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DATE 27 October 2022

# Corbion Q3 2022 Interim Management Statement

**Corbion reported net sales of € 1,080.4 million in the first nine months of 2022, driven by net sales growth of 35.5%. Adjusted EBITDA in the first nine months of 2022 increased by 25.8% to € 142.8 million.**

Olivier Rigaud, CEO, commented: “We have delivered another quarter of strong sales growth in all our business units. During a period of unprecedented cost inflation and supply chain disruptions, we have been able to adapt to our changing customer needs and continue to provide high service levels. The disciplined execution of price increases as well as mix improvements have resulted in another strong quarterly EBITDA. For our core business, the product mix improvements more than offset the lower volumes, confirming the resilience of our differentiated portfolio. Most business segments continue to perform well, except for the current weakness in PLA. We remain confident in the longer-term prospects of the PLA market. AlgaPrime DHA continued its strong growth dynamics, increasing its positive EBITDA contribution. Looking forward, we are on track to substantially improve our absolute Adjusted EBITDA for the company compared to last year as we continue to adapt to the inflationary environment with price adjustments and the realization of operational efficiencies. We are leaving our full-year guidance for 2022 unchanged.”

### Key financial highlights first nine months of 2022

- Net sales growth YTD was 35.5%; organic growth was 23.8% (23.3% for core activities)
- Adjusted EBITDA YTD was € 142.8 million, an organic increase of 7.1%
- Adjusted EBITDA margin YTD was 13.2% (12.7% for core activities)
- Operating result YTD was € 91.7 million, an organic decrease of -22.1%, mostly due to one-off proceeds from asset sales (Frozen Dough activities and land sale) in 2021.

€ million	YTD 2022	YTD 2021	Total growth	Organic growth
Net sales	1,080.4	797.6	35.5%	23.8%
Adjusted EBITDA	142.8	113.5	25.8%	7.1%
Adjusted EBITDA margin	13.2%	14.2%		
Operating result	91.7	95.5	-4.0%	-22.1%

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### Segment information

#### Core activities

Net sales in the first nine months in the core activities, which encompasses Sustainable Food Solutions, Lactic Acid & Specialties, and Incubator, increased by 34.4%, driven by an organic net sales growth of 23.3% and positive currency effects. The Adjusted EBITDA margin of our core activities decreased to 12.7% (YTD 2021: 14.1%) due to the lagging effect (in the early part of the year) of implementing higher prices, the dilutive effect of price increases on the margin, and last year's investments in organizational capabilities in line with the Advance 2025 strategy.

#### Sustainable Food Solutions

In the first nine months, net sales in Sustainable Food Solutions increased organically by 20.9%, driven by price and mix effects. In Functional Systems we continue to see growth as positive mix effects outweighed volume declines. We are increasingly supporting our customers with reformulations addressing their raw material availability and cost issues. In Preservation, growth continued, driven by price and mix effects. Volumes are stable following last year's market share gains. Single Ingredients grew via price and mix improvements, even though volumes were substantially down due to the deliberate shedding of some of the lower margin beverage (acidification) business. The Adjusted EBITDA margin decreased from 13.5% to 12.3% in the first nine months due to the lagging effect (in the early part of the year) of implementing higher prices, the dilutive effect of price increases on the margin, and last year's investments in organizational capabilities in line with our Advance 2025 strategy.

#### Lactic Acid & Specialties

Net sales increased organically by 21.2% in the first nine months, driven by price and mix effects. Volumes in lactic acid are down as deliveries to the TotalEnergies Corbion joint venture declined due to weakness in the PLA market. Medical polymers is the fastest growing segment within Lactic Acid & Specialties. Growth in other segments is driven by price and mix effects while volumes are relatively stable. The Adjusted EBITDA margin in Lactic Acid & Specialties declined from 20.6% to 18.3% in the first nine months of 2022 due to the lagging effect (in the early part of the year) of implementing higher prices, the dilutive effect of price increases on the margin and investments in organizational capabilities in line with our Advance 2025 strategy.

#### Incubator

Net sales increased organically by 87.4% driven by higher AlgaPrime DHA (omega-3). The adoption of AlgaPrime DHA grew significantly with multiple leading aquaculture feed companies, which are increasingly considering algae-based omega-3 as a key ingredient to reduce their dependency on wild fish stocks. Our investments to increase production capacity and flexibility in our Brazil plant are progressing well. After reaching break-even in June, the Adjusted EBITDA contribution of AlgaPrime DHA continued to grow. Adjusted EBITDA loss for the Incubator declined slightly in the first nine months from € -9.3 million to € -9.1 million, where the positive impact of AlgaPrime DHA was offset by a negative currency impact.

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### **Non-core activities**

Net sales increased organically by 26.8% in the first nine months, driven by price and mix effects. The Adjusted EBITDA margin in non-core activities increased from 15.1% to 16.7% in the first nine months due to a successful pass through of higher input costs.

### **TotalEnergies Corbion joint venture**

Sales increased by 15.6% in the first nine months of 2022. The EBITDA margin decreased from 35.2% to 30.9% due to higher lactic acid costs, higher freight rates, and investments in the organization. Chinese lockdown measures and increased freight rates from China into the US are mostly responsible for the weakness in the PLA market causing volumes to decrease in the second half. We remain confident in the longer-term prospects of the PLA market given its unmatched GHG emission profile, biodegradability, and unique functionality.

### **Outlook 2022**

Our outlook for 2022 remains unchanged. We expect organic net sales growth in the core activities between 20-25%, driven by price increases and mix improvements. We expect an Adjusted EBITDA margin for the full year towards the lower end of the range of 12–15% for our core activities. We are on track to substantially improve our absolute Adjusted EBITDA compared to last year. We will continue to invest in a disciplined manner with a total estimated capital expenditure for 2022 is € 200 - 230 million. By the end of the year we expect the covenant net debt/covenant EBITDA ratio to improve compared to the mid-year position of 3.3x as our 12 month rolling covenant EBITDA is expected to improve by year-end, compared to the mid-year level. We will update the market on our strategy at our Capital Markets Day on 1 December.

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### Financial Results

Net sales growth	Volume	Price/Mix	Organic growth	Currency	Acquisitions/ (Divestments)	Total growth
<b>YTD 2022 vs YTD 2021</b>						
<b>Core</b>	<b>-1.5%</b>	<b>24.8%</b>	<b>23.3%</b>	<b>11.0%</b>	<b>0.1%</b>	<b>34.4%</b>
- Sustainable Food Solutions	-1.4%	22.3%	20.9%	11.8%	0.2%	32.9%
- Lactic Acid & Specialties	-6.9%	28.1%	21.2%	8.3%	0.0%	29.5%
- Incubator	78.8%	8.6%	87.4%	23.1%	0.0%	110.5%
<b>Non-core</b>	<b>-6.9%</b>	<b>33.7%</b>	<b>26.8%</b>	<b>15.7%</b>	<b>0.0%</b>	<b>42.5%</b>
<b>Total</b>	<b>-2.1%</b>	<b>25.9%</b>	<b>23.8%</b>	<b>11.6%</b>	<b>0.1%</b>	<b>35.5%</b>
<b>Q3 2022 vs Q3 2021</b>						
<b>Core</b>	<b>-7.8%</b>	<b>31.6%</b>	<b>23.8%</b>	<b>14.2%</b>	<b>0.0%</b>	<b>38.0%</b>
- Sustainable Food Solutions	-4.4%	30.1%	25.7%	15.1%	0.0%	40.8%
- Lactic Acid & Specialties	-20.9%	32.3%	11.4%	10.4%	0.0%	21.8%
- Incubator	85.4%	2.0%	87.4%	29.7%	0.0%	117.1%
<b>Non-core</b>	<b>-15.0%</b>	<b>42.7%</b>	<b>27.7%</b>	<b>20.6%</b>	<b>0.0%</b>	<b>48.3%</b>
<b>Total</b>	<b>-8.7%</b>	<b>33.0%</b>	<b>24.3%</b>	<b>15.1%</b>	<b>0.0%</b>	<b>39.4%</b>

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### Profit & Loss

€ million	YTD 2022	YTD 2021	Q3 2022	Q3 2021	Growth YTD
<b>Net sales</b>					
Core	927.9	690.6	336.2	243.7	34.4%
- Sustainable Food Solutions	579.1	435.6	213.3	151.5	32.9%
- Lactic Acid & Specialties	300.6	232.1	98.8	81.1	29.5%
- Incubator	48.2	22.9	24.1	11.1	110.5%
Non-core	152.5	107.0	56.8	38.3	42.5%
<b>Total Net Sales</b>	<b>1,080.4</b>	<b>797.6</b>	<b>393.0</b>	<b>282.0</b>	<b>35.5%</b>
<b>Adjusted EBITDA</b>					
Core	117.4	97.3	41.6	31.3	20.7%
- Sustainable Food Solutions	71.5	58.9	26.8	19.2	21.4%
- Lactic Acid & Specialties	55.0	47.7	15.4	14.6	15.3%
- Incubator	(9.1)	(9.3)	(0.6)	(2.5)	2.2%
Non-core	25.4	16.2	11.3	5.1	56.8%
<b>Total Adjusted EBITDA</b>	<b>142.8</b>	<b>113.5</b>	<b>52.9</b>	<b>36.4</b>	<b>25.8%</b>
Adjustments	4.8	32.6	(0.7)	5.3	
<b>Total EBITDA</b>	<b>147.6</b>	<b>146.1</b>	<b>52.2</b>	<b>41.7</b>	<b>1.0%</b>

### TotalEnergies Corbion joint venture

€ million *	YTD 2022	YTD 2021	Q3 2022	Q3 2021
Net sales	130.5	112.9	38.2	37.9
EBITDA	40.3	39.8	9.9	12.2
EBITDA margin	30.9%	35.2%	25.9%	32.2%

\* Results on 100% basis. Corbion owns 50% of TotalEnergies Corbion . 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 2021, Corbion generated annual sales of € 1.070,8 million and had a workforce of 2,493 FTE. Corbion is listed on Euronext Amsterdam. For more information: [www.corbion.com](http://www.corbion.com)