalents due to exchange rate changes	498	159
Increase (+)/Decrease (-) in cash and cash equivalents	**9,602**	**-11,445**
Cash and cash equivalents at the beginning of the period	2,813	36,874
Cash and cash equivalents at the end of the period	**12,415**	**25,429**

€ thousands	1st half year	
	2019/20	2018/19
Interest expense	332	124
Tax payments	14,225	10,269

Balance sheet

€ thousands	31 August 2019	31 August 2018	Change	28 February 2019
Assets				
Intangible assets	8,567	9,099	-532	8,864
Property, plant and equipment	369,083	377,692	-8,609	368,600
Shares in companies consolidated at equity	2,179	1,915	264	2,071
Receivables and other assets	39	39	0	39
Deferred tax assets	3,221	2,423	798	3,096
Non-current assets	**383,089**	**391,168**	**-8,079**	**382,670**
Inventories	62,271	61,719	552	78,728
Current financial receivables	35,200	11,200	24,000	34,000
Trade receivables and other assets	104,777	93,492	11,285	79,983
Current tax receivables	7,038	6,710	328	7,554
Securities	5,997	0	5,997	0
Cash and cash equivalents	12,415	25,429	-13,014	2,813
Current assets	**227,698**	**198,550**	**29,148**	**203,078**
Total assets	**610,787**	**589,718**	**21,069**	**585,748**

Liabilities and shareholders' equity				
Subscribed capital	87,250	87,250	0	87,250
Capital reserves	197,847	197,847	0	197,847
Other reserves and other comprehensive income	170,286	155,421	14,865	163,614
Shareholders' equity	**455,383**	**440,518**	**14,865**	**448,711**
Provisions for pensions and similar obligations	32,838	22,550	10,288	24,227
Other provisions	2,470	2,341	129	2,514
Non-current financial liabilities	6,462	0	6,462	0
Other liabilities	0	150	-150	85
Deferred tax liabilities	17,697	25,831	-8,134	21,669
Non-current liabilities	**59,467**	**50,872**	**8,595**	**48,495**
Other provisions	7,366	16,371	-9,005	9,138
Current financial liabilities	3,061	0	3,061	0
Trade payables and other liabilities	75,441	74,455	986	65,583
Current tax liabilities	10,069	7,502	2,567	13,821
Current liabilities	**95,937**	**98,328**	**-2,391**	**88,542**
Total liabilities and shareholders' equity	**610,787**	**589,718**	**21,069**	**585,748**

Development of shareholders' equity

€ 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 period			**7,113**			**7,113**	**7,113**
Mark-to-market gains and losses on cash flow hedging instruments*				10,088			
Foreign currency differences from consolidation					-538		
Remeasurement of defined benefit plans and similar obligations*			0				
Income and expenses recognised in shareholders' equity			**0**	**10,088**	**-538**	**9,550**	**9,550**
Total comprehensive income			**7,113**	**10,088**	**-538**	**16,663**	**16,663**
Dividends paid			**-21,813**			**-21,813**	**-21,813**
31 August 2018	**87,250**	**197,847**	**150,443**	**6,252**	**-1,274**	**155,421**	**440,518**
1 March 2019	**87,250**	**197,847**	**163,829**	**-816**	**601**	**163,614**	**448,711**
Net earnings for the period			**31,808**			**31,808**	**31,808**
Mark-to-market gains and losses on cash flow hedging instruments*				-2,691			
Foreign currency differences from consolidation					-4,140		
Remeasurement of defined benefit plans and similar obligations*			-5,504				
Income and expenses recognised in shareholders' equity			**-5,504**	**-2,691**	**-4,140**	**-12,335**	**-12,335**
Total comprehensive income			**26,304**	**-2,691**	**-4,140**	**19,473**	**19,473**
In the acquisition costs of non-financial assets reclassified hedges				287		287	287
Dividends paid			**-13,088**			**-13,088**	**-13,088**
31 August 2019	**87,250**	**197,847**	**177,045**	**-3,220**	**-3,539**	**170,286**	**455,383**

* After deferred taxes

Notes to the interim financial statements

Principles of preparation of the interim consolidated financial statements

The interim financial statements of the CropEnergies Group as of 31 August 2019 have been prepared according to the rules for interim financial reporting of IAS 34 (Interim Financial Reporting) in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). In accordance with IAS 34, the interim consolidated financial statements of CropEnergies AG as of 31 August 2019 are presented in a condensed form. The interim consolidated financial statements as of 31 August 2019 have not been reviewed. The executive board of CropEnergies AG prepared these interim financial statements on 30 September 2019.

As shown in the notes to the Annual Report for the 2018/19 financial year in item (1) "Principles of preparation of the consolidated financial statements" on pages 82 to 85, new or amended standards and interpretations were applicable for the first time to the interim reporting.

The impact of standard IFRS 16 (Leases), which became mandatory for the first time as of 1 March 2019, is described at the end of this section.

In other respects, the same accounting principles as used in the preparation of the consolidated annual financial statements as of 28 February 2019 have been applied. These principles are explained on pages 88 to 93 in the notes to the 2018/19 Annual Report. This Annual Report is available for download and inspection online at www.cropenergies.com/de/investorrelations/ and www.cropenergies.com/en/investorrelations/ respectively. The statements made there are supplemented by the following information:

As of 31 August 2019, a discount rate of 1.15% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; as of 28 February 2019 and 31 August 2018, respectively, the discount rate was 2.20% and 2.36%.

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

The state allocated green certificates on the basis of the actual energy produced from renewable raw materials at the BioWanze site are recognised as a reduction of the cost of materials in the amount of their sales proceeds. The corresponding sales proceeds of the green certificates amounted to € 11.1 (11.0) million in the reporting period. The allocation quantity depends on the electricity volume produced sustainably from biomass in the reporting period in question, within an allocation beyond the reporting period up to April 2023 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. As the details of the provisions for implementing the new law are not yet available, CropEnergies is currently unable to make any concrete statement on whether and how the new regulation will impact follow-on support from May 2023 onwards.

IFRS 16 (Leases)

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).

CropEnergies does not apply the standard to intangible assets. CropEnergies avails itself of the non-capitalisation option for low-value assets and short-term leases.

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

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.

An 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**

The difference between the off-balance-sheet lease obligations under IAS 17 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, the utilisation of the exemption for short-term and low-value leases and the divergent treatment of extension options.

The book values of the leased assets are distributed across the groups of property, plant and equipment, as follows:

€ thousands	31 August 2019	1 March 2019
Land, land rights and buildings including buildings on leased land	7,003	8,081
Technical equipment and machinery	2,113	1,407
Other equipment, factory and office equipment	317	391
	9,433	**9,879**

The weighted average incremental borrowing rate as of 31 August 2019 was 4.0%.

Consolidated companies

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

- CropEnergies Bioethanol GmbH, Zeitz (Germany)
- CropEnergies Beteiligungs GmbH, Mannheim (Germany)
- BioWanze SA, Brussels (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., Houston (USA), in liquidation

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

Revenue, profit, investment, and employees

€ thousands	1st half year	
	2019/20	2018/19
Revenues	**447,590**	**393,234**
EBITDA*	**64,889**	**33,704**
EBITDA margin in%	*14.5%*	*8.6%*
Depreciation*	-21,171	-19,530
Operating profit	**43,718**	**14,174**
Operating margin in%	*9.8%*	*3.6%*
Restructuring costs and special items	0	0
Income from companies consolidated at equity	108	33
Income from operations	**43,826**	**14,207**
Investments in property, plant and equipment and intangible assets	**12,824**	**4,676**
Employees	**442**	**417**

*Without restructuring costs and special items

The striking improvement in ethanol sales prices made it possible to increase EBITDA significantly to € 64.9 (33.7) million. Given, as expected, slightly higher depreciation, operating profit was trebled to € 43.7 (14.2) million. This gives rise to an operating margin of 9.8% (3.6%). Income from operations reached € 43.8 (14.2) million.

The capital expenditures amounting to € 12.8 (4.7) million were attributable almost entirely to property, plant and equipment. Of the total, € 9.9 million was invested at CropEnergies Bioethanol GmbH, € 2.1 million at BioWanze SA and € 0.6 million at Ensus UK Ltd.

As of the end of the first six months of the 2019/20 financial year, the number of employees (full-time equivalents) stood at 442 (417). Of this figure, 44 were employed at CropEnergies AG, 125 at CropEnergies Bioethanol GmbH, 120 at BioWanze SA, 46 at Ryssen Alcools SAS, 100 at Ensus UK Ltd and 7 at Ryssen Chile SpA.

Earnings per share

The net earnings of € 31.8 million in the 1st half of 2019/20 are fully attributable to the shareholders of CropEnergies AG. Earnings per share (IAS 33) are calculated on the basis of 87.25 (87.25) million shares. This produces earnings per share for the 1st half of 2019/20 of € 0.36 (0.08); there is no dilution of earnings per share.

Inventories

€ thousands	31 August	
	2019	2018
Raw materials and supplies	25,419	23,174
Work in progress	3,995	4,303
Finished goods and merchandise	32,857	34,242
	62,271	**61,719**

Inventories increased only marginally by € 0.6 million to € 62.3 million.

Trade receivables and other assets

€ thousands	31 August	
	2019	2018
Trade receivables	49,514	53,159
Receivables from affiliated companies	13,206	13,168
Other assets	42,057	27,165
	104,777	**93,492**

Trade receivables and receivables from affiliated companies declined by € 3.6 million to € 62.7 million.

Other assets, amounting to € 42.1 (27.2) million, mainly consist of receivables in the form of ring-fenced credits for hedges of € 15.6 (2.6) million, VAT receivables of € 11.3 (8.7) million, receivables from advance payments of € 8.5 (5.3) million and positive mark-to-market values of derivative hedging instruments of € 3.1 (6.9) million.

Shareholders' equity

Shareholders' equity rose to € 455.4 (440.5) million. The other reserves and other comprehensive income consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar obligations recognised directly in equity, consolidation-related currency translation effects and hedging results reclassified in the acquisition costs of non-financial assets. The "cash flow hedges" item contains the changes in the mark-to-market values – considering deferred taxes – of wheat and currency derivatives including accruals amounting to € -2.7 (10.1) million.

Trade payables and other liabilities

€ thousands	31 August	
	2019	2018
Trade payables	36,011	40,672
Payables to affiliated companies	13,063	11,434
Other liabilities	26,367	22,349
	75,441	**74,455**

Trade payables and liabilities to affiliated companies declined by € 3.0 million to € 49.1 million.

Other liabilities, amounting to € 26.4 (22.3) million, mainly comprise liabilities in the form of negative mark-to-market values of derivative hedging instruments of € 9.0 (0.2) million, liabilities in respect of other taxes amounting to € 7.7 (8.4) million and liabilities in respect of personnel expenses of € 5.9 (6.3) million.

Financial receivables / liabilities

€ thousands	31 August	
	2019	2018
Liabilities to banks	0	0
Liabilities from leases	9,377	0
Other financial liabilities	146	0
Financial liabilities	**9,523**	**0**
Receivables from affiliated companies	35,200	11,200
Securities	5,997	0
Cash and cash equivalents	12,415	25,429
Net financial assets	**44,089**	**36,629**

As of 31 August 2019, there were net financial assets of € 44.1 (36.6) million. The net financial assets consisted of cash and cash equivalents of € 12.4 million, a short-term investment in fixed-interest securities amounting to € 6.0 million and current financial receivables from affiliated companies amounting to € 35.2 million less liabilities mainly from leases amounting to € 9.4 million.

The current financial receivables from affiliated companies relate to Südzucker AG.

Financial instruments

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

Measurement level 1 comprises financial instruments traded on active markets, whose listed prices are taken over unchanged into the measurement. Measurement level 2 applies when measurement is based on methods whose influencing factors are derived directly or indirectly from observable market data. The measurement of level 3 derivatives is based on methods involving at least one significant influencing factor that cannot be observed. CropEnergies does not use any level 3 derivatives.

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

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

The same applies to trade payables, current lease liabilities and other current liabilities.

Further details on calculating the fair values of the individual financial instruments as well as their allocation to measurement levels can be found in the notes to the consolidated financial statements of the Annual Report for the 2018/19 financial year in item (28) "Additional disclosures on financial instruments" on pages 118 to 120.

€ thousands	Fair Value Hierarchy							
	31 August 2019	Level 1	Level 2	Level 3	31 August 2018	Level 1	Level 2	Level 3
Positive market values – Cash flow hedge derivatives	3,068	3,031	37	0	6,869	6,865	4	0
Positive market values – Derivatives held for trading	44	44	0	0	0	0	0	0
Financial assets	**3,112**	**3,075**	**37**	**0**	**6,869**	**6,865**	**4**	**0**
Negative market values – Cash flow hedge derivatives	8,491	8,491	0	0	84	0	84	0
Negative market values – Derivatives held for trading	509	507	2	0	103	102	1	0
Financial liabilities	**9,000**	**8,998**	**2**	**0**	**187**	**102**	**85**	**0**

Relations with related companies and persons (related party transactions)

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

Südzucker AG

The transactions with Südzucker AG in the 1st half of the 2019/20 financial year involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 11.1 (6.1) million. In addition, services worth € 1.8 (1.7) million, research & development work worth € 0.6 (0.7) million as well as other services worth € 0.5 (0.5) million were provided.

Set against this, the CropEnergies Group received € 2.1 (1.4) million from Südzucker AG for supplies of goods. Moreover, the CropEnergies Group received compensation payments of € 0.1 (0.1) million and service revenues of € 0.1 (0.2) million. The CropEnergies Group incurred net interest expense of € 0.1 (0.1) million on intercompany lendings and borrowings.

As of 31 August 2019, there were receivables of € 0.2 (0.3) million outstanding from Südzucker AG and liabilities of € 3.7 (1.8) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Current financial receivables from Südzucker AG amounted to € 35.2 (11.2) million.

Affiliated companies of Südzucker AG

The transactions with the affiliated companies of Südzucker AG in the 1st half of the 2019/20 financial year involved supplies, especially raw materials and traded commodities, amounting to € 29.0 (25.2) million. In addition, services worth € 0.4 (0.4) million were provided.

Set against this, the CropEnergies Group received € 41.5 (44.0) million from the affiliated companies of Südzucker AG for supplies of goods. Moreover, the CropEnergies Group received compensation payments of € 0.1 (0.1) million and service revenues of € 0.7 (0.3) million.

As of 31 August 2019, there were receivables of € 13.0 (12.9) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 9.4 (9.6) million outstanding to the affiliated companies of Südzucker AG in respect of the aforesaid related party transactions.

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

Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 0.8 (1.0) million in the 1st half of 2019/20.

There were no transactions with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) in the 1st half of the 2019/20 financial year.

Report on events after the balance sheet date

Since 31 August 2019, there have been no transactions of particular importance which can be expected to have a significant impact on the assets, liabilities, financial position and profit or loss.

Responsibility statement

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

Mannheim, 30 September 2019

CropEnergies AG

The Executive Board

Joachim Lutz (Chief Executive Officer)	Michael Friedmann	Dr. Stephan Meeder

Financial calendar

Statement for the 1st – 3rd quarter of 2019/20	13 January 2020
Annual press and analysts’ conference for the 2019/20 financial year	13 May 2020
Statement for the 1st quarter of 2020/21	8 July 2020
Annual General Meeting 2020	14 July 2020
Report for the 1st half of 2020/21	7 October 2020