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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 86 to 96 of the 2020/21 Annual Report provides an overview of the risks. CropEnergies does not accept any obligation to update the forward-looking statements made in this statement.

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



cropenergies

Innovation from Biomass

Financial Year 2021/22

QUARTERLY STATEMENT

1st – 3rd Quarter

1 March to 30 November 2021

Mannheim, 12 January 2022

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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 to 30 November

1st – 3rd quarter: 1 March to 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 2021/22

- Revenues up to € 780.9 (625.2) million € +156 million
- EBITDA rises to € 125.4 (109.1) million € +16 million
- Operating profit increases to € 94.3 (79.4) million € +15 million
- Net earnings reach € 60.0 (61.4) million € -1 million
- Ethanol production rises to 778,000 (735,000) m³ +6%
- Net financial assets reach € 237 million (as of 28 February 2021: € 155 million)

OUTLOOK FOR THE 2021/22 FINANCIAL YEAR INCREASED*

- Revenues are expected to range between € 1,070 and € 1,110 million (previous expectation: between € 1,020 and € 1,070 million).
- Operating profit is now expected to range between € 110 and € 140 million (previous expectation: between € 95 and € 125 million).
- This is equivalent to an EBITDA of between € 150 and € 185 million (previous expectation: between € 135 and € 170 million).

MAIN EVENTS

Operating environment

European Green Deal

The EU intends to lower greenhouse gas (GHG) emissions by at least 55% by the year 2030. In the context of the European Green Deal, the EU is also seeking to lower net GHG emissions to zero by the year 2050, thereby achieving climate neutrality. The European Green Deal will place higher requirements on all economic sectors in terms of climate protection and resource conservation. To achieve its 2030 climate target, the European Commission presented a comprehensive package of proposals on 14 July 2021 aimed at adapting the EU's climate and energy policy. The so-called "Fit for 55" package contains measures relating to emissions trading, the use of renewable energies and energy taxation, among other things.

The GHG reduction target for economic sectors covered by the EU-wide emissions trading system (EU ETS) is to be increased from 43% to 61%, compared with 2005 in each case. In addition to the already established EU ETS, a separate emissions trading system is to be introduced, by 2026, for motor and heating fuels used in road transport and buildings. The aim is to reduce fuel-related GHG emissions by 43% compared with 2005, by the year 2030. The GHG reduction target for the economic sectors not covered by the EU ETS, to which transport and buildings continue to belong, is to be increased, in turn, from 30% to 40%.

* Cf. inside information pursuant to Article 17 MAR of 15 December 2021

“Renewable Energy Directive”

The “Renewable Energy Directive” (RED II) recast in 2018 provides for the proportion of renewable energies in the transport sector to increase to at least 14% in the year 2030. The contribution of renewable fuels from arable crops in the member states should be able to remain up to one percentage point above the level reached in 2020. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 3.5% in 2030.

The currently applicable targets for renewable energies in the transport sector do not, however, ensure a sufficient contribution to implementation of the European Green Deal. In the context of the “Fit for 55” package, the European Commission has therefore proposed a paradigm shift for renewable energies in the transport sector, in which the energy blending target is to be replaced by a GHG reduction target of 13%. In the wake of the change of system, multiple counting for, say, renewable fuels from wastes and residues as well as renewable electricity is also to be abolished.

The proportion of renewable fuels from arable crops in the member states should be able to remain up to one percentage point above the level reached in 2020, the maximum, however, being 7%. The proportion of fuels from wastes and residues is to rise from 0.2% in 2022 to at least 2.2% in 2030. There is to be new binding blending for synthetic fuels, the proportion of which is to be at least 2.6% in 2030.

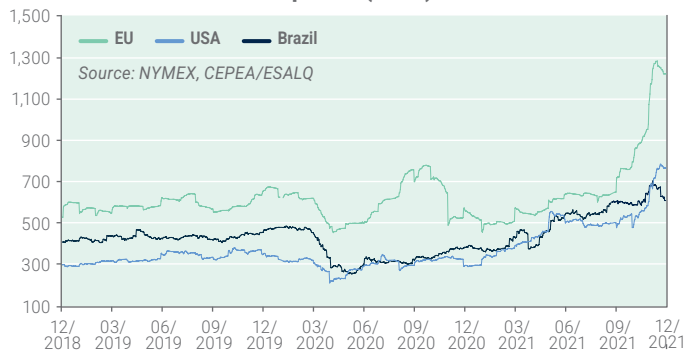
CropEnergies welcomes the European Commission’s proposals, in principle. In particular, doing away, to a large extent, with the multiple counting of specific fuels and energy products towards the transport target would be a step in the right direction. The introduction of a GHG reduction target for fuels is also welcome, as it would provide direct incentives for manufacturing and using low-carbon fuels – taking the entire value chain from raw material extraction through to use in a vehicle into account. However, this proposal is at variance with the European Commission’s proposal of continuing to consider only exhaust pipe emissions with regard to CO₂ emission standards for passenger cars and light commercial vehicles. Furthermore, the proposal that the average annual emissions of new vehicles should be 55% lower than 2021 from 2030 and 100% lower from 2035 is equivalent to a de facto ban on new vehicles with an internal combustion engine from 2035 onwards. This proposal is not only a clear breach of the principle of technology neutrality, but also ignores the life cycle emissions of vehicles without local emissions. For example, it factors in neither GHG emissions from the manufacture of electric vehicle batteries nor those from the charging current used, thereby continuing to ignore the fact that only 38% of generated electricity came from renewable sources in the EU-27 in 2020. Sustainable and low-carbon mobility, however, requires an approach that is open to all kinds of technology, as different drive and fuel options will still be needed for a long time to be able to achieve the climate targets in the transport sector and take account of different mobility requirements.

A further Green Deal measure consists in providing a better fit between taxation of energy products and the EU's climate and energy policy. The minimum rates of taxation are therefore to apply in future to the energy content of fuels. Furthermore, the particular environmental impact of the energy products is to be taken into account when determining the taxation rate level. This is broadly in line with a demand that the European ethanol industry has been making for a number of years.

Germany

While a renewed increase in targets for renewable energies is being discussed at EU level, the current version of RED-II has been transposed into national law. Lawmakers in Germany have decided to raise the GHG reduction quota gradually from 6% in 2021 to 25% in 2030. The energy component of renewable fuels from arable crops is to contribute up to 4.4% to this. The proportion of advanced biofuels is to be increased gradually to 2.6% in 2030. In addition to the established biofuels, other renewable fuel alternatives are to be promoted. These include synthetic fuels, which can be counted double towards the GHG quota, and renewable electricity, which can be counted three times towards it.

International ethanol prices (€/m³)



Ethanol markets

The development of international ethanol prices showed a significant upward trend in the 3rd quarter of 2021/22, particularly in Europe. The price increase was due in part to a normalisation of fuel demand as well as a sharp rise in raw material and energy prices. Towards the end of the quarter, rising numbers of coronavirus infections combined with the emergence of the new Omicron variant caused renewed uncertainty on the international ethanol markets.

Ethanol prices in the **USA** rose from the equivalent of around € 490/m³ to around € 800/m³ in the course of the 3rd quarter of 2021/22. Following the slump in 2020, production is expected to increase to 58.7 (54.5) million m³ in 2021. There is expected to be a somewhat more substantial increase in domestic consumption to 54.2 (49.4) million m³. Accordingly, exports, at 5.5 (6.0) million m³, are expected to be below the previous year's level.

In **Brazil**, prices rose initially from the equivalent of around € 620/m³ in November to over € 700/m³ in the course of the 3rd quarter of 2021/22. By the end of November, they had declined to around € 650/m³. Owing to a smaller sugar cane harvest, ethanol production in Brazil is expected to decline to 30.0 (32.6) million m³ in the 2021/22 sugar year. Domestic consumption is also expected to stand at 30.0 (30.0) million m³. As production and consumption are evenly balanced, declining net exports of 1.0 (2.4) million m³ are expected in Brazil.

Ethanol prices in **Europe** recorded an extraordinary price increase in the 3rd quarter of 2021/22. Spot prices stood at around € 740 (765)/m³ at the beginning of September 2021. New all-time highs were achieved almost on a daily basis from the end of September onwards. Eventually, the price of ethanol reached its high, at € 1,518.50/m³, on 11 November 2021. Subsequently, prices eased again considerably owing to increasing uncertainty about the further course of the corona pandemic, but still remained at a high level. On 30 November 2021, the price of ethanol in Europe was quoted at around € 940 (550)/m³.

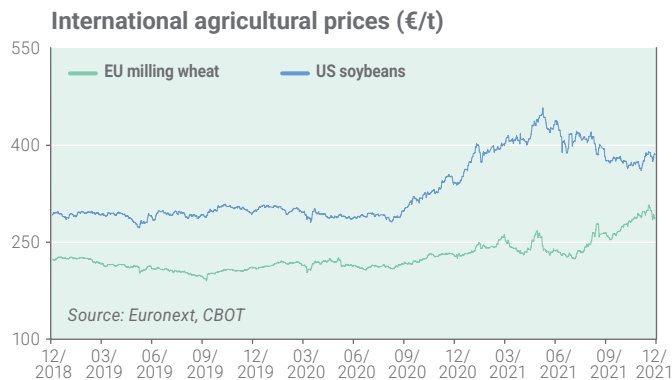
The average price of ethanol in November 2021 was € 1,277 (531)/m³, which was the first time that it had been above the € 1,000/m³ mark. Ethanol prices stood at around € 1,020 (665)/m³, on average, in the 3rd quarter of 2021/22.

Production in the EU-27 and the United Kingdom in 2021, at 7.6 (7.5) million m³, is expected to be just above the previous year's level. Domestic consumption is expected to increase to 8.7 (8.4) million m³. This recovery in the case of fuel ethanol is expected primarily due to increasing mobility. An additional factor here is the successful introduction of E10 in Sweden in August 2021 and in the United Kingdom in September 2021. Consumption of ethanol for industrial applications and beverages is expected to decline slightly to 1.9 (2.0) million m³. Net imports are expected to decline to 0.9 (1.2) million m³.

Grain and protein markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to increase to 2,287 (2,212) million tonnes in 2021/22 and therefore be largely in line with expected grain consumption of 2,290 (2,226) million tonnes. Accordingly, only a marginal change in global grain stocks is expected, at 600 (602) million tonnes. The European Commission expects the grain harvest in the EU-27 to increase to 290 (281) million tonnes in 2021/22. Consumption, at 262 (260) million tonnes, is expected to be slightly above the previous year's level.

European wheat prices on the Euronext in Paris continued to increase in the course of the 3rd quarter of 2021/22. They were already at a very high level, at around € 250 (190)/tonne, at the beginning of September 2021 and rose temporarily to over € 300/tonne in the course of the quarter. As was also the case with ethanol, there was a decline in price to € 285 (210)/tonne at the end of November. Overall, however, the high price level continues to be shaped by a globally robust grain demand. In addition, harvest and quality losses are expected in some key growing and export regions owing to unfavourable weather conditions.



The global soybean harvest in 2021/22 is expected to achieve a new record level, at 380 (366) million tonnes. Consumption is also expected to increase to a record level of 375 (363) million tonnes at the same time. Stocks are accordingly expected to rise to 60 (55) million tonnes. The one-month soybean futures contract in the USA remained at a high level, but declined slightly from around US\$ 1.28/bushel* at the beginning of September 2021 to around US\$ 1.24/bushel at the end of November, which was equivalent to around € 400/tonne. The listings for European rapeseed meal rose sharply, in the 3rd quarter of 2021/22, from around € 265/tonne at the beginning of September to around € 320/tonne at the end of November. The rapeseed harvest in the EU-27 in 2021/22, at 17 (17) million tonnes, is expected to remain roughly at the previous year's low level. Globally, production is expected to decline to 68 (72) million tonnes.

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 three quarters of 2021/22, at 778,000 (735,000) m³, was above the previous year's level. Production of food and animal feed products also exceeded the previous year's level.

Revenues and net earnings

€ thousands	3 rd quarter		1 st – 3 rd quarter	
	2021/22	2020/21	2021/22	2020/21
Revenues	317,709	225,978	780,943	625,156
EBITDA*	66,319	38,623	125,442	109,062
<i>EBITDA margin in %</i>	20.9%	17.1%	16.1%	17.4%
Depreciation*	-10,386	-9,914	-31,136	-29,672
Operating profit	55,933	28,709	94,306	79,390
<i>Operating margin in %</i>	17.6%	12.7%	12.1%	12.7%
Restructuring costs and special items	0	0	0	900
Income from companies consolidated at equity	38	89	65	297
Income from operations	55,971	28,798	94,371	80,587
Financial result	-734	-238	-2,032	1,277
Earnings before income taxes	55,237	28,560	92,339	81,864
Taxes on income	-20,077	-6,607	-32,321	-20,466
Net earnings for the period	35,160	21,953	60,018	61,398
Earnings per share, diluted/undiluted (€)	0.40	0.25	0.69	0.70

* Without restructuring costs and special items

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

Business development: 3rd quarter

CropEnergies recorded the highest quarterly revenues in the company's history in the 3rd quarter, generating € 317.7 (226.0) million and exceeding the € 300 million mark for the first time. This was due not only to a higher sales volume for ethanol, but also, and in particular, to the sales prices obtained, which reached a historical record level in the course of the quarter. As sales prices for protein-containing food and animal feed products were also increased, the high raw material and energy costs were more than offset. EBITDA consequently improved to € 66.3 (38.6) million.

Given slightly higher depreciation of € 10.4 (9.9) million, operating profit almost doubled to € 55.9 (28.7) million. This gives rise to a much-improved operating margin of 17.6% (12.7%). Since, as was also the case in the previous year, there were no special items, income from operations, at € 56.0 (28.8) million, is virtually the same as operating profit.

A little-changed financial result of € -0.7 (-0.2) million gives rise to earnings before income taxes of € 55.2 (28.6) million. After taxes, net earnings of € 35.2 (22.0) million were therefore achieved in the 3rd quarter of 2021/22. Based on 87.25 million time-weighted no-par-value shares, this corresponds to earnings per share of € 0.40 (0.25).

Business development: 1st – 3rd quarter

Revenues in the first nine months of the financial year, at € 780.9 (625.2) million, were significantly above those achieved in the previous year. Higher volumes and prices for virtually all products contributed to this.

The higher sales prices enabled EBITDA to be improved to € 125.4 (109.1) million, despite a significant rise in raw material and energy prices. In conjunction with slightly higher depreciation, operating profit rose to € 94.3 (79.4) million. This gives rise to an operating margin of 12.1% (12.7%). Income from operations reached € 94.4 (80.6) million.

The financial result of € -2.0 (1.3) million was influenced by unrealised currency effects, giving rise to earnings before income taxes of € 92.3 (81.9) million. After taxes, CropEnergies generated net earnings of € 60.0 (61.4) million in the reporting period. Based on 87.25 million time-weighted no-par-value shares, that translates into earnings per share of € 0.69 (0.70).

Statement of changes in financial position

€ thousands	1 st – 3 rd quarter	
	2021/22	2020/21
Gross cash flow	92,957	86,431
Change in net working capital	38,136	19,064
Net cash flow from operating activities	131,093	105,495
Investments in property, plant and equipment and intangible assets	-15,664	-18,774
Cash received on disposal of non-current assets	102	847
Cash received on divestments	675	0
Increase in financial receivables	-73,300	-62,300
Cash received of current financial investments	13	4
Cash flow from investing activities	-88,174	-80,223
Purchase of own shares	-223	0
Dividends paid	-30,538	-26,175
Repayment of lease liabilities	-2,928	-2,862
Other financial liabilities	2,675	921
Cash flow from financing activities	-31,014	-28,116
Change in cash and cash equivalents due to exchange rate changes	64	-145
Increase (+) / Decrease (-) in cash and cash equivalents	11,969	-2,989

As a result of the increase in EBITDA, gross cash flow also increased to € 93.0 (86.4) million. Including the change in net working capital, cash flow from operating activities in the 1st to 3rd quarter amounted to € 131.1 (105.5) million.

Cash outflow from investing activities rose to € 88.2 (80.2) million, with € 15.7 (18.8) million being attributable to property, plant and equipment and intangible assets. The investments were used, in particular, to expand and improve the production plants. This cash outflow was offset by cash receipts on disposal of non-current assets of € 0.1 (0.8) million.

The cash receipts from divestments amounting to € 0.7 million relate to the final inflows from the sale of Ryssen Chile SpA. Current financial receivables increased by € 73.3 (62.3) million.

A dividend of € 30.5 (26.2) million was paid in July 2021. Payments for lease liabilities of € 2.9 (2.8) million, the acquisition of own shares of € 0.2 (0) million and the increase in other financial liabilities to € 2.7 (0.9) million gave rise to a net cash outflow from financing activities of € 31.0 (28.1) million.

Assets and liabilities

As of 30 November 2021, a discount rate of 1.45% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; as of 28 February 2021 and 30 November 2020, respectively, the discount rate was 1.60% and 1.35%.

Net financial assets increased significantly to € 236.9 (164.7) million, which include current financial receivables from Südzucker AG amounting to € 217.0 million.

The green certificates (green electricity certificates) allocated by the government for the production of green electricity 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 amounted to € 17.4 (13.7) million in the reporting period.

In November 2021, 19 thousand own shares were acquired to service the share-based executive board compensation system. The acquisition costs of € 0.2 million attributable to this were offset against shareholders' equity.

Balance sheet

€ thousands	30 November 2021	30 November 2020	Change	28 February 2021
Assets				
Intangible assets	7,619	7,993	-374	7,858
Property, plant and equipment	347,508	358,630	-11,122	358,652
Shares in companies consolidated at equity	2,603	2,565	38	2,538
Receivables and other assets	40	41	-1	1,027
Deferred tax assets	6,989	6,695	294	7,315
Non-current assets	364,759	375,924	-11,165	377,390
Inventories	82,810	65,757	17,053	73,165
Current financial receivables	217,000	150,800	66,200	143,700
Trade receivables and other assets	248,487	102,929	145,558	126,480
Current tax receivables	3,093	6,481	-3,388	696
Securities	14,979	14,988	-9	14,991
Cash and cash equivalents	17,980	10,370	7,610	6,011
Current assets	584,349	351,325	233,024	365,043
Total assets	949,108	727,249	221,859	742,433
Liabilities and shareholders' equity				
Shareholders' equity	645,784	541,755	104,029	566,146
Provisions for pensions and similar obligations	33,035	34,621	-1,586	30,725
Other provisions	2,605	2,464	141	2,685
Non-current financial liabilities	5,900	5,777	123	5,889
Tax liabilities	2,396	1,956	440	2,397
Deferred tax liabilities	28,259	20,958	7,301	19,660
Non-current liabilities	72,195	65,776	6,419	61,356
Other provisions	4,879	9,648	-4,769	6,345
Current financial liabilities	7,179	5,640	1,539	4,166
Trade payables and other liabilities	192,865	87,826	105,039	91,841
Tax liabilities	26,206	16,604	9,602	12,579
Current liabilities	231,129	119,718	111,411	114,931
Total liabilities and shareholders' equity	949,108	727,249	221,859	742,433
Net financial assets	236,880	164,741	72,139	154,647
Equity ratio	68.0%	74.5%		76.3%

Income statement

€ thousands	3 rd quarter		1 st – 3 rd quarter	
	2021/22	2020/21	2021/22	2020/21
Revenues	317,709	225,978	780,943	625,156
Change in work in progress and finished goods inventories and internal costs capitalised	-5,160	6,625	727	-1,313
Other operating income	2,932	3,201	7,528	11,001
Cost of materials	-221,722	-170,055	-586,173	-447,240
Personnel expenses	-10,774	-10,336	-30,881	-30,356
Depreciation	-10,386	-9,914	-31,136	-29,672
Other operating expenses	-16,666	-16,790	-46,702	-47,286
Income from companies consolidated at equity	38	89	65	297
Income from operations	55,971	28,798	94,371	80,587
Financial result	-734	-238	-2,032	1,277
Earnings before income taxes	55,237	28,560	92,339	81,864
Taxes on income	-20,077	-6,607	-32,321	-20,466
Net earnings for the period	35,160	21,953	60,018	61,398
Earnings per share, diluted/undiluted (€)	0.40	0.25	0.69	0.70

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 86 to 96 of the Annual Report for the 2020/21 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 raised the forecast for the 2021/22 financial year on 15 December 2021. Revenues are now expected to range between € 1,070 and € 1,110 million (previous year: € 833 million). Operating profit is expected to be significantly higher, ranging between € 110 and € 140 million (previous year: € 107 million), and EBITDA is expected to range between € 150 and € 185 million (previous year: € 148 million). The improved expectation in respect of revenues and profit is mainly due to the significant increase in ethanol sales prices over the past few months, which more than offset the high raw material and energy costs. The raising of the forecast is based on the assumption that there will be no significant mobility restrictions in Europe despite the increasing spread of the Omicron variant of coronavirus.

FINANCIAL CALENDAR

- Annual press and analysts' conference
for the 2021/22 financial year 18 May 2022
- Statement for the 1st quarter of 2022/23 6 July 2022
- Annual General Meeting 2022 12 July 2022
- Report for the 1st half of 2022/23 12 October 2022
- Statement for the 1st to 3rd quarter
of 2022/23 11 January 2023