CF Energy Announces Q3 and Nine Months Result of 2021

TORONTO, Nov. 29, 2021 (GLOBE NEWSWIRE) -- CF Energy Corp. (TSX-V: CFY) ("CF Energy" or the "Company", together with its subsidiaries, the "Group"), an energy provider in the People's Republic of China (the "PRC" or "China"), announces that the Company has filed its unaudited condensed interim consolidated financial results for the three-month and nine-month periods ended September 30, 2021 ("Q3 2021" and "Nine months 2021" respectively).

The Company's core business, natural gas distribution, for Nine months 2021, the total gas volume sold increased by 21%, among them, the residential customers' gas volume sold increased by 6% while the commercial customers' gas volume sold increased by 31% on year-on-year basis. For Nine months 2021, the number of connected new residential customers increased by 13% while new commercial customers increased by 229% on year-on-year basis.

September 2021 was a major milestone month for us as we commemorated the commencement of commercial operation of our Haitang Bay Integrated Smart Energy Project when two hotel users began using our system and others in the pipeline committed to tap into our system to reap the benefits of cost savings while, as good corporate citizens, contributing towards a greener Hainan!

China has experienced continuing increase in LNG prices and such increase unless abated could have a negative impact on our Meishan Project until cheaper pipeline gas can be made available in the latter part of 2022. For the EV battery swap station business, although the current four operating stations have not yet reached ideal capacities and generated significant revenues, the management has gained a lot of daily operating experience at such an early stage of entering into the industry. More favorable policies from China continue to encourage EV battery swap business development and the Company expects the industry will grow fast under such policies in the next few years.

Q3 2021 financial highlights

Continuing Operations

In millions (except for % figures)	**Q3 2021 RMB**	**Q3 2020 RMB**	**Change RMB**	**%**	**Q3 2021 CAD**	**Q3 2020 CAD**	**Change CAD**	**%**
Continuing Operations								
Revenue	82.6	90.0	(7.4)	-8%	16.0	17.4	(1.4)	-8%
Gross Profit	33.8	39.9	(6.0)	-15%	6.5	7.7	(1.2)	-15%
Gross Profit Margin	40.9%	44.4%	-3.5%		40.9%	44.4%	-3.5%	
Net Profit	9.5	23.0	(13.5)	-59%	1.8	4.4	(2.6)	-59%
Adjusted net Profit	7.0	14.2	(7.2)	-51%	1.3	2.7	(1.4)	-51%
EBITDA	29.1	43.4	(14.3)	-33%	5.6	8.4	(2.8)	-33%
Adjusted EBITDA	26.6	34.6	(8.0)	-23%	5.1	6.7	(1.6)	-23%

Revenue in Q3 2021 was RMB82.6 million (approx. CAD16.0 million), a decrease of RMB7.4 million (approx. CAD1.4 million), or 8%, from RMB90.0 million (approx. CAD17.4 million) for the three-month period ended September 30, 2020 ("Q3 2020"). The overall decrease in revenue was mainly due to the reinstatement of certain travel restrictions to combat the outbreak of COVID-19 in China in August 2021 and gas selling price adjustment with effect from September 1, 2021.

Gross profit in Q3 2021 was RMB33.8 million (approx. CAD6.5 million), a decrease of RMB6.1 million (CAD1.2 million) or 15% from RMB39.9 million (approx. CAD7.7 million) in Q3 2020. Overall Gross margin in Q3 2021 was 40.9%, a decrease of 3.5 percentage points from 44.4% in Q3 2020.

In millions (except for % figures)	**Q3 2021 RMB**	**Q3 2020 RMB**	**Change RMB**	**%**	**Q3 2021 CAD**	**Q3 2020 CAD**	**Change CAD**	**%**
Continuing Operations								
EBITDA for the period	29.1	43.4	(14.3)	-33%	5.6	8.4	(2.8)	-33%
Non-recurring items								
Fair value change on derivative financial instrument	(3.0)	(3.6)	0.6	-17%	(0.6)	(0.7)	0.1	-17%
Recognition of share-based payment								

expenses	0.5	-	0.5	100%	0.1	-	0.1	100%
Government financial assistance	-	(5.2)	5.2	100%	-	(1.0)	1.0	100%
Adjusted EBITDA for the period	**26.6**	**34.6**	**(8.0)**	-23%	**5.1**	**6.7**	**(1.6)**	-23%

EBITDA (Non-IFRS measure) in Q3 2021 was RMB29.1 million (approx. CAD5.6 million), a decrease of RMB14.3 million (approx. CAD2.8 million), or 33%, from RMB43.4 million (approx. CAD8.4 million) in Q3 2020. EBITDA in Q3 2021 included non-recurring items. On a comparable basis, after excluding the effects of non-recurring items: the fair value change on derivative financial instrument of RMB3.0 million (approx. CAD0.6 million) (please refer to the MD&A for details), the recognition of share-based payments of RMB0.5 million (approx. CAD0.1 million) and the government financial assistance RMB Nil (Q3 2020: RMB5.2 million (approx. CAD1.0 million)), the adjusted EBITDA in Q3 2021 was RMB26.6 million (approx. CAD5.1 million), a decrease of RMB8.0 million (approx. CAD1.6 million), or 23%, from RMB34.6 million (approx. CAD6.7 million) in Q3 2020.

In millions (except for % figures)	**Q3 2021 RMB**	**Q3 2020 RMB**	**Change RMB**	**%**	**Q3 2021 CAD**	**Q3 2020 CAD**	**Change CAD**	**%**
Continuing Operations								
Net profit for the period	9.5	23.0	(13.5)	-59%	1.8	4.4	(2.6)	-59%
Non-recurring items								
Fair value change on derivative financial instrument	(3.0)	(3.6)	0.6	-17%	(0.6)	(0.7)	0.1	-17%
Recognition of share-based payment expenses	0.5	-	0.5	100%	0.1	-	0.1	100%
Government financial assistance	-	(5.2)	5.2	100%	-	(1.0)	1.0	100%
Adjusted net profit for the period (non-IFRS)	**7.0**	**14.2**	**(7.2)**	-51%	**1.3**	**2.7**	**(1.4)**	-51%

Net profit in Q3 2021 was RMB9.5 million (approx. CAD1.8 million), a decrease of RMB13.5 million (approx. CAD2.6 million), or 59%, from RMB23.0 million (approx. CAD4.4 million) in Q3 2020. Net profit in Q3 2021 included non-recurring items. On a comparable basis, after excluding the non-recurring items: the fair value change on derivative financial instrument of RMB3.0 million (approx. CAD0.6 million) (please refer to MD&A for details), the recognition of share-based payments of RMB0.5 million (approx. CAD0.1 million) and the government financial assistance RMB Nil (Q3 2020: RMB5.2 million (approx. CAD1.0 million)), the adjusted net profit in Q3 2021 (non-IFRS) was RMB7.0 million (approx. CAD1.3 million), a decrease of RMB7.2 million (approx. CAD1.4 million) or 51% from RMB14.2 million (approx. CAD2.7 million) in Q3 2020.

Basic earnings per share ("EPS") in Q3 2021 was RMB0.15 (CAD0.03) per share. Adjusted EPS in Q3 2021 was RMB0.10 (CAD0.02) per share (non-IFRS).

Nine Months in 2021 financial highlights

Continuing Operations

In millions (except for % figures)	**1-9 2021 RMB**	**1-9 2020 RMB**	**Change RMB**	**%**	**1-9 2021 CAD**	**1-9 2020 CAD**	**Change CAD**	**%**
Continuing Operations								
Revenue	250.0	231.3	18.7	8%	48.3	44.8	3.5	8%
Gross Profit	101.9	94.4	7.5	8%	19.7	18.3	1.4	8%
Gross Profit Margin	40.7%	40.8%	-0.1%		40.7%	40.8%	-0.1%	
Net Profit	27.4	37.8	(10.4)	-27%	5.3	7.3	(2.0)	-28%
Adjusted net Profit	28.9	27.5	1.4	5%	5.6	5.3	0.3	5%
EBITDA	64.8	72.5	(7.7)	-11%	12.5	14.0	(1.5)	-11%
Adjusted EBITDA	66.3	62.2	4.1	7%	12.8	12.0	0.8	7%

Revenue of Nine Months in 2021 was RMB250.0 million (approx. CAD48.3 million), an increase of RMB18.7 million (approx. CAD3.5 million), or 8%, from RMB231.3 million (approx. CAD44.8 million) for the nine-month period ended September 30, 2020 ("Nine Months in 2020"). The overall increase in revenue mainly due to the economic recovery since COVID-19 under control.

Gross profit for the Nine Months in 2021 was RMB101.9 million (approx. CAD19.7 million), an increase of RMB7.5 million (CAD1.4 million) or 8% from RMB94.4 million (approx. CAD18.3 million) for the Nine Months in 2020. Overall Gross margin for the Nine Months in 2021 was 40.7%, similar to that of Nine Months in 2020.

In millions (except for % figures)	**1-9 2021 RMB**	**1-9 2020 RMB**	**Change RMB**	**%**	**1-9 2021 CAD**	**1-9 2020 CAD**	**Change CAD**	**%**
Continuing Operations								
EBITDA for the period	64.8	72.5	(7.7)	-11%	12.5	14.0	(1.5)	-11%
Non-recurring items								

Fair value change on derivative financial instrument	-	(5.1)	5.1	-100%	-	(1.0)	1.0	-100%
Recognition of share-based payment expenses	1.5	-	1.5	100%	0.3	-	0.3	100%
Government financial assistance	-	(5.2)	5.2	100%	-	(1.0)	1.0	100%
Adjusted EBITDA for the period	**66.3**	**62.2**	**4.1**	7%	**12.8**	**12.0**	**0.8**	7%

EBITDA (Non-IFRS measure) for Nine Months in 2021 was RMB64.8 million (approx. CAD12.5 million), a decrease of RMB7.7 million (approx. CAD1.5 million), or 11%, from RMB72.5 million (approx. CAD14.0 million) for Nine Months in 2020. EBITDA for the Nine Months in 2021 included non-recurring items. On a comparable basis, after excluding the effects of non-recurring items: the fair value change on derivative financial instrument of RMB Nil (please refer to the MD&A for details), the recognition of share-based payments of RMB1.5 million (approx. CAD0.3 million) and the government financial assistance RMB Nil (Nine Months in 2020: RMB5.2 million (approx. CAD1.0 million)), the adjusted EBITDA for Nine Months in 2021 was RMB66.3 million (approx. CAD12.8 million), an increase of RMB4.1 million (approx. CAD0.8 million), or 7%, from RMB62.2 million (approx. CAD12.0 million) for Nine Months in 2020.

In millions (except for % figures)	**1-9 2021 RMB**	**1-9 2020 RMB**	**Change RMB**	**%**	**1-9 2021 CAD**	**1-9 2020 CAD**	**Change CAD**	**%**
Continuing Operations								
Net profit for the period	27.4	37.8	(10.4)	-28%	5.3	7.3	(2.0)	-28%
Non-recurring items								
Fair value change on derivative financial instrument	-	(5.1)	5.1	-17%	-	(1.0)	1.0	-100%
Recognition of share-based payment expenses	1.5	-	1.5	100%	0.3	-	0.3	100%
Government financial assistance	-	(5.2)	5.2	100%	-	(1.0)	1.0	100%
Adjusted net profit for the period (non-IFRS)	**28.9**	**27.5**	**1.4**	5%	**5.6**	**5.3**	**0.3**	5%

Net profit for Nine Months in 2021 was RMB27.4 million (approx. CAD5.3 million), a decrease of RMB10.4 million (approx. CAD2.0 million), or 28%, from RMB37.8 million (approx. CAD7.3 million) for Nine Months in 2020. Net profit for Nine Months in 2021 included non-recurring items. On a comparable basis, after excluding the non-recurring items: the fair value change on derivative financial instrument of RMB Nil (please refer to MD&A for details), the recognition of share-based payments of RMB1.5 million (approx. CAD0.3 million) and the government financial assistance RMB Nil (Nine Months in 2020: RMB5.2 million (approx. CAD1.0 million)), the adjusted net profit for Nine Months in 2021 (non-IFRS) was RMB28.9 million (approx. CAD5.6 million), an increase of RMB1.4 million (approx. CAD0.3 million) or 5% from RMB27.5 million (approx. CAD5.3 million) for Nine Months in 2020.

Basic earnings per share ("EPS") for Nine Months in 2021 was RMB0.40 (CAD0.08) per share. Adjusted EPS for Nine Months in 2021 was RMB0.43 (CAD0.08) per share (non-IFRS).

Completion of 2021 Target

In millions (except for % figures)	**2021 Projection RMB**	**1-9 2021 Actual RMB**	**Completed %**
Revenue	410.7	250.0	60.9%
Gross Profit	187.3	101.9	54.4%
Projected Net Profit (Recurring)/Adjusted Net Profit	28.9	28.9	100.0%

Benchmarking against the annual target for the 2021 year, for Nine Months in 2021, we have achieved up to 60.9% of the revenue, 54.4% of gross profit and 100% of adjusted net profit targets set for the whole of the 2021 year.

Statement from the Chair

Due to the re-instatement of certain travel restrictions to combat the resurgence of the outbreak of COVID-19 in China around the end of July 2021 which affected the number of visitors to Hainan during the August and September 2021 period and the selling price adjustments imposed by the SYDRC which took effect from September 1, 2021, the continuing recovery trend of our business from COVID-19 has been affected.

Despite the unforeseen setback resulted from COVID-19 in this quarter, we are pleased to note that the adjusted net profit achieved up to September 30, 2021 has already reached the target of RMB28.9 million set for the whole of the 2021 year.

Going forward, we will continue to do our best to leverage off lower gas prices to reach out to more gas users and further expand our market footprint in Sanya and place more emphasis on the furtherance of our integrated smart energy projects and the EV battery swap station business for sustained future growth and enhancement of return to our Shareholders.

The unaudited condensed interim consolidated financial results and Management's Discussion and Analysis (MD&A) can be downloaded from www.SEDAR.com or from the Company's website at www.cfenergy.com.

About CF Energy Corp. (Previously known as: Changfeng Energy Inc.)

CF Energy Corp. is a Canadian public company currently traded on the Toronto Venture Exchange ("TSX-V") under the stock symbol "CFY". It is an integrated energy provider and natural gas distribution company (or natural gas utility) in the PRC. CF Energy strives to combine leading clean energy technology with natural gas usage to provide sustainable energy to its customer base in the PRC.

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Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements and forward-looking information (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact, included or incorporated by reference in this document are Forward-Looking Statements, including statements regarding activities, events or developments that the Company expects or anticipates may occur in the future (including, without limitation, no significant adjustments to the gas selling price and charges for related services imposed by the relevant PRC government, the tourism industry continues to recover from COVID-19 impact and no delay in the development of the electric vehicle battery swap stations or the Haitang Bay Integrated Smart Energy Project). These Forward-Looking Statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words or the negative thereof. No assurance can be given that the plans, intentions or expectations or assumptions upon which these Forward-Looking Statements are based will prove to be correct and such Forward-Looking Statements included in this news release should not be unduly relied upon. Although management believes that the expectations represented in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to be correct. Such Forward-Looking Statements are not a guarantee of performance and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements or developments expressed or implied by such Forward-Looking Statements. These factors include, without limitation, no significant and continuing adverse changes in general economic conditions or conditions in the financial, tourism, and gas distribution and electric vehicle markets or delays in the development of key projects. Readers are cautioned that all Forward-Looking Statements involve risks and uncertainties, including those risks and uncertainties detailed in the Company's filings with applicable Canadian securities regulatory authorities, copies of which are available at www.sedar.com. The Company urges readers to carefully consider those factors. The Forward-Looking Statements included in this news release are made as of the date of this document and the Company disclaims any intention or obligation to update or revise any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein and accordingly undue reliance should not be put on such. This news release contains future oriented financial information and financial outlook information (collectively, "FOFI") (including, without limitation, statements regarding expected average production), and are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The FOFI has been prepared by management to provide an outlook of the Company's activities and results, and such information may not be appropriate for other purposes. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's reasonable estimates and judgments, however, actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein. Any FOFI speaks only as of the date on which it is made, and the Company disclaims any intent or obligation to update any FOFI, whether as a result of new information, future events or results or otherwise, unless required by applicable laws.

Non-IFRS Financial Measures.

This news release contains financial terms that are not considered in the International Financial Reporting Standards ("IFRS"): EBITDA, Adjusted EBITDA and Adjusted Net Profit. These financial measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders, as management uses them to evaluate the operating performance of the Company. The Company's determination of these non-IFRS measures may differ from other reporting issuers, and therefore are unlikely to be comparable to similar measures presented by other companies. Further, these non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows prepared in accordance with IFRS. These financial measures are included because management uses this information to analyze operating performance and liquidity. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.