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Forward-looking statements and forecasts

This quarterly statement 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 60 to 68 of the 2019/20 Annual Report provides an overview of the risks. We do not accept any obligation to update the forward-looking statements made in this report.

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



Financial Year 2020/21

QUARTERLY STATEMENT

1st – 3rd Quarter

1 March to 30 November 2020

Mannheim, 13 January 2021



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

CropEnergies AG's financial year differs from the calendar year.

The periods referred to are thus defined as follows:

3rd quarter: 1 September–30 November

1st–3rd quarter: 1 March–30 November

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

Highlights first three quarters of 2020/21

- Revenues decline to € 625.2 (667.6) million € -42 million
- EBITDA rises to € 109.1 (101.9) million € +7 million
- Operating profit rises to € 79.4 (70.3) million € +9 million
- Net earnings reach € 61.4 (50.2) million € +11 million
- Ethanol production rises slightly to 735,000 (729,000) m³ +1%
- Net financial assets increase to € 165 million (as of 29 February 2020: € 107 million)

Outlook for the 2020/21 financial year adjusted*

- Revenues are expected to range between € 825 and € 855 million (previous expectation: between € 850 and € 900 million).
- Operating profit is expected to range between € 95 and € 110 million (previous expectation: between € 110 and € 140 million).
- This is equivalent to an EBITDA of between € 135 and € 150 million (previous expectation: between € 150 and € 180 million).

* Cf. inside information pursuant to Article 17 MAR of 14 December 2020

Main events

Operating environment

Framework in the EU until 2020

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 should be 10% in 2020. In addition, renewable fuels contribute to reducing greenhouse gas emissions associated with fuel consumption. Reductions of 6 wt.-% compared with the base value of 94.1 g CO_{2eq}/MJ should be achieved in 2020. In terms of one litre of petrol, this base value is equivalent to emissions of around 3 kg CO_{2eq}. In the case of ethanol from sustainable European production, this value is only 0.5 kg CO_{2eq}/litre.

“Renewable Energy Directive” after 2020

With regard to the period after 2020, the recast “Renewable Energy Directive” (RED II) provides for the proportion of renewable energies in the transport sector to increase to at least 14% in the year 2030. The contribution of renewable fuels from arable crops is to 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. In addition, these fuels, as well as renewable electricity, can be counted multiple times towards the transport target in road transport. Sustainably produced renewable fuels will therefore continue to be fundamental to more climate protection in the transport sector. In the context of the “European Green Deal”, the climate protection target for 2030 is to be increased from 40% to at least 55% fewer greenhouse gas emissions, in relation to 1990 in each case. In this connection is also examining the extent to which the “Renewable Energy Directive” is able to contribute to this.

While a renewed increase in targets for renewable energies is being discussed at EU level, preparations for the national transposition of RED II are under way in the member states. In Germany, the *Bundesumweltministerium* (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety – BMU) put forward initial transposition proposals at the end of September 2020. However, these were regarded as inadequate and lacking in ambition by the German biofuel industry. Among other things, the proposals envisaged the greenhouse gas avoidance quota (GHG quota) being increased merely from its current level of 6% to 7.25% in 2026 and the proportion of biofuels from arable crops being subject to a disproportionately severe restriction to 2.7% from 2026. As part of the interdepartmental consultation process, the federal ministries involved agreed, in December 2020, to strive for more ambitious climate and energy targets in the transport sector. The GHG quota is accordingly to be increased gradually to 22% in the year 2030. Biofuels from arable crops are to be able to contribute up to 4.4% to this. The proportion of advanced biofuels is to be increased gradually from 0.05% in 2020 to 2.6% in 2030. In addition to the established biofuels, other renewable fuel alternatives are to be promoted. These include synthetic fuels, which can be counted double towards the GHG quota, and renewable electricity, which can be counted three times towards it. The new proposals reflect substantial demands made by the German biofuel industry, which was at the forefront of the campaign for a higher GHG quota and the unchanged eligibility of biofuels from arable crops. The parliamentary debate on the proposals for transposing RED II is expected to take place in the spring of 2021. Although CropEnergies welcomes the progress made, it still views multiple counting as distortion of competition and will also continue to campaign for the GHG quota to be raised more quickly in order to ensure that the climate and energy targets for 2030 are achieved.

“Climate Protection Regulation”

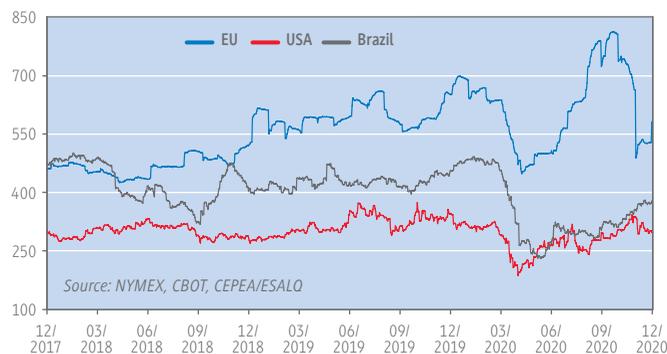
By means of the “Climate Protection Regulation”, the EU is seeking to lower greenhouse gas emissions in those sectors not

covered by EU emissions trading by 30% on average by the year 2030. Emissions in Germany are to be reduced by as much as 38% by the year 2030. Climate protection targets are enshrined in law in the *Klimaschutzgesetz* (Climate Protection Act – KSG). A reduction of 42% in greenhouse gas emissions by 2030 is planned for the transport sector. An upper limit of 95 million tonnes of CO_{2eq} therefore applies to the year 2030. To lower the greenhouse gas emissions of fuels, a national emissions trading system for pricing CO₂ emissions of fossil fuels has been introduced with effect from 1 January 2021. The CO₂ price, which is initially € 25/tonne in 2021, is expected to rise to € 55/tonne in 2025. Consumers will therefore need to pay around 6.5 cents more per litre of Super E5 and around 6.0 cents more per litre of Super E10 in 2021. The emissions trading system promotes the use of lower-carbon fuels. In the medium term, CropEnergies advocates an amendment to the Energy Taxation Directive with a view to switching the energy tax from a litre basis, according to which it is still currently being levied, to a CO₂ basis. This would ensure that the fuel sector also makes a greater contribution to achieving the higher EU climate target in 2030.

Ethanol markets

The development of international ethanol markets in the 3rd quarter of 2020/21 was also shaped by the impact of the COVID-19 pandemic. Mobility restrictions, after being temporarily eased, have had to be tightened again in many countries over the past few months. However, the decline in fuel sales was slightly lower than in spring.

International ethanol prices (€/m³)



In the **USA**, the one-month futures contract for ethanol on the Chicago Board of Trade (CBOT) initially rose from the equivalent of around € 300/m³ in September 2020 to around € 350/m³ at the end of October 2020 before, however, falling back to around € 310/m³ at the end of November. While it has again been possible to increase the weekly production of fuel ethanol gradually since May 2020, it continued to be around 10% below the previous year's level. Overall, production is expected to decline to 54.4 (61.3) million m³ and domestic consumption to 49.5 (56.5) million m³ in 2020. Exports, at 6.4 (6.4) million m³, are expected to remain at the previous year's level.

In **Brazil**, ethanol prices further recovered from the equivalent of around € 320/m³ at the beginning of September to around € 380/m³ at the end of November. Despite the recovery, prices were still significantly below the level before the COVID-19 pandemic. The low price level is also due to the weak real, which has lost around a quarter of its value since the beginning of March. Ethanol production in Brazil is expected to stand at 31.9 (35.6) million m³ in the 2020/21 sugar year. Domestic consumption is expected to decline to 30.6 (34.7) million m³. Exports are expected to increase accordingly to 2.4 (2.0) million m³. In contrast to previous years, significant quantities were again exported to Europe.

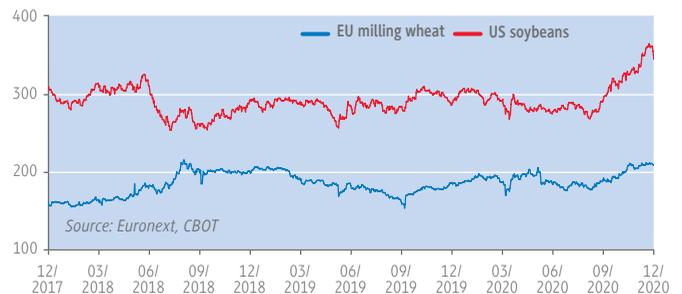
In **Europe**, ethanol prices showed a significant decline from around € 725/m³ at the beginning of September to around € 530/m³ at the end of November. In September, spot prices even reached an alltime high of € 840/m³. The average price in September, at € 801/m³, was above the € 800/m³ mark for the first time. Following the perceptible recovery in fuel sales in the summer, they began to decline slightly again from September onwards. Now that there are renewed mobility restrictions in large parts of Europe, further declines in sales are expected. Production in the EU-27 and the UK is expected to decline to

6.9 (7.4) million m³ and domestic consumption to 8.0 (8.3) million m³ in 2020. The decline is expected to affect fuel ethanol primarily, while ethanol for industrial purposes is expected to show a significant increase. This is due, in particular, to the increased demand for ethanol as a raw material for disinfectants. Imports, at 1.9 (2.0) million m³, are expected to be slightly below the previous year's level.

Grain and protein markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to increase to 2,219 (2,186) million tonnes in 2020/21 and therefore be largely in line with expected grain consumption of 2,221 (2,193) million tonnes. Accordingly, only a marginal change in global grain stocks is expected at 616 (618) million tonnes. The European Commission expects the grain harvest in the EU-27 to fall to 271 (294) million tonnes in 2020/21. Consumption, at 261 (262) million tonnes, is expected to be slightly below the previous year's level. European wheat prices on the Euronext in Paris increased significantly in the course of the 3rd quarter of 2020/21, standing at around € 210/tonne at the end of November. At the beginning of September, they were still trading at € 190/tonne. This was due to the slow-moving maize harvest, difficult sowing conditions in key growing areas and a high global demand for wheat.

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 2020/21 is expected to increase significantly and, at 365 (338) million tonnes, achieve a new record level. Consumption is also expected to increase to a record level of 369 (352) million tonnes at the same time. Stocks are consequently expected to decline to 45 (49) million tonnes. On the CBOT, the price for soybeans rose from around US\$ 9.60/bushel* at the beginning of September 2020 to around US\$ 11.60/bushel at the end of November. The last time soybeans were at this price level was in the summer of 2016. The sharp price increase was due to a drought in parts of South America, low stocks in the USA and the high global demand for soy. The listings for European rapeseed meal followed the lead given by the listings for soybeans in Chicago, rising from around € 215/tonne at the beginning of September to around € 280/tonne at the end of November. The 2020/21 rapeseed harvest in the EU-27, at 16 (15) million tonnes, is expected to be only slightly above the previous year's low level.

*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 in the first nine months of the 2020/21 financial year, at 735,000 (729,000) m³, was slightly above the level achieved in the previous year. Production of food and animal feed products was also slightly above the previous year's level.

Revenues and net earnings

€ thousands	3 rd quarter		1 st – 3 rd quarter	
	2020/21	2019/20	2020/21	2019/20
Revenues	225,978	220,035	625,156	667,625
EBITDA*	38,623	37,035	109,062	101,924
<i>EBITDA margin in %</i>	17.1%	16.8%	17.4%	15.3%
Depreciation*	-9,914	-10,420	-29,672	-31,591
Operating profit	28,709	26,615	79,390	70,333
<i>Operating margin in %</i>	12.7%	12.1%	12.7%	10.5%
Restructuring costs and special items	0	0	900	0
Income from companies consolidated at equity	89	34	297	142
Income from operations	28,798	26,649	80,587	70,475
Financial result	-238	-2,356	1,277	-2,610
Earnings before income taxes	28,560	24,293	81,864	67,865
Taxes on income	-6,607	-5,882	-20,466	-17,646
Net earnings for the period	21,953	18,411	61,398	50,219
Earnings per share, diluted/undiluted (€)	0.25	0.21	0.70	0.58

*Without restructuring costs and special items

Business development: 3rd quarter

At € 226.0 (220.0) million, CropEnergies recorded slightly higher revenues than in the reference period of the previous year. This was due to an improvement in the sales prices obtained for sustainably produced ethanol. Despite lower sales prices for food and animal feed products and higher raw material prices, the sales prices for ethanol resulted in a slight rise in the gross margin, enabling EBITDA to be increased to € 38.6 (37.0) million.

In conjunction with slightly lower depreciation of € 9.9 (10.4) million, operating profit improved to € 28.7 (26.6) million. This gives rise to an operating margin of 12.7% (12.1%). Since, as in the previous year, there were no special items, income from operations reached € 28.8 (26.6) million.

An improved financial result of € -0.2 (-2.4) million gives rise to earnings before income taxes of € 28.6 (24.3) million. After taxes, net earnings of € 22.0 (18.4) million were therefore achieved in the 3rd quarter of 2020/21. Based on 87.25 million no-par-value shares, this corresponds to earnings per share of € 0.25 (0.21).

Business development: 1st–3rd quarter

Revenues in the first nine months of the financial year, at € 625.2 (667.6) million, remained below those achieved in the previous year. This was due to smaller sales quantities and lower sales prices for the food and animal feed products sold. These were, however, offset by the higher ethanol sales prices obtained.

Not only ethanol sales prices, but also lower raw material prices had a positive impact on the gross margin, resulting in EBITDA increasing to € 109.1 (101.9) million despite the reduction in business volume. Given the fall in depreciation, operating profit improved to € 79.4 (70.3) million. Based on the reduction in revenues, this gives rise to an operating margin of 12.7% (10.5%). Allowing for positive special effects of € 0.9 million, income from operating activities reached € 80.6 (70.5) million.

Given an improved financial result of € 1.3 (-2.6) million, earnings before income taxes increased to € 81.9 (67.9) million. After taxes, CropEnergies generated net earnings of € 61.4 (50.2) million in the reporting period. Based on 87.25 million no-par-value shares, that translates into earnings per share of € 0.70 (0.58).

Statement of changes in financial position

€ thousands	1 st –3 rd quarter	
	2020/21	2019/20
Gross cash flow	86,431	80,705
Change in net working capital	19,064	15,344
Net cash flow from operating activities	105,495	96,049
Investments in property, plant and equipment and intangible assets	-18,774	-19,667
Increase in financial liabilities	-62,300	-36,500
Cash received /paid of current financial investments	4	-14,993
Cash received on disposal of non-current assets	847	44
Cash flow from investing activities	-80,223	-71,116
Cash flow from financing activities	-28,116	-15,736
Change in cash and cash equivalents due to exchange rate changes	-145	1,494
Decrease (-)/Increase (+) in cash and cash equivalents	-2,989	10,691

As a result of the increase in EBITDA, gross cash flow increased to € 86.4 (80.7) million. Including the change in net working capital, cash flow from operating activities in the 1st to 3rd quarter amounted to € 105.5 (96.0) million.

The cash outflow from investing activities rose to € 80.2 (71.1) million. € 18.8 (19.7) million of this was attributable to investments in property, plant and equipment and intangible assets, which were used, in particular, to expand and improve the production plants, with cash payments occurring in particular for the completed project to increase mill capacity and animal feed production in Zeitz. Current financial receivables increased by € 62.3 (36.5) million. In the previous year's corresponding quarterly statement, the increase was presented as cash outflow from financing activities.

A dividend of € 26.2 (13.1) million was paid in July 2020. Payments for lease liabilities of € 2.8 (2.6) million and the increase in other financial liabilities to € 0.9 (0) million gave rise to a net cash outflow from financing activities of € 28.1 (15.7) million.

Assets and liabilities

As of 30 November 2020, a discount rate of 1.35% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; as of 29 February 2020 and 30 November 2019, respectively, the discount rate was 1.16% and 1.45%.

Net financial assets increased significantly to € 164.7 (89.7) million, which include current financial receivables from Südzucker AG amounting to € 150.8 million.

Green certificates (green electricity certificates) were allocated by the government for the green electricity generated in Wanze and were recognised as a reduction of the cost of materials in the amount of their sales proceeds of € 13.7 (17.1) million.

Balance sheet

€ thousands	30 November 2020	30 November 2019	Change	29 February 2020
Assets				
Intangible assets	7,993	8,415	-422	8,317
Property, plant and equipment	358,630	368,823	-10,193	369,299
Shares in companies consolidated at equity	2,565	2,213	352	2,268
Receivables and other assets	41	39	2	44
Deferred tax assets	6,695	2,874	3,821	4,728
Non-current assets	375,924	382,364	-6,440	384,656
Inventories	65,757	63,125	2,632	66,558
Current financial receivables	150,800	70,500	80,300	88,500
Trade receivables and other assets	102,929	105,844	-2,915	94,564
Current tax receivables	6,481	6,640	-159	6,999
Securities	14,988	14,993	-5	14,992
Cash and cash equivalents	10,370	13,504	-3,134	13,359
Current assets	351,325	274,606	76,719	284,972
Total assets	727,249	656,970	70,279	669,628
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	256,658	195,474	61,184	217,784
Shareholders' equity	541,755	480,571	61,184	502,881
Provisions for pensions and similar obligations	34,621	31,104	3,517	35,003
Other provisions	2,464	2,551	-87	3,385
Non-current financial liabilities	5,777	5,832	-55	6,326
Tax liabilities	1,956	0	1,956	1,957
Deferred tax liabilities	20,958	18,343	2,615	18,823
Non-current liabilities	65,776	57,830	7,946	65,494
Other provisions	9,648	8,632	1,016	11,049
Current financial liabilities	5,640	3,477	2,163	3,216
Trade payables and other liabilities	87,826	93,147	-5,321	77,599
Tax liabilities	16,604	13,313	3,291	9,389
Current liabilities	119,718	118,569	1,149	101,253
Total liabilities and shareholders' equity	727,249	656,970	70,279	669,628
Net financial assets	164,741	89,688	75,053	107,309
Equity ratio	74.5%	73.1%		75.1%

Income statement

€ thousands	3 rd quarter		1 st –3 rd quarter	
	2020/21	2019/20	2020/21	2019/20
Revenues	225,978	220,035	625,156	667,625
Change in work in progress and finished goods inventories and internal costs capitalised	6,625	-3,189	-1,313	-16,408
Other operating income	3,201	1,427	11,001	3,232
Cost of materials	-170,055	-157,047	-447,240	-481,179
Personnel expenses	-10,336	-9,109	-30,356	-27,277
Depreciation	-9,914	-10,420	-29,672	-31,591
Other operating expenses	-16,790	-15,082	-47,286	-44,069
Income from companies consolidated at equity	89	34	297	142
Income from operations	28,798	26,649	80,587	70,475
Financial result	-238	-2,356	1,277	-2,610
Earnings before income taxes	28,560	24,293	81,864	67,865
Taxes on income	-6,607	-5,882	-20,466	-17,646
Net earnings for the period	21,953	18,411	61,398	50,219
Earnings per share, diluted/undiluted (€)	0.25	0.21	0.70	0.58

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 60 to 68 of the Annual Report for the 2019/20 financial year. Allowing for the previously explained developments in the market environment and at regulatory level, the disclosures provided there are still valid.

Outlook

CropEnergies increased operating profit to € 79 (70) million and EBITDA to € 109 (102) million in the 1st to 3rd quarter of 2020/21. Revenues amounted to € 625 (668) million. Owing to the second wave of infection of the coronavirus pandemic and current developments as well as associated restrictions, CropEnergies had to adjust its forecast on 14 December 2020 and now expects revenues of between € 825 and € 855 (previous year: € 899) million and operating profit of between € 95 and € 110 (previous year: € 104) million for the 2020/21 financial year. This is equivalent to an EBITDA of between € 135 and € 150 (previous year: € 146) million.

Financial calendar

■ Annual press and analysts' conference for the 2020/21 financial year	19 May 2021
■ Statement for the 1 st quarter of 2021/22	7 July 2021
■ Annual General Meeting 2021	13 July 2021
■ Report for the 1 st half of 2021/22	13 October 2021
■ Statement for the 1 st to 3 rd quarter of 2021/22	12 January 2022