



cropenergies

Innovation from Biomass

Financial Year 2023/24

QUARTERLY STATEMENT

1st Quarter

1 March to 31 May 2023

Mannheim, 5 July 2023

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 1st quarter relates to the period from 1 March to 31 May.

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.

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HIGHLIGHTS

1ST QUARTER 2023/24

- Revenues reach € 321.4 (398.9) million € -78 million
- EBITDA declines to € 25.1 (97.8) million € -73 million
- Operating profit down to
€ 14.1 (87.2) million € -73 million
- Net earnings reach
€ 11.2 (64.9) million € -54 million
- Ethanol production declines to
221,000 (281,000) m³ -21%
- Net financial assets amount to € 296 million
(as of 28 February 2023: € 318 million)

OUTLOOK FOR THE 2023/24 FINANCIAL YEAR (UNCHANGED)

- CropEnergies expects revenues in the 2023/24 financial year to range between € 1.27 and € 1.37 billion.
- Operating profit is expected to range between € 95 and € 145 million.
- This is equivalent to an EBITDA of between € 140 and € 190 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 achieve climate neutrality by the year 2050. To achieve its 2030 climate target, the European Commission presented a comprehensive package of proposals („Fit for 55” package), on 14 July 2021, aimed at adapting the EU’s climate and energy policy.

“Renewable Energy Directive”

The “Renewable Energy Directive” (RED II) still currently provides for the proportion of renewable energies in the transport sector to increase to at least 14% in the year 2030. This target is to be adjusted as part of the “Fit for 55” package. On 30 March 2023, European Parliament and Council negotiators agreed that, as far as the transport sector is concerned, member states should, in future, be given a choice between achieving increased use of renewable energy sources either by raising the energy blending target to at least 29% or by setting a GHG reduction target of 14.5%. The proportion of renewable fuels from arable crops in the member states is to remain up to one percentage point above the level reached in 2020, the maximum, however, being 7%. The agreement also provides for a binding sub-target of 5.5% for renewable biofuels from wastes and residues as well as for synthetic fuels in the year 2030. Synthetic fuels are to account for at least one percentage point here. This negotiated outcome still needs to be formally ratified by the European Parliament and the Council.

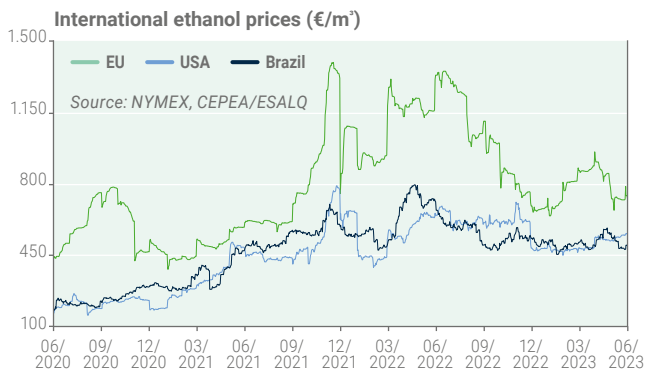
A further “Fit for 55” measure consists in establishing separate trading for fossil CO₂ emissions from fuels by 2026. Member states have so far been unable to reach agreement with regard to restructuring the taxation of energy products. The European Commission had proposed that energy tax rates should, in future, be based on the energy content of fuels and their environmental impact. The restructuring of energy taxation requires the agreement of all EU member states in the Council. Energy- and CO₂-oriented pricing of fuels is in line with demands that the European ethanol industry has been making for a number of years.

By contrast, the industry rejects the European Commission’s decision to set CO₂ emission performance standards for passenger cars and light commercial vehicles. According to this, the average annual emissions of new vehicles should be 55% lower than 2021 from 2030 and 100% lower from 2035. This is equivalent to a de facto ban on new vehicles with an internal combustion engine from 2035 at the latest. This ruling is a clear breach of the principle of technology neutrality, as only vehicle exhaust pipe emissions are to continue to be taken into consideration. Consequently, life cycle emissions of vehicles without local emissions, such as electric cars, are ignored. The European Commission was merely charged with developing a method for determining the life cycle emissions of new vehicles by the end of 2025. Furthermore, the European Commission is to formulate a proposal which also enables vehicles to be registered outside the scope of vehicle fleet standards after 2035, providing they run exclusively on CO₂-neutral fuels. The regulations are to be reviewed in 2026.

Germany

Lawmakers in Germany have decided to raise the GHG reduction quota gradually to 25% by 2035, a further step being completed with the increase from 7% to 8% as of 1 January 2023. The energy component of renewable fuels from arable crops is to contribute up to 4.4% to this. The proportion of advanced biofuels is to be increased gradually to 2.6% in 2030. In addition to the established biofuels, other renewable fuel alternatives are to be promoted. These include synthetic fuels, which are counted double towards the GHG quota, and renewable electricity, which is counted three times towards it. Neither fossil fuels nor GHG emissions will, however, be reduced by means of this virtual multiplication. Virtual GHG reductions will not contribute to lowering traffic-related emissions from around 148 million tonnes of CO_{2eq} in 2022 to just 85 million tonnes of CO_{2eq} in 2030, as currently provided for by the Bundes-Klimaschutzgesetz (Federal Climate Protection Act – KSG). Actual climate-friendly alternatives to fossil fuels are needed to lower greenhouse gas emissions. One example is the fuel ethanol used in Germany, which showed greenhouse gas emissions of around 9 g CO_{2eq}/MJ and hence less than 200 g CO_{2eq}/litre of ethanol in 2021. This is equivalent to a genuine 90% saving in greenhouse gases, across the entire value chain from raw material production through to use in a vehicle. Overall, 11.1 million tonnes of CO_{2eq} were saved by the use of biofuels in 2021. These positive climate protection effects of the production of biofuels based on the principle of the circular economy are increasingly being recognised. Europe's cutting-edge biorefineries for manufacturing ethanol, food and animal feed as well as other products are a prime example of this.

Ethanol markets



Ethanol prices in the **USA** rose from the equivalent of around € 530/m³ to around € 600/m³ in the course of the 1st quarter of 2023/24. Production in 2023 is expected to be at the previous year's level, at 60.0 (60.0) million m³. Domestic consumption is expected to increase slightly to 55.2 (54.4) million m³. Accordingly, exports are expected to decrease to 5.7 (6.1) million m³.

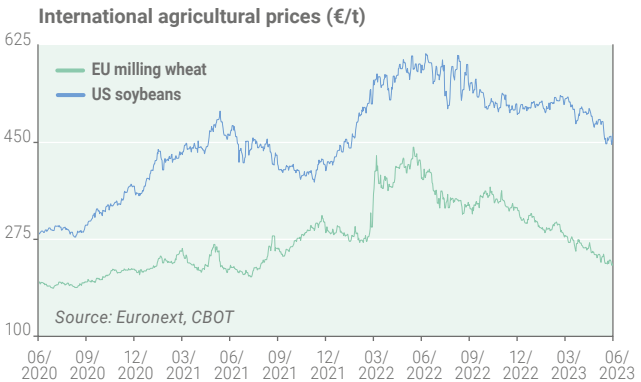
Although prices in **Brazil** initially rose from the equivalent of around € 565/m³ to around € 625/m³ in the course of the 1st quarter of 2023/24, there was a decline to around € 540/m³ by the end of the quarter. Ethanol production in Brazil is expected to increase to 33.3 (31.1) million m³ in the 2023/24 sugar year. Domestic consumption is also expected to grow and to stand at 30.4 (29.0) million m³. Exports are expected to continue to increase to 3.0 (2.3) million m³.

In **Europe**, ethanol prices declined significantly in the 1st quarter of 2023/24, decreasing from around € 880/m³ at the beginning of March to around € 770/m³ at the end of May 2023, triggered by high import quantities. On average, ethanol prices stood at € 841 (1,157)/m³ over the course of the quarter. Production in the EU-27 and the United Kingdom in 2023, at 7.5 (7.8) million m³, is expected to be below the previous year's level. The fall in production is due, among other things, to the sharp decline in ethanol prices. Domestic consumption, on the other hand, is expected to continue to increase to 10.0 (9.9) million m³. Consumption of ethanol for industrial applications and beverages is expected to remain at the previous year's level of € 2.9 (2.9) million m³. Net imports are expected to rise to 2.6 (2.5) million m³.

Grain and protein markets

According to the International Grain Council (IGC), world grain production (excluding rice) is expected to increase to 2,294 (2,254) million tonnes in 2023/24, thereby matching the level of the record harvest of the 2021/22 grain year. Grain consumption is also expected to increase to 2,302 (2,264) million tonnes. Grain stocks are therefore expected to decline slightly to 580 (598) million tonnes. The European Commission expects the grain harvest in the EU-27 to increase to 285 (265) million tonnes in 2023/24. Consumption, at 256 (255) million tonnes, is expected to be roughly on a par with the previous year's level, while stocks are expected to increase to 56 (50) million tonnes.

European wheat prices on the Euronext in Paris declined from around € 275/tonne to € 220/tonne in the course of the 1st quarter of 2023/24. On average, prices stood at € 247 (393)/tonne and hence well below the very high previous year's level, which was driven by the Ukraine conflict.



The global soybean harvest in 2023/24 is expected to reach a new record level of 403 (369) million tonnes, the first time it has been above 400 million tonnes. Consumption is also expected to increase to a record level of 389 (364) million tonnes at the same time. Stocks are expected to rise to 64 (50) million tonnes. On account of the good supply situation, the one-month soybean futures contract in the USA fell, in the course of the quarter, from around US\$ 15.2/bushel* to around US\$ 13.0/bushel, which was equivalent to around € 525 and € 450/tonne, respectively. The listings for European rapeseed meal followed the international lead, falling from around € 350/tonne to € 300/tonne in the course of the quarter. The 2023/24 rapeseed harvest in Europe, at 20 (20) million tonnes, is expected to be at the previous year's level.

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. Production quantities in the 1st quarter of 2023/24 were below those achieved in the previous year, owing to scheduled maintenance downtime and the integration of new plant components into the production process. Ethanol production reached 221,000 (281,000) m³. The production of food and animal feed products declined accordingly.

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

Revenues and net earnings

€ thousands	1 st quarter	
	2023/24	2022/23
Revenues	321,403	398,940
EBITDA*	25,117	97,797
<i>EBITDA margin in %</i>	7.8%	24.5%
Depreciation*	-11,000	-10,630
Operating profit	14,117	87,167
<i>Operating margin in %</i>	4.4%	21.8%
Restructuring costs and special items	-197	0
Income from companies consolidated at equity	14	70
Income from operations	13,934	87,237
Financial result	1,260	457
Earnings before income taxes	15,194	87,694
Taxes on income	-3,951	-22,801
Net earnings for the period	11,243	64,893
Earnings per share, diluted/undiluted (€)	0.13	0.74

* Without restructuring costs and special items

CropEnergies recorded a significant decline in revenues in the 1st quarter, at € 321.4 (398.9) million. This was due not only to a significantly lower sales volume, but also to much lower sales prices for ethanol. By contrast, CropEnergies was able to obtain higher sales prices for protein-containing food and animal feed products. While, in the same quarter in the previous year, CropEnergies was able to benefit from the positive impact of early price hedging for raw materials and therefore generate exceptionally good earnings, the sharp price increase on the markets caused by the Ukraine conflict was now also reflected in raw material ex-

penses. As a result of these developments, the materials expense ratio increased to 82.0% (69.9%) of overall performance and EBITDA declined to € 25.1 (97.8) million.

Given slightly higher depreciation of € 11.0 (10.6) million, operating profit also declined to € 14.1 (87.2) million.

This gives rise to an operating margin reduced to 4.4% (21.8%). As there were very few special items, income from operations, at € 13.9 (87.2) million, is virtually the same as operating profit.

Increased interest income led to the net financial result improving to € 1.3 (0.5) million. This results in earnings before income taxes of € 15.2 (87.7) million. After taxes, net earnings of € 11.2 (64.9) million were achieved in the 1st quarter of 2023/24. Based on 87.2 million time-weighted no-par-value shares, that translates into earnings per share of € 0.13 (0.74).

Statement of changes in financial position

€ thousands	1 st quarter	
	2023/24	2022/23
Gross cash flow	20,609	73,416
Change in net working capital	-31,924	35,118
Net cash flow from operating activities	-11,315	108,534
Investments in property, plant and equipment and intangible assets	-9,027	-4,241
Investments in financial assets	-849	-1,072
Cash received on disposal of non-current assets	61	6
Increase in financial receivables	-11,510	-126,700
Payments into current financial investments	24,922	0
Cash flow from investing activities	3,597	-132,007
Purchase of own shares	0	-243
Repayment of lease liabilities	-1,385	-1,229
Change in other financial liabilities	2,415	11,189
Cash flow from financing activities	1,030	9,717
Change in cash and cash equivalents due to exchange rate changes	63	-160
Decrease in cash and cash equivalents	-6,625	-13,916

As a result of the reduction in EBITDA to € 25.1 (97.8) million, gross cash flow also declined to € 20.6 (73.4) million. Including the change in net working capital, cash outflow from operating activities in the 1st quarter of 2023/24 amounted to € 11.3 (cash inflow: 108.5) million.

Cash inflow from investing activities stood at € 3.6 (cash outflow: 132.0) million, with € 9.0 (4.2) million being attributable to property, plant and equipment and intangible assets. This relates to the expansion and improvement of existing production plants and the construction of the new site for producing sustainable ethyl acetate in the Zeitz Chemical and Industrial Park. The investments in

financial assets amounting to € 0.8 (1.1) million relate to Syclus BV and East Energy GmbH. Furthermore, there were payments into current financial investments of € 24.9 (0) million, and current financial receivables were increased by € 11.5 (126.7) million.

After payments for lease liabilities of € 1.4 (1.2) million and the change in other financial liabilities of € 2.4 (11.2) million, this gave rise to a net cash inflow from financing activities of € 1.0 (9.7) million in the 1st quarter of 2023/24.

Assets and liabilities

As of 31 May 2023, a discount rate of 4.20% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; as of 28 February 2023 and 31 May 2022, respectively, the discount rate was 4.29% and 3.05%.

Net financial assets amount to € 295.6 (331.6) million. These include current financial receivables from Südzucker AG amounting to € 281.9 (321.7) 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 € 4.5 (6.1) million in the reporting period.

Balance sheet

€ thousands	31 May 2023	31 May 2022	Change	28 February 2023
Assets				
Intangible assets	6,985	7,422	-437	7,039
Property, plant and equipment	371,256	353,717	17,539	371,086
Shares in companies consolidated at equity	5,212	2,852	2,360	5,198
Other Investments	2,548	1,072	1,476	2,300
Financial receivables	900	0	900	600
Receivables and other assets	50	40	10	45
Deferred tax assets	9,008	8,682	326	7,514
Non-current assets	395,959	373,785	22,174	393,782
Inventories	112,541	119,252	-6,711	133,648
Financial receivables	281,895	321,700	-39,805	270,681
Trade receivables and other assets	192,462	308,820	-116,358	184,291
Current tax receivables	2,417	3,495	-1,078	2,004
Securities	24,922	14,968	9,954	49,844
Cash and cash equivalents	5,995	17,568	-11,573	12,620
Current assets	620,232	785,803	-165,571	653,088
Total assets	1,016,191	1,159,588	-143,397	1,046,870

Balance sheet

€ thousands	31 May 2023	31 May 2022	Change	28 February 2023
Liabilities and shareholders' equity				
Subscribed capital	87,250	87,250	0	87,250
Nominal value of treasury shares	-39	-39	0	-39
Capital reserves	197,847	197,847	0	197,847
Other reserves and other comprehensive income	481,580	522,797	-41,217	498,692
Shareholders' equity	766,638	807,855	-41,217	783,750
Provisions for pensions and similar obligations	23,314	25,547	-2,233	22,710
Other provisions	2,260	2,558	-298	2,181
Financial liabilities	9,964	7,319	2,645	9,767
Tax liabilities	1,260	2,536	-1,276	1,260
Deferred tax liabilities	10,558	39,324	-28,766	20,223
Non-current liabilities	47,356	77,284	-29,928	56,141
Other provisions	4,912	6,726	-1,814	12,706
Financial liabilities	8,160	15,343	-7,183	5,883
Trade payables and other liabilities	154,581	213,214	-58,633	149,965
Tax liabilities	34,544	39,166	-4,622	38,425
Current liabilities	202,197	274,449	-72,252	206,979
Total liabilities and shareholders' equity	1,016,191	1,159,588	-143,397	1,046,870
Net financial assets	295,588	331,574	-35,986	318,095
Equity ratio	75.4%	69.7%		74.9%

Income statement

€ thousands	1 st quarter	
	2023/24	2022/23
Revenues	321,403	398,940
Change in work in progress and finished goods inventories and internal costs capitalised	-11,439	-2,603
Other operating income	1,246	8,320
Cost of materials	-254,049	-277,148
Personnel expenses	-12,517	-11,205
Depreciation	-11,000	-10,630
Other operating expenses	-19,724	-18,507
Income from companies consolidated at equity	14	70
Income from operations	13,934	87,237
Financial result	1,260	457
Earnings before income taxes	15,194	87,694
Taxes on income	-3,951	-22,801
Net earnings for the period	11,243	64,893
Earnings per share, diluted/undiluted (€)	0.13	0.74

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 75 to 87 of the Annual Report for the 2022/23 financial year. Allowing for the previously explained developments in the market environment and at regulatory level, the disclosures provided there are still valid.

Outlook

After an extraordinarily strong previous year's quarter, CropEnergies generated revenues of € 321 (399) million and operating profit of € 14 (87) million in the 1st quarter of 2023/24. Over the year as a whole, CropEnergies' raw material and energy costs are likely to remain at the previous year's level. Ethanol prices continue to be volatile, trading well below the previous year's record levels in a normalised market environment. CropEnergies therefore expects ethanol sales prices in the 2023/24 financial year to be lower than in the 2022/23 record year and forecasts revenues of between € 1.27 and 1.37 billion and operating profit of between € 95 and € 145 million for the 2023/24 financial year. This is equivalent to an EBITDA of between € 140 and € 190 million.

CropEnergies expects that the volatilities on the sales, raw material and energy markets that were increased by the Ukraine war in the previous year, in particular, will gradually abate. The introduction of E10 in further European countries suggests stable sales of fuel ethanol, which will, however, continue to be offset by high import quantities.

FINANCIAL CALENDAR

- Annual General Meeting 2023 11 July 2023
- Report for the 1st half of 2023/24 11 October 2023
- Statement for the 1st to 3rd quarter of 2023/24 10 January 2024
- Annual press and analysts' conference for the 2023/24 financial year 15 May 2024
- Statement for the 1st quarter of 2024/25 10 July 2024
- Annual General Meeting 2024 16 July 2024

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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 75 to 87 of the 2022/23 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.