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DATE 30 April 2021

# Corbion Q1 2021 Interim Management Statement

**Corbion reported organic net sales growth of 9.5%. Total net sales were € 251.5 million in the first quarter of 2021. Adjusted EBITDA increased organically by 14.0% to € 43.9 million due to improvements in all business segments. We increase our full year organic growth outlook.**

“I am very pleased with the strong start that we have made to 2021, continuing the positive momentum that we developed in the first year of our Advance 2025 strategy. We have seen continued strong demand in Sustainable Food Solutions, despite Q1 2020 having been positively impacted by the onset of the COVID-19 pandemic. Growth in Lactic Acid & Specialties was modest in Q1 2021, mostly due to phasing; we expect significantly stronger growth in the coming quarters. Growth in Incubator accelerated from last year due to better traction in the aquaculture sector, putting us on track for break-even for the omega-3 activities by 2022. The Total Corbion PLA joint venture continued on its rapid expansion path, again featuring double digit growth. We are making good progress on our strategic initiatives such as capacity expansions and organizational capability building. We expect the organic sales growth outlook for all three units to remain strong for the year. We now anticipate organic sales growth for our core activities in 2021 in the 7-10% range, above our multi-year guidance”, commented Olivier Rigaud, CEO.

### Key financial highlights first quarter of 2021

- Net sales growth was -1.9%; organic growth was 9.5% (10.7% for core activities)
- Adjusted EBITDA was € 43.9 million, an organic increase of 14.0%
- Adjusted EBITDA margin was 17.5% (17.4% for core activities)
- Operating result was € 58.8 million
- One-off result after taxes impact of € 29.7 million due to sale of plot of land in the municipality of Breda (NL) and our frozen dough activities (US)

€ million	YTD 2021	YTD 2020	Total growth	Organic growth
Net sales	251.5	256.3	-1.9%	9.5%
Adjusted EBITDA	43.9	44.4	-1.1%	14.0%
Adjusted EBITDA margin	17.5%	17.3%		
Operating result	58.8	27.4	114.6%	132.2%

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### Segment information

#### Core activities

Net sales in the core activities, which encompasses Sustainable Food Solutions, Lactic Acid & Specialties, and Incubator, increased by 1.6%, driven by organic net sales growth of 10.7%, offset by negative currency effects. The Adjusted EBITDA margin remained relatively stable at 17.4% (Q1 2020: 17.7%).

#### Sustainable Food Solutions

Net sales in Sustainable Food Solutions increased organically by 12.4%. In Functional Systems we continued to see growth despite Q1 2020 being positively impacted by high demand in the latter part of March of that year, due to the COVID-19 pandemic as customers were securing supplies. In Preservation, all product categories and geographies showed continued growth, driven by a continued high demand for natural preservatives, supported by regulatory changes such as nitrite replacement and salt reduction. Our relatively high exposure to food retail was also supportive to our growth. Single Ingredients grew too, helped by the fact that in the first half of 2020, sales in this segment declined due to product allocation decisions. The Adjusted EBITDA margin decreased from 18.1% to 16.7% due to our investments in organizational capabilities leading to a significant headcount increase in R&D, technical support, sales, and application lab staff.

#### Lactic Acid & Specialties

Net sales increased organically by 1.9%. The increase was mostly driven by high growth in lactic acid, most notably due to deliveries to the Total Corbion PLA joint venture. Esters (solvents) sales declined versus the strong Q1 2020 due to irregular order patterns in agrochemicals, partly related to legislation changes, and quarterly phasing in electronics/semiconductors. Medical biopolymer sales declined versus last year due to (COVID-19-induced) postponements of elective surgeries, which started in Q2 2020, and continued into 2021. The construction of the new 125kT lactic acid plant, using our new circular production (gypsum-free) process, is progressing well. The Adjusted EBITDA margin in Lactic Acid & Specialties was relatively stable at 24.6% (Q1 2020: 25.0%) despite a considerable headcount increase, mostly in preparation of the announced capacity increases.

#### Incubator

Net sales increased organically by 200.0% driven by higher AlgaPrime DHA (omega-3) sales as the aquaculture sector is becoming more receptive of using sustainable feed ingredients, also driven by increased consumer awareness. In addition to the salmon market we are seeing growing interest in markets such as shrimp and pet food. The Joint Development Agreement between Nestlé and Corbion for the development of algae protein has been terminated as Nestlé is putting R&D activities that explore the use of microalgae biomass in products on hold. Adjusted EBITDA loss for the Incubator declined from € -5.7 million in Q1 2020 to € -3.4 million in Q1 2021.

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### Non-core activities

Net sales increased organically by 3.2% due to higher emulsifier sales. The Frozen Dough activities have been sold in Q1 2021. The lower margin co-packing blending activities have been phased out. The Adjusted EBITDA margin in non-core activities increased from 15.6% to 17.6%.

### Total Corbion PLA joint venture

There was a continued strong momentum in PLA, particularly in packaging applications. Sales increased by 19.8% in Q1 2021. The EBITDA margin increased from 30.4% to 42.9%. Total Corbion PLA joint venture has commenced with front-end engineering design stage for its new 100,000 tons per annum Poly Lactic Acid (PLA) plant in Grandpuits, France.

### Outlook 2021

Even though there are still significant uncertainties going forward due to the COVID-19 pandemic, for our core activities we now expect an organic sales growth rate in the 7-10% range (was: towards the higher end of the 4-7% multi-year guidance range), driven by an improved business outlook for all three business units.

We anticipate an Adjusted EBITDA margin of above 15% for our core activities (unchanged). Several factors are expected to increasingly impact our margin adversely as we progress through 2021. The organizational expansion is continuing throughout 2021 as we continue to invest in various functional disciplines to support our growth. Anticipating COVID-19 travel restrictions to relax in time, we also assume increased travel costs in the second half of the year. Costs of raw materials, packaging and logistics are increasing. We are taking mitigating actions to address these rising input costs.

The total estimated capital expenditure for 2021 is € 165-180 million, in line with our Advance 2025 strategy (unchanged).

## Financial Results

Net sales	Total growth	Currency	Total growth at constant currency	Acquisitions/ (Divestments)	Organic	Price/Mix	Volume
<b>YTD 2021 vs YTD 2020</b>							
<b>Core</b>	<b>1.6%</b>	<b>-9.1%</b>	<b>10.7%</b>	<b>0.0%</b>	<b>10.7%</b>	<b>2.2%</b>	<b>8.3%</b>
- Sustainable Food Solutions	2.0%	-10.4%	12.4%	0.0%	12.4%	5.1%	7.0%
- Lactic Acid & Specialties	-2.9%	-4.8%	1.9%	0.0%	1.9%	-4.8%	7.1%
- Incubator	126.1%	-73.9%	200.0%	0.0%	200.0%	17.4%	155.6%
<b>Non-core</b>	<b>-20.0%</b>	<b>-8.8%</b>	<b>-11.2%</b>	<b>-14.4%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>-0.5%</b>
<b>Total</b>	<b>-1.9%</b>	<b>-9.1%</b>	<b>7.2%</b>	<b>-2.3%</b>	<b>9.5%</b>	<b>3.6%</b>	<b>5.7%</b>

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€ million	YTD 2021	YTD 2020	Growth YTD
<b>Net Sales</b>			
<b>Core</b>	<b>218.6</b>	<b>215.2</b>	<b>1.6%</b>
- Sustainable Food Solutions	138.9	136.2	2.0%
- Lactic Acid & Specialties	74.5	76.7	-2.9%
- Incubator	5.2	2.3	126.1%
<b>Non-Core</b>	<b>32.9</b>	<b>41.1</b>	<b>-20.0%</b>
<b>Total Net Sales</b>	<b>251.5</b>	<b>256.3</b>	<b>-1.9%</b>
<b>Adjusted EBITDA</b>			
<b>Core</b>	<b>38.1</b>	<b>38.0</b>	<b>0.3%</b>
- Sustainable Food Solutions	23.2	24.5	-5.3%
- Lactic Acid & Specialties	18.3	19.2	-4.7%
- Incubator	(3.4)	(5.7)	40.4%
<b>Non-Core</b>	<b>5.8</b>	<b>6.4</b>	<b>-9.4%</b>
<b>Total Adjusted EBITDA</b>	<b>43.9</b>	<b>44.4</b>	<b>-1.1%</b>
<b>Adjusted EBITDA margin</b>			
<b>Core</b>	<b>17.4%</b>	<b>17.7%</b>	
- Sustainable Food Solutions	16.7%	18.0%	
- Lactic Acid & Specialties	24.6%	25.0%	
- Incubator	-65.4%	-247.8%	
<b>Non-Core</b>	<b>17.6%</b>	<b>15.6%</b>	
<b>Total Adjusted EBITDA margin</b>	<b>17.5%</b>	<b>17.3%</b>	

### Total Corbion PLA joint venture

€ million *	YTD 2021	YTD 2020
Net sales	37.1	30.9
EBITDA	15.9	9.4
EBITDA margin	42.9%	30.4%

\* Results on 100% basis. Corbion owns 50% of Total Corbion PLA. Equity method accounting.

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*This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.*

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**Background information:**

Corbion is the global market leader in lactic acid and its derivatives, and a leading supplier of emulsifiers, functional enzyme blends, minerals, vitamins, and algae ingredients. We use our unique expertise in fermentation and other processes to deliver sustainable solutions for the preservation of food and food production, health, and our planet. For over 100 years, we have been uncompromising in our commitment to safety, quality, innovation and performance. Drawing on our deep application and product knowledge, we work side-by-side with customers to make our cutting-edge technologies work for them. Our solutions help differentiate products in markets such as food, home & personal care, animal nutrition, pharmaceuticals, medical devices, and bioplastics. In 2020, Corbion generated annual sales of € 986.5 million and had a workforce of 2,267 FTE. Corbion is listed on Euronext Amsterdam. For more information: [www.corbion.com](http://www.corbion.com)