

VERBIO Vereinigte BioEnergie AG

Speech by Claus Sauter, Chief Executive Officer, to
the VERBIO AG annual general meeting held on
February 3, 2023

Check against delivery.

Dear shareholders,
To all our valued employees,
Dear guests,

I would like to welcome you, on behalf of the entire Management Board, to the annual virtual general meeting of VERBIO AG in Leipzig. I am pleased that you are following us by live stream.

Ladies and gentlemen,

One year ago, as I stood here, the world was still a different place.

The last financial year, the financial year 2021/2022, was a dramatic, exciting year, and an exhausting one.

Although VERBIO AG once again had the most successful year in its history, I have to admit that I cannot really say I am pleased about this. Despite our sensational record results, I don't think we have anything to celebrate.

I hope that the markets, which have been more volatile than ever before, will finally calm down again. We need more stability. However, following the events since February 24, 2022, what we will get is a new normality, a different normality.

In addition to facing the major challenges of the energy transformation, Europe's largest and most important energy and raw material supplier has discredited itself as a reliable partner for the future. Russia has become a problem.

We cannot and must not accept the unimaginable suffering that Ukraine has witnessed in the past months.

As a society, we now have to address not only the long-term consequences of climate change, but in the short term we also have to look for and find new partners who can provide secure and affordable energy supplies, and we need to do this quickly.

We had taken for granted that we had military peace, secure energy and raw material supplies, cheap energy, cheap money and cheap food supplies. All of that has gone now, and will not come back quickly.

In view of this, it is highly appropriate to call this a turning point.

Suddenly, VERBIO is a company that not only offers solutions in the fight to combat climate change, but which also offers security of supplies. Secure supplies that are generated from renewable products, created using local raw materials and residual waste products.

As an organisation, we have continued to grow. At June 30, 2022 VERBIO employed almost 1,000 employees worldwide.

Time and time again, in this difficult market environment I have been able to experience for myself what an amazing team these employees are. You can be relied on. You have my thanks and my respect in these dramatic times.

At the same time, the Management Board has had to recognise that organisational changes were necessary to implement our growth and our internationalisation strategy successfully.

For this reason we drew up “Project Mustang” in January 2022. Mustang represents a comprehensive reorganisation of the company, with new reporting lines, new responsibilities, reallocations of departmental responsibilities within the Management Board, and new reporting systems from the next financial year 2023/2024.

In future, our business reporting will no longer be based on the two segments Biodiesel and Bioethanol/Biomethane. In future, we will report on three segments as follows:

- First generation biofuels;
- Advanced second generation biofuels; and
- Specialities

The new organisational structure reflects our internationalisation strategy, and strengthens our commercial focus on core regional activities affecting raw material procurement, regulatory activities and market mechanisms.

In October 2022 we began to implement the Mustang project looking at the structure of our operating activities. Worldwide, we are strengthening our teams in almost all areas, and preparing the organisation for the next phases of its growth and for the challenges that lie ahead.

We have appointed Olaf Tröber, one of our long-serving managers, as CFO, and his role will include taking responsibility for the tasks traditionally performed within a finance department.

This frees up time for me and my Management Board colleagues, enabling us to drive forward the Group's growth plans and concentrate on the new VerbioChem and Protein divisions.

Prior to all this, however, we concluded the financial year 2021/2022 on June 30, 2022 with record results for the fourth successive year.

The successful start to the internationalisation of our business and the positive market environment for first and second generation biofuels were significant factors contributing to further excellent results.

Group revenues almost doubled, reaching EUR 1.813 billion, an increase of 77 percent compared to the previous financial year.

This increase in sales revenues was primarily due to the higher sales prices of both biodiesel and bioethanol over the course of the financial year.

Earnings before interest, taxes and depreciation and amortisation (EBITDA) totalled EUR 503.3 million, EUR 337 million above the previous year's figure.

Here, VERBIO benefited from a global increase in demand for biofuels, and from the improved environment for advanced biofuels in Europe.

The Group's bank and loan financing of EUR 30 million were more than offset by cash and cash equivalents of EUR 299.6 million and other liquid funds of EUR 14.5 million at June 30, 2022. At the end of the financial year the Group reported net cash of EUR 284.1 million.

The equity ratio was 72.5 percent.

The production of biodiesel and bioethanol increased compared to the previous year, totalling 838,132 tonnes. The plant utilisation rate was 91.1 percent.

The volume of biomethane production increased once again, rising to 885 GWh compared to 795 GWh in the financial year 2020/2021.

The Biodiesel segment contributed to the Group's overall results with a production volume of 574,031 tonnes, sales revenues of EUR 1,269 billion and an EBITDA of EUR 298.4 million.

The Bioethanol segment generated revenues of EUR 531.3 million in the financial year 2021/2022. The production volume of bioethanol totalled 264,101 tonnes, and EBITDA in this segment was EUR 202.3 million.

Under the current regulatory system, by using the renewable products manufactured by us in the financial year 2021/2022, our customers have been able to save a total of 2.6 million tonnes of CO₂.

Investments of EUR 121.4 million have been made in the financial year 2021/2022, leading, among other things, to a capacity expansion of the VERBIO plant. The new annual capacity levels across all locations are 660,000 tonnes of biodiesel, 300,000 tonnes of bioethanol and 1,300 GWh of biomethane.

Dear shareholders,

In the view of VERBIO AG's Management and Supervisory Boards, making investments in advanced biofuels, the globalisation of the business model and the diversification of end markets are all essential to ensure the Group can generate sustainable profitability from the available growth opportunities.

For this reason, despite the record results, we propose the payment of an unchanged dividend of EUR 0.20 per qualifying share.

We further propose that the retained profits be carried forward, so that the Group's financial resources are available to be put to

targeted use in making additional investments. At this point I would like to thank you for your continued trust and support!

Ladies and gentlemen,

Almost exactly twelve months ago, in my last speech, I said the following:

“Robert Habeck, our new Federal Minister for Economic Affairs and Climate Action, has a Herculean task ahead of him. How will he resolve the chaos in energy policy left behind him by Peter Altmaier?”

Electricity prices, as well as gas prices, have increased many times over the last twelve months. These price increases haven't even been fully passed on to consumers yet. People will not really be aware of what is happening until their next gas and electricity bills arrive. The situation is dramatic.

I wish Robert Habeck all the best; he will need great negotiating skills, a lot of luck and a lot of staying power for the task that he has taken on. I have great respect for the fact that he has accepted this task.

I really hope it won't be a suicide mission. Everything I have heard about him is positive, and he does not sound too ideological. That makes me optimistic."

I made this statement three weeks before the outbreak of war in Ukraine. It is a reminder of the fact that a massive increase in energy prices was already observable before the war began.

Accordingly, it is not correct to say that the Ukraine war and the associated sanctions are the only cause of the explosive increases in energy prices. The Ukraine war was just an accelerator.

Further, at that time I also said:

"For us at VERBIO, current developments in both politics and the energy markets have to be seen in a positive light. In the past the very low prices for electricity and gas had been a hindrance to our growth plans. Compared to renewable energy, energy from fossil sources was simply too cheap. This has now changed."

I was right with both of those statements, although in both cases I underestimated the situation. I underestimated the consequences of the higher energy prices – in particular the trends in prices for natural gas – and I also underestimated the pragmatism with which Dr. Habeck would approach the challenge.

In the past I have been quick to criticise politicians. Criticism is easy, but it is much harder to make the right decisions in difficult times, and then to follow through and implement those decisions. From that point of view Dr. Habeck has achieved a lot, and he deserves our respect for this. I would not have liked to have been in his shoes over the last few months.

He did not avoid making himself available to speak to the employees at the PCK refinery in Schwedt, to answer their questions – and to let himself be insulted by them.

The Federal Minister for Economic Affairs reacted quickly and with pragmatism, and has done a lot of things right. We have not had a gas shortage, there have been no blackouts, and the prices for natural gas and electricity are back to their pre-war levels.

The price paid for this, however, has been extremely high. The government has spent billions to cushion the energy policy misjudgements of recent years. These billions will be missed over the next few years during the energy turnaround and for the upcoming structural change in Germany.

Despite the recent progress, though, there is no reason to sound the all-clear. Quite the opposite, in fact. Even after returning to

moderate energy prices, the schism between Europe and the rest of the world has become wider.

At EUR 70/MWh, the price of natural gas in Europe is currently seven times the price in the USA. Because of these price differentials, energy-intensive industries in Germany are not competitive. The consequence will be de-industrialisation and job losses; the state cannot subsidise energy prices indefinitely.

The construction of LNG terminals in Germany is a long overdue step towards establishing a replacement for pipeline gas.

Now, however, we also need supplies of LNG from Qatar and the USA, and in the medium term there will be demand for more BioLNG and synthetic LNG from VERBIO.

What I don't understand, however, is the constant barrage of attacks against first generation biofuels from some parts of the Federal Government. Up to the present, 90 percent of greenhouse gas savings in transport have been achieved by using first generation biofuels. The obligation to reduce CO₂ in transport in 2023 is only 8 percent. That means that another 92 percent needs to be saved in order to meet the Federal Government's objective of becoming climate-neutral by 2045.

It is simply not true that we use grain needed for bread to make ethanol; we are not taking bread away from anyone. In Brandenburg there is very little bread-quality grain because the soil there is too poor, and there is often not enough water.

If Germany wants to take a different route and not permit the award of greenhouse gas emissions reductions credits for the use of first generation biofuels, this does not mean that VERBIO will cease to produce those fuels. It simply means that we would export even more of our production to other countries.

What VERBIO is doing in Saxony-Anhalt and Brandenburg is the right thing, a good thing, for climate protection, for German agriculture, and for the security of supplies here in Germany.

We don't want nuclear power, we don't want electricity generated from burning coal, we don't want the combustion engine, and now it seems we don't want biofuels... But when does someone stand up and finally say what it is that we actually do want?

Instead of thinking about how to finally achieve the decarbonisation targets that the government has set itself, targets that we are still decades away from achieving, in fact the Federal Ministry for the Environment is busy REDUCING the largest contributor to CO₂ savings in the transport sector. In view of the dramatic backlog in

achieving the climate protection targets we have set for ourselves, the acceleration of climate change, and the political energy crisis in Germany, this is a bit like when a team is losing the World Cup final by ten goals to two, and the manager decides to take off the strikers and bring on more defenders in order to keep the score down. You would only do that if you had already given up hope of winning the world cup. While the Federal Minister for Economic Affairs and Climate Action is addressing the seriousness of the situation in a pragmatic way, the Minister for the Environment and the Minister for Agriculture are getting lost in trench warfare and clientele politics.

Surely they have all now learned that electricity does not just come out of the wall socket, and that the fuel at the filling station has to come from somewhere ... or am I being too optimistic?

We would love to invest more in Germany and in Europe.

The PCK refinery would be the ideal location to do that. We could increase our production capacity there many times over; in Schwedt there is a plentiful supply of biomass available to use as a raw material, the perfect infrastructure, and motivated employees. We could create sustainable jobs for the future there. But for as long as it is not clear what kind of energy we are going to use here in the future, YOUR money cannot and must not be

invested in projects such as converting the PCK refinery. Until then, there is just not enough security to make these investments.

We at VERBIO will continue on our own path. However, we too must re-evaluate and re-focus our goals and our priorities to match the changing times.

The strategy and the projects that I outlined last year are now all in the implementation phase. No concessions are being made there.

Although our operating business in the financial year just ended was performed excellently, we, too, experienced delays resulting from the general disruptions to the supply chain.

The investments announced last year that are being implemented include:

- the expansion of existing production capacities for ethanol, advanced biodiesel and biomethane;
- planning for the ethenolysis plant in Germany;
- planning for the catalyst manufacturing facility plant in Hungary;
- the construction of the Bio-LNG liquefaction plant in Zörbig;
- constructing 20 BioLNG filling stations in Germany;
- the construction of the protein plant in Zörbig; and

- the expansion of the biorefinery in Iowa/USA.

With these investments we are not creating any new significant additional production capacity in Germany, although in fact it is urgently needed. Instead we are “only” improving our value added, our margins, and in doing so, the profitability of our plants located in Germany.

In the USA our bioethanol production based on maize straw is nearing full capacity utilisation. We plan to commence full-scale production of the complete refinery with its combined bioethanol-biomethane production by the summer of 2023.

Ladies and gentlemen,

Let us take a moment to have a look at the framework conditions in the individual regions in which we operate.

In the USA the Inflation Reduction Act (IRA) offers an attractive environment to launch our planned new project to manufacture synthetic methane from renewable hydrogen. With a subsidy volume of nearly USD 400 billion, the Americans have put the Europeans under pressure to act. Unless Brussels comes up with a reasonable answer to the IRA, I see no reason why hydrogen projects should be realised in Europe in the next few years.

India remains a challenge, even though we have made major progress there in recent months. The objective is to increase the production of biomethane from rice straw even further, and to expand our marketing effort. We are in constructive discussions with the Indian government about regulatory amendments in order to drive forward an expansion of biomethane capacity. Here, the Indian government is primarily interested in reducing the disastrous burning of rice straw, the associated air pollution and the resulting damage to the health of the population.

In the European market we see a normalisation of the price levels for biodiesel and bioethanol.

The high prices in summer 2022 led to massive import volumes, with up to 600,000 tonnes of biodiesel generated from used cooking oil per month being imported from China. In addition, massive imports of Brazilian and US ethanol at dumping prices are observable.

The current situation underlines once again the massive competitive advantage offered by our VERBIO technology based on combined bioethanol-biomethane production.

As a result of the increase in the greenhouse gas reduction quota from 7 percent in 2022 to 8 percent in 2023, the demand for CO₂ savings will increase by approximately 1.5 million tonnes of CO₂, an increase of approximately 15 percent.

The oil corporations are investing billions worldwide in production capacity for biofuels. Several biogas manufacturers have been taken over in recent months in the USA and in Europe. Biomethane is no longer a niche product.

The margin situation for advanced biomethane is extraordinary. We are benefiting from the increase in prices for natural gas, and we are in a position to offer transport companies a very attractive, almost climate-neutral alternative to using diesel fuel.

In recent months we have built up a significant inventory of biomethane, and we are continuing to follow this strategy. With our own Bio-LNG liquefaction plant together with our BioLNG/BioCNG filling stations, over the course of the year we will be able to capture the entire margin for advanced biomethane along the whole value-added chain.

Ongoing inflation, continued increases in interest rates, high energy and raw material costs, as well as fears of recession in

Germany and Europe, have led us to strengthen our focus on our liquidity. In times like these, “Cash is King”.

Against the backdrop of these framework conditions I confirm the outlook that we had previously published in September 2022, which was as follows.

Based on current sales, raw material and energy price levels and our planned production capacity utilisation, the Management Board expects to achieve an EBITDA for the financial year 2022/2023 of around EUR 300 million.

This does not take any account of additional negative effects resulting from the Ukraine war.

The investments will largely be financed using the free cash reserves generated in previous financial periods and cash flows from current operations. The Management Board expects that the Group will have net financial assets of approximately EUR 30 million at the end of the financial year 2022/2023.

Dear shareholders, dear employees, dear guests,

Together, we will drive VERBIO AG’s growth in the coming years.

Currently, the framework conditions are not straightforward. Again.

But we have established a solid basis and positioned ourselves broadly. In terms of organisation, we have laid the foundations for high effectiveness and flexibility, as well as rapid decision-making. In terms of personnel, we will strengthen our team with new qualified technical staff.

I know that I can build on the motivation and expertise of my team, our employees, my colleagues on the Management Board and our Supervisory Board. Together, we have already manoeuvred VERBIO through difficult times on a number of occasions in the past. And we have been successful in that.

After all, following our promotion to the MDAX in December 2022 we are now a player in the league of the 90 highest valued listed companies in Germany. That is recognition – and at the same time it is a challenge. Just like in football, it is essential to withstand the pressure and play well in order to defend our position over the long term.

At the end of the day, however, our success is not about winning a title, a medal, or a cup. It is about our big, visionary objective: to make the world a greener place, more sustainable, more climate-friendly, in order to live up to our social responsibility and to leave

our children and grandchildren a planet worth living on, and not just a pile of scorched earth. This is what it is all about!

We have made it our task to combine commercial success with social responsibility, climate protection and security of supplies.

In the long term we expect significant growth in low CO₂ raw materials and products, and we will play an active role in this with the international expansion of our current production capacity and the creation of new production capacity.

It is our objective to increase the annual CO₂ savings from our products from 2.6 million tonnes to 8 million tonnes by the financial year 2025/2026.

And in doing so, ladies and gentlemen, we are offering you an attractive and sustainable investment. This, too, is what it is all about!

Before I give the floor back to the Chairman of the meeting, I have the task of providing more details on Topic 6 of today's agenda. I would like to provide some explanations on this matter.

Under Agenda Topic 6 (TOP 6) you will find a resolution to approve the conclusion of a profit transfer agreement with VERBIO Retail Germany GmbH.

The commercial objective of VERBIO Retail Germany GmbH is the construction and operation of LNG and CNG filling stations.

The Management Boards of VERBIO Vereinigte BioEnergie AG and VERBIO Retail Germany GmbH published their joint report on the profit transfer agreement along with the invitation to the annual general meeting. The report included comprehensive explanations giving the background to the agreement.

In accordance with the statutory requirements of the German Stock Corporation Act, the Management Board is required to explain the contract to the annual general meeting. Accordingly, please allow me once again to briefly summarise its significant content, its meaning and purpose, its advantages and disadvantages, as well as the consequences of the contract.

It is planned to enter into the contract following the approval of the resolution to conclude the contract at the annual general meeting.

On completion of the profit transfer agreement, VERBIO Retail Germany GmbH will be obliged, for the term of the contract, to

transfer to VERBIO Vereinigte BioEnergie AG all profits as determined in accordance with the German Commercial Code that it would have recorded in the absence of the contract. In return, VERBIO Vereinigte BioEnergie AG is obliged to make up any net losses for any year arising during the term of the agreement.

The obligation to transfer profits and to make up any losses made by VERBIO Retail Germany GmbH for the first time for the financial year 2022/2023.

For the contract to be accepted for tax purposes, it needs to be entered into for a period of at least five years.

Accordingly, the contract has an initial fixed term through until June 30, 2028. After the expiry of the fixed term the contract will be extended for an indefinite period and can be terminated with six months' notice to the end of the financial year. Irrespective of this, the contract may be terminated without notice if there is good cause.

As VERBIO Vereinigte BioEnergie AG is the sole shareholder of the subsidiary, no compensation or settlement amounts are payable to outside shareholders.

The conclusion of the contract means that VERBIO Retail Germany GmbH will be integrated into VERBIO Vereinigte BioEnergie AG for tax purposes, while at the same time remaining a separate legal entity.

On the basis of this contractual arrangement a corporation tax and trade tax pooling arrangement will be formed between the holding and subsidiary companies. This means that a tax profit and loss compensation arrangement is possible between the two companies for corporation tax and trade tax purposes. This makes it possible to offset positive and negative results at the VERBIO Vereinigte BioEnergie AG level, and thereby to reduce the overall tax burden of the Group.

Without concluding the profit transfer agreement, it would not be possible to offset the taxable results of the companies. As a result of concluding the profit transfer agreement, use can be made of the available tax planning alternatives, compliant with tax law.

The approval of the annual general meeting of VERBIO Vereinigte BioEnergie AG is needed in order to enter into the profit transfer agreement. Accordingly, the Management and Supervisory Boards of VERBIO Vereinigte BioEnergie AG make a proposal to today's annual general meeting of VERBIO Vereinigte BioEnergie AG to approve the conclusion of the contract. The contract will enter into

effect only upon registration with the respective commercial register.

Further, I would like to refer you to the contents of the joint report of the Management Boards of VERBIO Vereinigte BioEnergie AG and VERBIO Retail Germany GmbH on the profit transfer agreement, which has been published on the VERBIO website.

There have been no developments relevant to the assessment of the contract since the preparation of that report. This applies in particular to the commercial and legal meaning of the contract and its consequences.

I would therefore ask you to kindly give your approval to the resolution to approve the contract when the agenda topic is raised later.

Finally, I would like to inform you that on March 15, 2022 the Management Board, with the approval of the Supervisory Board, has made a resolution to make partial use of the authorised capital 2022 and to increase the subscribed capital of the Company, excluding shareholder's pre-emption rights, by EUR 214,281 from EUR 63,183,632 to EUR 63,397,913, by the issue of new no-par bearer shares with profit participation rights from the financial year 2021/2022 in exchange for non-cash contributions. The share

issue is made in exchange for non-cash contributions in the form of the amounts of remuneration due to the members of the Management Board and an employee of the Company.

In doing so, the authorised capital 2022 will therefore be used to meet obligations to fulfil purchase obligations for the delivery of the Company's shares agreed with the members of the Management Board as part of the Management Board remuneration agreements, and for the payment of an employee loyalty award.

The value of the non-cash contribution was not less than the value of new shares to be issued to the members of the Management Board entitled to receive them. This has been confirmed by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Leipzig who were appointed as auditor for this purpose by the District Court of Stendal on March 28, 2022, in their report on the value of the non-cash contribution issued on May 20, 2022.

Here, too, I refer you to the details published on our Company's website in the report of the Management Board on the capital increase made in the financial year 2021/2022 in exchange for non-cash contributions from authorised capital 2022 excluding shareholder's pre-emption rights.

I will now give the floor back to Alexander von Witzleben, and I would like to thank you for your attention.