

Press release

VERBIO AG Annual General Meeting:

Upwind in stormy times: Another record result for VERBIO

Leipzig, February 4, 2022: At today's virtual annual general meeting the Management Board of VERBIO Vereinigte BioEnergie AG reported to shareholders on the financial year 2020/2021 which ended on June 30, 2021.

"The financial year 2020/2021 was an exciting and very successful one, in which it was once again possible to steer VERBIO safely through stormy times and successfully maintain our course," summarised Claus Sauter, Chief Executive Officer. He emphasised that this success is down to the company's 820 employees worldwide, as well as the engagement of the Management Board team and the innovative Supervisory Board. The bioenergy company has now successfully established itself on three continents and has arrived in the North American and Indian markets. "Every day we see confirmation that the decision to expand our business outside Europe was the right thing to do. Biomass and biofuels are a global business. The things that we have learned in the process of internationalisation and the ideas that we have developed promise an enormous growth momentum in the coming years, which is no longer only focussed on the legislative situation in Europe," he added.

A proposal for the payment of a dividend of EUR 0.20 per qualifying share, unchanged from the previous year, was put to shareholders. The proposal was approved by the shareholders' meeting.

"Things are starting to change in climate protection"

Efforts to address climate protection are getting under way, both in Germany and internationally. Claus Sauter assessed the current framework conditions as extremely positive. "With the German Continued Development of the Greenhouse Gas Reduction Quota Act (GHG quota) for transport, which came into force at the start of 2022 and which legislates an increase in the GHG quota to 25 percent by 2030, we now finally have the momentum that we have been demanding for the German biofuels market for a long time. We are already seeing a significant increase in demand for our climate-friendly fuels. Our European customers want to create a reserve in order to fulfil the ambitious targets set for the coming years. The EU "Fit for 55" initiative, the new ESG rules, the EU taxonomy and the ambitious US climate package are also positive signals for VERBIO."

Another record result confirms the Group's growth strategy

Despite renewed market turbulence in the fuel sector due to limitations on mobility, anxiety in the markets and ongoing uncertainty concerning the course of the pandemic, VERBIO generated sales revenues exceeding EUR 1 billion for the first time in the financial year 2020/2021. Specifically, the Group's sales revenues in the financial year 2020/2021 totalled EUR 1.026 billion, an increase of EUR 153.6 million compared to the previous year. The earnings before interest, taxation, depreciation and amortisation (EBITDA) was EUR 166.3 million, an increase of EUR 44.2 million compared to the previous year.

Significant success factors in the renewed record results were the good margins in the Biodiesel and Bioethanol segments, as well as the strong increase in demand for advanced biomethane from distillation waste and straw. VERBIO manufactured a total of 834,541 tonnes of biodiesel and bioethanol in the financial year 2020/2021 just ended (2019/2020: 796,411 tonnes). This represented

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a capacity usage of 90.7 percent. The production of biomethane also increased again, reaching 794.8 Gigawatt hours.

Comprehensive investment programme in existing plants and in new business activities

With the success story of recent years behind it, VERBIO is consistently pursuing its international growth course. VERBIO already announced a comprehensive investment programme in September 2021. The Group intends to invest a total of EUR 300 million by the end of 2023. Planned measures include, among other things, the expansion of existing production plants, the construction of a BioLNG liquefaction plant in Zörbig, the construction of 20 VERBIO-owned BioLNG/BioCNG filling stations in Germany and the continuation of the programme to convert the heavy goods vehicles fleet to climate-friendly biomethane engines.

In addition, VERBIO sees great potential in the use of renewable products in the chemicals industry. For this purpose, the Group is investing approximately EUR 100 million in the construction of an ethenolysis plant in Germany, and in associated catalyst production in Hungary. "On the basis of the pioneering technology of our subsidiary XiMo, we will then be in a position to process up to 30 percent of the rapeseed oil methyl ester that we produce – which we currently market as biodiesel – to create higher-value products which can be used in the chemicals industry as base chemicals from renewable sources," announced Claus Sauter. He added, "We want to be the first to supply the chemicals industry with sustainable basic chemicals from renewable sources in order to replace the fossil carbon used in the production of plastics, lubricants, cleaning materials and other chemicals."

VERBIO's CEO forecasts that it will not only be in advanced biofuels where demand will multiply by 2030. This growth in demand will also be seen in synthetic fuels. This provides further development opportunities for VERBIO, as Claus Sauter explained: "In future we will also be involved with synthetic biofuels. VERBIO has a large volume of green CO₂ in a highly pure form, which is generated during the manufacture of bioethanol and biomethane. At the moment this green CO₂ remains unused. In future it can be used to manufacture synthetic methane, or in the production of speciality chemical products. This green CO₂ will become a new raw material."

Taking advantage of growth momentum in North America and Europe

In the short and medium term North America provides VERBIO with significant growth potential. The team in the USA has been strengthened with experienced people in order to drive the business forward in this market.

At the close of 2021 VERBIO brought into operation its first straw biomethane plant in the state of Iowa, and successfully pumped the first biomethane volumes from there into the network. At the same time work has started to expand that location to turn it into a VERBIO biorefinery offering combined bioethanol-biomethane production similar to the German plant design. The Group will invest a further USD 80 million in this location until this stage of its development is completed, which will be by the end of 2022.

In addition, VERBIO has opened a trading desk in Stamford (Connecticut) in order to participate in global trading in biofuels and synthetic fuels.

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Claus Sauter also confirmed that the bioenergy manufacturer is considering the construction of further production plants in both North America and Europe. "We are looking at new projects in the Midwest of the USA, and are examining potential cooperation arrangements with other bioethanol manufacturers in order to increase the production capacity for biomethane in the USA. In Europe, too, we are searching for appropriate plants and companies that fit our portfolio. In particular, we are examining new production possibilities for advanced biofuels in Eastern Europe."

Outlook for the financial year 2021/2022

In the light of the advantageous framework conditions and the course of business to date, and looking at the continued positive outlook in all segments, in particular in view of the demand for CO₂-efficient biofuels, the Management Board expects that the Group will generate an EBITDA for the financial year 2021/2022 of around EUR 300 million, and that it will increase net financial assets by the end of the financial year to around EUR 130 million.

Claus Sauter concluded by commenting: "I strongly believe that we cannot win the battle against climate change without the increased use of biomass. The new regulatory framework finally gives us the investment assurance that we have urgently needed to build new capacity and to expand existing plants. Now we can finally realise the objectives that we have set ourselves, because VERBIO is the spearhead in the fight against climate change when it comes to biomass!"

The results of the financial year 2020/2021 in overview:

Group sales revenue:	EUR 1.026 billion (+ EUR 153.6 million)
EBITDA (result before interest, taxes, depreciation and amortisation)	EUR 166.3 million (2019/2020: EUR 122.1 million)
Biodiesel production volume:	601,257 tonnes (2019/2020: 559,735 tonnes).
Bioethanol production volume:	233,284 tonnes (2019/2020: 236,676 tonnes).
Biomethane production volume:	794.8 GWh (2019/2020: 784.4 GWh)

Detailed business results are provided in the VERBIO AG Annual Report:

<https://www.verbio.de/investor-relations/aktuelles-publikationen/finanzberichte/20202021/>

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Information about VERBIO Vereinigte BioEnergie AG (VERBIO)

VERBIO Vereinigte BioEnergie AG is one of the leading independent bioenergy manufacturers, and is also the only large-scale producer of biodiesel, bioethanol and biomethane in Europe. The Group has approximately 800 employees at its locations in Saxony, Saxony-Anhalt and Brandenburg as well as at its foreign subsidiaries in India, the USA, Canada, Poland and Hungary. VERBIO concentrates on the use of internally developed innovative technologies and efficient energy-saving production processes. VERBIO's biofuels achieve CO₂ savings of up to 90 percent compared to petrol or diesel. The Group's annual production capacity amounts to approximately 660,000 tonnes of biodiesel, 260,000 tonnes of bioethanol and 900 gigawatt hours of biomethane. In addition, VERBIO manufactures biofertiliser and animal feed for agricultural use as well as high-value raw materials for the pharmaceutical, cosmetic and foodstuff industries. With its innovative processes and highly efficient production plants, VERBIO is a technology leader in the biofuels market. The VERBIO share (ISIN DE000A0JL9W6/WKN A0JL9W) has been listed in the prime standard segment of the Frankfurt Stock Exchange since October 2006.

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