

Verbio

Biofuel and Technology

Half-year financial
report
to December 31, 2022
(Q2 2022/2023)

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[in EUR millions]

Results of operations	Q1 2022/2023	Q2 2022/2023	1 HY 2022/2023	Q1 2021/2022	Q2 2021/2022	1 HY 2021/2022
Sales	592.2	485.5	1,077.7	350.4	458.7	809.1
EBITDA	121.4	48.9	170.3	40.2	147.0	187.2
EBITDA margin (%)	20.5	10.1	15.8	11.5	32.0	23.1
EBIT	111.9	39.2	151.1	33.1	139.3	172.4
EBT	112.0	39.3	151.3	32.8	139.1	171.9
Net result for the period	76.9	25.2	102.1	22.6	97.7	120.3
Basic earnings per share (EUR)	1.21	0.40	1.61	0.35	1.55	1.90
Diluted earnings per share (EUR)	1.21	0.39	1.60	0.35	1.54	1.89
Operational statistics	Q1 2022/2023	Q2 2022/2023	1 HY 2022/2023	Q1 2021/2022	Q2 2021/2022	1 HY 2021/2022
Production (tonnes)	216,514	229,262	445,776	209,066	223,347	432,413
Production (MWh)	261,020	261,108	522,128	199,877	214,841	414,718
Utilisation Biodiesel/Bioethanol (%) ¹⁾	90.2	95.5	92.9	90.9	97.1	94
Utilisation Biomethane (%) ¹⁾	80.3	80.3	80.3	88.8	95.5	92.2
Investments in property, plant and equipment	42.9	52.0	94.9	19.3	23.4	42.7
Number of employees ²⁾	1,091	1,131	1,131	892	922	922
Net asset position	30.09.2022	31.12.2022	31.12.2022	30.09.2021	31.12.2021	31.12.2021
Net financial assets	261.9	177.5	177.5	111.5	140.5	140.5
Equity and liabilities	889.3	881.6	881.6	541.7	635.1	635.1
Equity ratio (%)	72.0	74.0	74.0	71.8	71.3	71.3
Balance sheet total	1,234.70	1,191.53	1,191.53	754.8	890.5	890.5
Financial position	Q1 2022/2023	Q2 2022/2023	1 HY 2022/2023	Q1 2021/2022	Q2 2021/2022	1 HY 2021/2022
Operating cash flow	-44.2	-36.5	-80.7	18.5	76.9	95.4
Operating cash flow per share (EUR)	-0.70	-0.57	-1.27	0.29	1.22	1.51
Cash and cash equivalents ³⁾	291.9	207.5	207.5	141.5	170.5	170.5

¹⁾ From July 1, 2022 the annual production capacity of the production plants are as follows:
Biodiesel: 660,000 tonnes (unchanged); bioethanol: 300,000 (previously 260,000); biomethane: 1,300 GWh (previously 900 GWh)

²⁾ At the balance sheet date

³⁾ At the balance sheet date; includes amounts held in segregated accounts

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Biodiesel	Q1 2022/2023	Q2 2022/2023	1 HY 2022/2023	Q1 2021/2022	Q2 2021/2022	1 HY 2021/2022
Sales	435.4	357.4	792.8	261.6	324.1	585.7
EBITDA	91.5	47.0	138.5	22.2	96.1	118.3
EBIT	88.9	44.5	133.4	19.6	93.6	113.2
Production (tonnes)	145,124	157,969	303,093	150,007	155,185	305,192
Utilisation (%) ¹⁾	88.0	95.7	91.8	90.9	94.1	92.5
Number of employees ²⁾	219	211	211	224	219	219

Bioethanol (incl. biomethane)	Q1 2022/2023	Q2 2022/2023	1 HY 2022/2023	Q1 2021/2022	Q2 2021/2022	1 HY 2021/2022
Sales	152.8	123.3	276.1	86.0	131.7	217.7
EBITDA	28.9	1.7	30.6	17.1	50.2	67.3
EBIT	22.6	-4.8	17.8	13.0	45.6	58.6
Production (tonnes)	71,390	71,293	142,683	59,059	68,161	127,221
Production (MWh)	261,020	261,108	522,128	199,877	214,841	414,718
Utilisation Bioethanol (%) ¹⁾	95.2	95.1	95.1	90.9	104.9	97.9
Utilisation Biomethane (%) ¹⁾	80.3	80.3	80.3	88.8	95.5	92.2
Number of employees ²⁾	591	559	559	456	477	477

Other	Q1 2022/2023	Q2 2022/2023	1 HY 2022/2023	Q1 2021/2022	Q2 2021/2022	1 HY 2021/2022
Sales	7.5	7.0	14.5	5.4	4.7	10.1
EBIT	0.4	-0.5	-0.1	0.5	0.1	0.6

¹⁾ From July 1, 2022 the annual production capacity of the production plants are as follows:
Biodiesel: 660,000 tonnes (unchanged); bioethanol: 300,000 (previously 260,000); biomethane: 1,300 GWh (previously 900 GWh)

²⁾ At the balance sheet date

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Economic and political environment

Germany

The political situation continues to be dominated by the consequences of the Ukraine war, with associated inflationary trends and, in particular, problems with energy supplies.

Here there is an observable readiness among politicians to take advantage of practical solutions (for example, extending the use of coal to generate electricity, expanding the gas infrastructure by the construction of LNG terminals, reforming the Renewable Energy Act [Erneuerbare Energien Gesetz – EEG], supporting the use of biomass for highly flexible peak electricity plants focussing on the use of biomethane, making decisions on nuclear power plants). In many cases, however, there is not enough willingness to reduce unnecessary bureaucracy, remove obstacles to decision-making and provide reliability.

The “food or fuel” debate is an example of this. Time and time again, as now, this issue is raised by the Federal Ministry for the Environment and Nature Protection and the Federal Ministry for the Environment and Agriculture.

The Federal Association of the German Energy and Water Industries (Bundesverband der Energie- und Wasserwirtschaft – BDEW) has prepared a ten-point paper to accelerate the use of biomethane in the natural gas grid system.

Unresolved matters include the national biomass strategy, the Emissions Reporting Regulation, the reform of the Climate Protection Act and the update of the Climate Protection Immediate Action Programme.

European Union

Agreement on trilogue procedure on October 27, 2022/December 18, 2022 on important matters concerning the EU Commission’s “Fit for 55” package (excerpts)

CO₂ fleet limits for passenger vehicles and light commercial vehicles

From 2035 the reduction of specific CO₂ emissions for both categories should be 100 percent (the “combustion engine ban”).

Renewable Energy Directive (RED III)

- Increasing the obligatory EU-wide target for the share of renewable energies to 40 percent of the total energy mix by 2030 (previously 32 percent).
- For biofuels from cultivated biomass the current rules under RED II shall continue to apply.
- For advanced biofuels, double-crediting and a minimum quota of 0.2 percent in 2022, 1 percent in 2025 and 4.4 percent in 2030 are planned.
- A minimum quota of 5.2 percent and double-crediting from 2030 are planned for renewable fuels of non-biological origin (e.g. synthetic methane).

Effort Sharing Regulation (ESR)

Increasing the greenhouse gas reduction target from 30 to 40 percent compared to 2005.

EU-Emission Trading Scheme (ETS II)

The creation of an additional, separate emissions trading system for buildings and road transport. Distributors of motor and heating fuels require certification. It is intended that pricing will commence in 2027.

Carbon Border Adjustment Mechanism (CBAM)

A CO₂ Carbon Border Adjustment Mechanism will be introduced from 2030, with a transition phase of three years. This should provide for the pricing of emissions embedded in the manufacturing and transport of imported goods. The CBAM is intended to replace the current central instrument to protect against “carbon leakage”, the free issue of emissions certificates, progressively by 2035.

Future developments – EU

The focus is now on reaching agreements between the EU Commission, the EU Council and the EU Parliament. This process has already commenced. Agreement should be reached by the end of March. For the transport sector, it concerns, among other things, the NUTS II (Nomenclature of territorial units for statistics) values and the final quotas to be set.

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The Renewable Fuel Standard (RFS) programme in its current form ended in 2022. On December 1, 2022, at the same time as announcing the preliminary Renewable Volume Obligation Volume (RVO) the Environmental Protection Agency (EPA) recognised that the RFS legislation also continues to form the basis for the conditions needed for the growth of cellulose-based and advanced biofuels. On the basis of the most recent announcements, research is being carried out on the issue of which instruments/mechanisms the EPA should use in order to promote RNG (renewable natural gas) investments and to create an incentive for the industry. The proposed RVOs for the years 2023 to 2025 will be announced on June 14, 2023. The proposed time horizon of three years is intended to provide security for production purposes.

Surprisingly, the Biden administration enacted the Inflation Reduction Act (IRA) on August 16, 2022, receiving support from the US Senate. The IRA provides approximately USD 370 million over a period of close to ten years to benefit climate protection and energy security. It is particularly aimed at providing subsidies and tax advantages for developments in the renewable energy sector. The US industry is eagerly awaiting the binding guidelines from the treasury department. However, since the elections to the House of Representatives on November 8, 2022 there has been a deadlock situation between the Democrats and Republicans, which means that new legislation can be blocked. The IRA is already providing additional impetus to progress with new projects for renewable energy in the USA. However, only investment made in the USA will benefit.

Until the introduction of the eRIN (Renewable Identification Numbers for renewable electricity) on January 1, 2024 the EPA will continue with the current crediting system for biofuels.

Canada

In 2016 the Canadian Federal Government announced a national Clean Fuel Standard (CFS) that was intended to achieve annual greenhouse gas savings of up to 30 million tonnes by 2030. The plan is aimed at an increase in the use of fuels with lower CO₂ emissions, whereby there are separate requirements for liquid, gas and solid fossil fuel types.

However, the authority responsible for the implementation of the CFS, Environment and Climate Change Canada, announced a delay in the original time schedule as a result of the COVID-19 pandemic. The first regulations to reduce emissions from liquid fuels are currently being prepared, and these are expected to be implemented in July 2023; further regulations for gas and solid fuels will follow thereafter. Generally, there is only slow progress in implementing the CFS.

Market conditions for biofuels

Germany

At the time of writing, statistics are available from the German Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle – BAFA) for the 2022 calendar year up to October 2022. According to these statistics, the total consumption of diesel fuels in the period from January to October 2022 was 1.4 percent lower than in the same period in the previous year.

The sales figures for petrol-based fuels increased by 3.9 percent compared to the previous year. This is primarily due to high sales in the summer months; a five-year high was recorded in August 2022.

As was the case with the quota year 2021 (January 2021 to December 2021) the quota year 2022 commenced with excess quotas carried forward of approximately 2 million tonnes of CO₂ savings as the obligations to use additives in recent years have been substantially lower than the amounts that are technically feasible for the purposes of generating CO₂ savings and, accordingly, there is currently no need to exploit the additive capabilities available (e.g. with the use of a HVO “overblend”) or to turn to fuels with a higher bio-content mix.

Despite the excess quotas carried forward by the obligated participants, the use of biofuels as additives was largely taken up in full (in terms of vol-%) in the period from January to October 2022. Among other reasons, this was due to the fact that bioethanol and biodiesel were cheaper for quota fulfilment purposes than HVO or “quota tickets” in 2022. The market share of E10 in the period through to October 2022 was 23.2 percent on average. In the previous year (2021) the share was only 17.4 percent.

As a result of the increase in the price of CO₂ fuel emissions trading certificates issued under the national BEHG (BEHG: Brennstoffemissionshandelsgesetz) scheme from EUR 30/tonne CO₂ (2022) to EUR 35/tonne CO₂ (2023), it is to be expected that the use of biofuels as additives continued to rise in 2022, and that the advantage offered by E10 will remain.

This provides a positive outlook for the continued development of E10 volumes. While the market share of E10 in 2020 was still below 12 per-

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cent, in September 2022 the 18 percent level was exceeded. The increase in the GHG quota led to significant discounts for E10 compared to E5 at filling stations (around 6 cents/litre), and made it easier for the consumer to fill up in an environmentally-friendly way.

CNG (Compressed Natural Gas)/LNG (Liquefied Natural Gas)/biomethane as biofuel

The share of biomethane added to natural gas has been increasing sharply since 2020. The report issued by the Federal Ministry of Finance (BMF) on the statistics for the fulfilment of the bio-fuels quota reports a total of 341 GWh for 2019. In the following year the volume was more than double that figure at 717 GWh. The preliminary report for 2021 shows that a new record amount of 983 GWh of gas qualified to be counted as being used for greenhouse gas reduction purposes.

The previous government created the regulatory conditions necessary for this positive trend. The toll exemption for heavy goods vehicles powered by CNG created an incentive for transport companies to use Bio-CNG fuel. The public utility energy companies continue to be able to operate their Bio-CNG bus fleets or to replace or expand them with more modern, more efficient buses. In addition, the differences in the CO₂ emissions between fossil CNG and biomethane are encouraging more and more operators of filling stations to substitute CNG with biomethane in order to profit from the cheaper alternatives offered by manufacturers of biomethane.

The outlook in this market segment can be seen as positive in view of the forthcoming legal requirements that will be introduced to implement RED II. These include a successive increase in the obligation to reduce greenhouse gas emissions to 25 percent by 2030, the withdrawal of credits for

the use of fossil natural gas to meet greenhouse reduction quotas (GHG quotas) from January 1, 2022, as well as the introduction of double credits for advanced biomethane on exceeding the GHG quota, and also the exemptions from CO₂ taxation for biomethane.

The extension to the exemptions from road tolls offered to CNG-/LNG-powered heavy goods vehicles until the end of 2023 has been enacted into Federal law. This is in addition to the pressure from industry for a transfer to CO₂-neutral transport.

We expect that biomethane will succeed, and that in this market it will prove to be the future of biofuels.

Europe

The sales markets for biofuels in Europe are still affected by the fact that the Renewable Energy Directive (RED) is being implemented very differently in different EU member states. On the one hand, this situation offers arbitrage possibilities. However, it can also result in market entry barriers for certain countries. Overall, however, we are seeing that the quota for the use of biofuels for blending purposes is increasing across Europe, and more and more countries are converting from volume-based quotas to a GHG quota system.

North America

Following the end of the Renewable Fuel Standard 2 (RFS 2) the EPA plans a number of changes. For the first time, volume obligations have been fixed for several years at a time. The proposed rules are intended to apply for the years 2023–2025, together with important amendments to expand the RFS programme that were published on December 1, 2022.

From January 1, 2024 Renewable Identification Numbers (RINs) will be issued for electricity from renewable sources (eRINs), generated for use in electric vehicles and light commercial vehicles. According to the EPA the vehicle manufacturers should be responsible for creating the eRINs.

Furthermore, additional requirements will be determined for biogas-based electricity in connection with the creation of the eRINs. There are targets of 600,000 and 1,200,000 eRINs for the years 2024 and 2025, respectively.

Due to the low demand for petrol/diesel, the actual RVOs for cellulose-based biofuels in 2022 was only 594 million RINs. The 630 million RINs proposed by the EPA were not achieved. The excess supply led to an increase in inventories of RINs, and, as a result, to falling prices. This trend is likely to continue until the RINs are set to a higher level to take appropriate account of the new additional production capacity. The RNG industry proposes a 30 percent increase in the RVO for 2023, while the EPA regards a 16 percent increase to be reasonable.

As in 2022, the EPA set an additional obligation of 250 million gallons over and above the 2023 volumes, in order to take account of the partial repeal of the RVO obligations for small refineries (SRE) for 2014–2016, which an appeal court had declared to be unlawful in the “Americans for Clean Energy vs. EPA” case.

The final regulations and RVO volumes for the years 2023–2025 will be published on June 14, 2023.

The RVO for 2023 for diesel based on biomass material has been increased by 6.9 percent, from 2.76 billion gallons to 2.95 billion gallons, while the volume in 2021 remains unchanged at 2.43 billion gallons. At the same time the share

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of other advanced biofuels has increased significantly. As biodiesel and renewable diesel (HVO) need to be considered together, there has been an increase in the overall volume obligation for the total of the two categories. The capacity for renewable diesel (HVO) have been increased significantly, reaching 2.34 billion gallons in 2022. A capacity increase of a further 1.7 billion gallons is expected in 2023. As a result the available market capacity for diesel substitute fuels (biodiesel and HVO) significantly exceeds the preliminary volume of planned HVOs in the next three years. At the same time, in a recent meeting the EPA staff agreed to support further growth in the renewable fuels industry, but also discussed the risks associated with a growing RIN bank (annual excess supply of RINs) as well as the potential tight raw material situation for diesel substitutes in connection with the associated price setting.

The government in Canada continues to work on a clean fuel standard that is intended to be applied nationally. It is planned to implement this in mid-2023. However, the plans so far give the oil industry a wide range of fulfilment options. As a result, we do not currently anticipate a significant improvement in the framework conditions for the biodiesel business.

Raw materials and sales markets

Price trends for biodiesel, bioethanol/biomethane

After the price of FAME-10 reached its all-time high in August 2022, at times exceeding EUR 2,500/tonne, it fell sharply thereafter to below EUR 1,450/tonne. For the first half of the financial year 2022/2023 prices were EUR 70/tonne higher than the average prices in the comparable period in the previous financial year.

For the second quarter of the financial year 2022/2023 the price of bioethanol was EUR 320/cbm lower than in the same period in the previous year, and EUR 287/cbm lower than in the previous quarter. This had consequences for the gross market trends in this segment.

In particular, in the last months of the calendar year 2022 there was a significant increase in imports of cheap bioethanol from the USA and Brazil as a result of arbitrage opportunities, which increased the availability of bioethanol at the Amsterdam-Rotterdam-Antwerp trading market.

Price trends for grain, oil seed and vegetable oil

The USDA World Supply and Demand Report, published on January 12, 2023, estimated worldwide grain production for the 2021/2022 season to be 2.795 billion tonnes. At this volume, production would exceed the 2020/2021 harvest by approximately 70 million tonnes. For the harvest year 2022/2023 the forecast grain production is forecast to be lower at 2.730 billion tonnes. Despite sinking demand, inventory levels were lower than those of the harvest year 2020/2021.

For the EU 27 states, in its December 2022 forecasts Cocal estimates wheat production for 2022 to be 125.4 million tonnes. The total production in this report has been reduced further to 261.7 million tonnes. EU production of grain has not totalled 300 million tonnes since 2019, although contrary to early forecasts the area under cultivation for grain in the EU 27 states has not changed significantly, totalling 51.0 million hectares in 2022.

In the first half of the financial year 2022/2023 the price of wheat traded on the MATIF at approximately EUR 73/tonne above the levels in the same period in the previous year. On the CBOT exchange the difference was approximately EUR 61/tonne. This is a reflection of the fall in supply described above.

The continued expansion of HVO capacity over the coming years, especially in the USA, will increase the consumption of soya oil. The American HVO capacity has doubled, increasing from approximately 4 million tonnes annually to approximately 9 million tonnes annually. By the year 2026 capacity is expected to be 15 million tonnes annually.

The price of soya oil on the CBOT has increased in the first half of the financial year 2022/2023 by EUR 348/tonne compared to the same period in the previous year.

According to a Cocal report issued in December 2022, the EU production of rapeseed oil is estimated to be 19.34 million tonnes (2021: 17.05 million tonnes) with a further 1.3 million tonnes in Great Britain (2021: 1.22 million tonnes). This represents a production volume increase of approximately 13 percent in Europe.

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Average prices of selected raw materials and products

	Q1 2021/2022	Q2 2021/2022	Q3 2021/2022	Q4 2021/2022	2021/2022	Q1 2022/2023	Q2 2022/2023
Crude oil (Brent; USD/barrel)	73	80	98	112	90	98	89
Diesel fuel FOB Rotterdam (EUR/tonne)	511	597	799	1,085	744	1,041	969
Biodiesel (FAME –10 RED; EUR/t)	1,445	2,041	1,723	2,011	1,803	2,057	1,570
Petrol FOB Rotterdam (EUR/tonne)	589	639	824	1,123	790	914	755
Bioethanol (T2 German Specs; EUR/cbm)	702	1,111	1,016	1,200	1,005	1,078	791
Ethanol USA (CBOT; EUR/cbm)	505	505	509	536	514	567	560
Rapeseed oil (EUR/tonne)	1,291	1,575	1,719	2,041	1,652	1,618	1,292
Palm oil (EUR/tonne)	1,033	1,179	1,402	1,555	1,288	1,110	1,025
Soya oil (CBOT; EUR/tonne)	1,155	1,126	1,344	1,651	1,315	1,457	1,520
Wheat (MATIF; EUR/tonne)	234	284	311	394	305	336	328
Wheat (CBOT; EUR/tonne)	218	251	300	370	284	298	293
Maize (CBOT; EUR/tonne)	187	195	237	287	226	258	258
Sugar (EUR/tonne)	352	376	366	398	373	398	416
Natural gas TTF Day 1 (EUR/MWh)	49	94	100	99	85	201	95
Natural gas Henry Hub Day Ahead (EUR/MWh)	13	15	15	25	17	29	21

As a result the price of rapeseed oil has recovered, and in the second quarter 2022/2023 it is approximately EUR 283/tonne below the level in the same period in the previous year. In the first half of the financial year 2022/2023 prices were EUR 1,455/tonne, consistent with the levels of prices in the comparable period in the previous financial year.

Regulatory and tax environment in Germany

We refer to the explanations provided in the 2021/2022 Annual Report for a description of the regulatory and tax situation in Germany. There have been no significant changes since then which have had an effect on the net assets, financial position and results of operations.

Business report and the Group's position

Results of operations

VERBIO produced 445,776 tonnes of biodiesel and bioethanol in the first six months of the 2022/2023 financial year, compared to 432,413 tonnes in the comparative period in the previous year. This represents a capacity utilisation rate of 92.9 percent overall. In addition, 522,128 MWh of biomethane were produced in the first half-year of the financial year 2022/2023 (1 HY 2021/2022: 414,718 MWh).

With increased production and sales volumes, the Group's revenues increased by 33 percent to EUR 1,077.7 million (1 HY 2021/2022:

EUR 809.1 million). Further information is presented in the detailed comments on the individual segments.

Material costs amounted to EUR 888.8 million, also at a significantly higher level than in the same period in the previous year (1 HY 2021/2022: EUR 548.1 million). Taking account of changes in inventory of unfinished and finished goods, the gross margin of EUR 232.5 million is slightly lower than in the same period of the comparative year (1 HY 2021/2022: EUR 268.6 million). This is primarily due to the trends in the second quarter of 2022/2023, with a gross margin of EUR 88.4 million in the second quarter which was driven by lower sales prices, in particular for bioethanol.

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Personnel expenses in the first six months of the financial year 2022/2023 amounted to EUR 39.4 million (1 HY 2021/2022: EUR 30.2 million). The increase is again due to the increase in the number of employees as a result of the organisational changes initiated, as well as to the ramp-up of new business activities. In addition, the changes reflect amendments made to wages and salaries for employees to compensate for the general increase in prices.

Other operating expenses amounted to EUR 35.5 million in the reporting period (1 HY 2021/2022: EUR 24.6 million). Other operating expenses primarily include the costs of repair and maintenance, outgoing freight costs, motor vehicle costs, insurance and subscriptions.

Earnings before interest, taxes and depreciation (EBITDA) amounted to EUR 170.3 million, somewhat below the level of the EBITDA in the comparative period in the previous year (1 HY 2021/2022: EUR 187.2 million). Overall the result from commodity forward contracts (EUR 7.1 million; 1 HY 2021/2022: EUR -36.9 million) contributed to ensuring that the fall in EBITDA was not at the same rate as the fall in the gross margin.

With a slight increase in depreciation, the Group operating result (EBIT) amounted to EUR 151.1 million, EUR 21.3 million lower than in the comparative period in the previous year (1 HY 2021/2022: EUR 172.4 million).

The Group result before tax (EBT) totalled EUR 151.3 million (1 HY 2021/2022: EUR 171.9 million), and the net result for the period was EUR 102.1 million (1 HY 2021/2022: EUR 120.3 million). Based on the result for the period, basic earnings per share are EUR 1.61 (1 HY 2021/2022: EUR 1.90).

Further information is presented in the detailed comments on the individual segments.

*Net assets and financial position**Assets and liabilities*

The balance sheet total at December 31, 2022 amounted to EUR 1,191.5 million, representing an increase of EUR 62.9 million compared to June 30, 2022 (June 30, 2022: EUR 1,128.6 million). On the asset side of the balance sheet, the major changes of note were the increase in non-current assets.

Non-current assets increased by a total of EUR 76.6 million and amounted to EUR 548.9 million at the balance sheet date (June 30, 2022: EUR 472.3 million). The increase is due to investments in property, plant and equipment, which exceeded scheduled depreciation charges by a significant amount. In addition, non-current other assets are presented (EUR 54.3 million; June 30, 2022: EUR 57.7 million) representing payments on account for future supplies of raw materials.

The EUR 13.7 million decline in current assets from EUR 656.3 million at June 30, 2022 to EUR 642.6 million is primarily due to the fall in cash and cash equivalents reported (EUR 181.5 million lower) and the reduced level of derivatives (EUR 28.8 million lower).

This was offset by, in particular, higher levels of current financial assets (EUR 94.6 million; June 30, 2022: EUR 20.8 million) and inventories (EUR 259.9 million; June 30, 2022: EUR 169.3 million), whereby the other current financial assets primarily consisted of cash and cash equivalents held on segregated accounts (EUR 89.4 million; June 30, 2022: EUR 14.5 million).

In inventories, the increase is due to both higher inventories of merchandise held for resale (EUR 40.4 million; June 30, 2022: EUR 1.8 million) and to an increase in inventories of finished goods (EUR 157.5 million; June 30, 2022:

EUR 114.1 million). The increased level of inventories was primarily driven by an increase in the quantity of inventories of biomethane and for quotas, as well as due to the higher manufacturing costs of biomethane.

Please refer to the comments on the cash flow statement for details of changes in the balance of cash and cash equivalents.

The liabilities and equity side of the balance sheet includes equity of EUR 881.6 million (June 30, 2022: EUR 818.5 million), representing approximately 74.0 percent (June 30, 2022: 72.5 percent) of the balance sheet total. The change in the equity ratio is primarily due to the fact that there has been a comparatively small change in non-current and current liabilities compared to June 30, 2022, while the Group's equity has increased. Within current liabilities, derivatives (EUR 29.1 million; June 30, 2022: EUR 15.9 million) and other current liabilities (EUR 25.4 million, June 30, 2022: EUR 14.3 million) have increased. However, this increase is offset by a decrease in tax liabilities (EUR 70.8 million; June 30, 2022: EUR 89.2 million) as a result of payment of part of the tax liabilities for the financial year 2021/2022.

Cash flows

The operating cash flow for the reporting period totalled EUR -80.7 million (1 HY 2021/2022: EUR 95.4 million). The decline compared to the previous year, in addition to being a consequence of the lower net profit for the period, is primarily due to the effect on cash flows of the increase in inventories and other current assets. In addition, the operating cash flow is also significantly affected by the tax payments made for the previous financial year 2021/2022.

Cash outflows from investment activities in the first half-year 2022/2023 totalled EUR 96.7

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million (1 HY 2021/2022: cash outflows of EUR 41.8 million) which were almost wholly a result of payments made for investments in property, plant and equipment.

The cash flow from financing activities for the reporting period totalled EUR –3.2 million (1 HY 2021/2022: EUR –2.9 million). This wholly results from repayment instalments of lease liabilities in the first half of the financial year of EUR 3.2 million (1 HY 2021/2022: EUR 2.9 million).

Cash and cash equivalents fell by a total of EUR 181.5 million. Cash and cash equivalents at December 31, 2022 amounted to EUR 118.1 million.

Net cash

The bank and loan finance arrangements are more than offset by cash and cash equivalents of EUR 118.1 million and other cash balances held in segregated accounts of EUR 89.4 million, so that the reported net cash balance at the balance sheet date amounted to EUR 177.5 million (June 30, 2022: EUR 284.1 million).

Investments

Investments in property, plant and equipment totalling EUR 94.9 million were made in the first half of the financial year 2022/2023 (1 HY 2021/2022: EUR 42.7 million).

Segment reporting

Biodiesel

VERBIO has an annual biodiesel production capacity of 660,000 tonnes. Production of biodiesel in the first six months of the financial year 2022/2023 totalled 303,093 tonnes, comparable

with the corresponding period in the previous year (1 HY 2021/2022: 305,192 tonnes) and representing a total capacity utilisation rate of 91.8 percent, following 92.5 percent in the previous year.

Revenues in the Biodiesel segment totalled EUR 792.8 million, following EUR 585.7 million in the corresponding period in 2021/2022. The increase in sales revenues while production and sales volumes remained similar primarily reflects the higher average sales prices in the first half of the financial year 2022/2023. In addition to higher sales prices for biodiesel in Europe, the sales prices for biodiesel in North America were also significantly higher than in the same period of the previous year.

The cost of materials amounted to EUR 644.5 million (1 HY 2021/2022: EUR 416.6 million), at a similar level to the same period in the previous year due to the continued very good processing margins compared to sales revenues. As a result the gross margin fell slightly in the first half-year 2022/2023, from EUR 178.6 million to EUR 165.7 million.

Personnel expenses amounted to EUR 13.1 million in the reporting period (1 HY 2021/2022: EUR 10.2 million).

Other operating expenses totalled EUR 20.0 million (1 HY 2021/2022: EUR 12.3 million), of which EUR 4.3 million (1 HY 2021/2022: EUR 0.6 million) represented currency exchange rate losses.

The segment result amounted to EUR 133.4 million (1 HY 2021/2022: EUR 113.2 million), whereby the segment result in the same period of the previous year was affected by losses recorded on futures transactions of EUR 41.6 million (1 HY 2022/2023: EUR –0.5 million).

Bioethanol/Biomethane

In the Bioethanol segment VERBIO's bioethanol production capacity totals 300,000 tonnes of bioethanol annually. Production in the first six months of 2022/2023 totalled 142,683 tonnes, significantly higher than in the corresponding period in the previous year (1 HY 2021/2022: 127,221 tonnes), as a result of which the capacity utilisation has increased significantly (based on the annual capacity of 300,000 tonnes) from 84.8 percent to 95.1 percent.

In total, the Bioethanol segment generated sales revenues of EUR 276.1 million (1 HY 2021/2022: EUR 217.7 million). While the average market price for bioethanol in the first quarter of 2022/2023 remained approximately consistent with the average prices seen in the previous year, the average price of bioethanol in the second quarter fell significantly, and was recently again below EUR 800/cbm. However, VERBIO was able to increase sales revenues, primarily as a result of a 22,000 tonne increase in the volume of sales and as a result of higher average prices realised for the higher greenhouse gas savings provided to customers compared to the same period in the previous year.

At EUR 238.9 million (1 HY 2021/2022: EUR 127.7 million) the cost of materials was significantly higher in both absolute and relative terms compared to the first half of the financial year 2022/2023. Overall, the segment gross margin fell by EUR 24.7 million to EUR 63.4 million from EUR 88.1 million in the previous year, after taking the change in inventories in the segment into account. In contrast to the increase in the trends for sales prices for bioethanol, there was a further sharp increase in the raw material costs for grain.

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Other operating income in this segment in the reporting period amounted to EUR 8.4 million (1 HY 2021/2022: EUR 6.5 million). Of this, EUR 4.3 million (1 HY 2021/2022: EUR 3.2 million) represents realised and unrealised currency exchange gains.

Personnel expenses amounted to EUR 22.2 million (1 HY 2021/2022: EUR 17.2 million). Other operating expenses in the first half-year 2022/2023 amounted to EUR 28.9 million, following EUR 16.2 million in the same period of the previous financial year. In addition to currency exchange losses (EUR 7.3 million; 1 HY 2021/2022: EUR 1.2 million) this primarily includes outgoing freight costs and repair and maintenance expenses.

The segment result before interest and taxation totalled EUR 17.8 million in the reporting period, after EUR 58.6 million in the corresponding period of the previous year.

Other

Revenues generated in the Other segment, primarily representing revenues from transport and logistic services, totalled EUR 14.5 million in the first six months of the financial year 2022/2023 (1 HY 2021/2022: EUR 10.1 million). The segment result amounted to EUR –0.1 million (1 HY 2021/2022: EUR 0.6 million).

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Outlook report

The forecasts previously issued at the date of the publication of the annual report for the financial year 2021/2022 communicating an EBITDA of approximately EUR 300 million for the financial year 2022/2023 and net financial assets at the end of the financial year 2022/2023 of EUR 30 million are confirmed.

Risk and opportunity report

VERBIO's risk management system ensures that existing risks are systematically recognised, analysed, evaluated and reported on a timely basis. The risk management system ensures that all organisational units and processes are included in the risk management process, thereby ensuring that all risks are identified, evaluated and communicated.

VERBIO consolidates and aggregates all risks reported by the Group's various divisions and functions in accordance with its risk management guidelines. New subsidiaries and locations are being included in the risk reporting system on a step-by-step basis.

Detailed information on the VERBIO Group's risk management system, and on the Group's opportunities and risks, is presented in the risk and opportunity report included in the 2021/2022 annual report.

There have been no changes to the opportunities and risks presented in the 2021/2022 annual report. Further, there have been no significant changes in the risks and opportunities profile of the VERBIO Group during the reporting period.

There are no present risks or discernible potential risks that represent a threat to the ability of the Group to continue as a going concern.

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Consolidated statement of comprehensive income

for the period from July 1, 2022 to December 31, 2022

EUR (thousands)	Q2 2022/2023	Q2 2021/2022	1 HY 2022/2023	1 HY 2021/2022
1 Sales revenue (including energy taxes collected)	485,806	458,949	1,078,190	809,558
less: energy taxes	-311	-230	-530	-411
Sales revenue	485,495	458,719	1,077,660	809,147
2 Change in inventories	29,396	7,050	43,716	7,635
3 Own work capitalised	1,988	965	2,864	1,575
4 Other operating income	2,615	3,588	5,526	5,043
5 Cost of materials	-426,491	-289,146	-888,850	-548,117
6 Personnel expenses	-20,914	-14,940	-39,386	-30,193
7 Depreciation, amortisation and impairment of non-current assets	-9,689	-7,712	-19,203	-14,849
8 Other operating expenses	-18,316	-13,572	-35,537	-24,552
9 Changes in the value of financial assets and liabilities	-10,590	1,993	-2,832	3,621
10 Result from commodity forward contracts	5,731	-7,634	7,162	-36,947
11 Operating result	39,225	139,311	151,120	172,363
12 Interest income	335	32	602	68
13 Interest expense	-274	-267	-449	-546
14 Financial result	61	-235	153	-478
15 Result before tax	39,286	139,076	151,273	171,885
16 Income taxes	-14,088	-41,395	-49,170	-51,566
17 Net result for the period	25,198	97,681	102,103	120,319
Result attributable to shareholders of the parent company	25,335	97,649	102,213	120,194
Result attributable to non-controlling interests	-137	32	-110	125
Income and expenses recognised directly in equity:				
Items that may be reclassified subsequently to profit and loss:				
Translation of foreign operations	-28,900	3,168	-12,450	6,287
Fair value remeasurement on cash flow hedges	-26,318	-8,449	-42,343	3,739
Deferred taxes recognised directly in equity	3,441	504	14,312	-5,809
18 Income and expenses recognised directly in equity	-51,777	-4,777	-40,481	4,217
19 Comprehensive result	-26,579	92,904	61,622	124,536
Comprehensive result attributable to shareholders of the parent company	-26,442	92,872	61,732	124,411
Result attributable to non-controlling interests	-137	32	-110	125
Basic earnings per share (EUR)	0.40	1.55	1.61	1.90
Diluted earnings per share (EUR)	0.39	1.54	1.60	1.89

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Consolidated balance sheet

at December 31, 2022

EUR (thousands)	31.12.2022	30.06.2022
Assets		
A. Non-current assets		
I. Intangible assets	822	846
II. Property, plant and equipment	461,958	391,523
III. Right-of-use assets under leasing arrangements	20,690	18,950
IV. Financial assets	3,085	2,397
V. Other assets	54,274	57,762
VI. Deferred taxes	8,105	807
Total non-current assets	548,934	472,285
B. Current assets		
I. Inventories	259,891	169,335
II. Trade receivables	111,135	112,234
III. Derivatives	12,191	40,975
IV. Other current financial assets	94,641	20,828
V. Tax refunds	225	84
VI. Other assets	46,431	13,266
VII. Cash and cash equivalents	118,082	299,612
Total current assets	642,596	656,334
Balance sheet total	1,191,530	1,128,619

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EUR (thousands)	31.12.2022	30.06.2022
Equity and liabilities		
A. Equity and liabilities		
I. Share capital	63,398	63,398
II. Additional paid-in capital	500,885	499,393
III. Other reserves	-14,593	13,438
IV. Retained earnings	323,474	221,261
V. Reserve for translation adjustments	6,291	18,741
Total equity attributable to owners of the parent	879,455	816,231
VI. Non-controlling interests	2,114	2,224
Total equity	881,569	818,455
B. Non-current liabilities		
I. Bank loans and other loans	30,000	30,000
II. Lease liabilities	15,703	14,419
III. Provisions	134	131
IV. Deferred investment grants and subsidies	940	1,342
V. Other non-current financial liabilities	224	224
VI. Deferred taxes	262	11,912
Total non-current liabilities	47,263	58,028
C. Current liabilities		
I. Lease liabilities	5,489	4,967
II. Trade payables	104,723	95,371
III. Derivatives	29,080	15,867
IV. Other current financial liabilities	25,382	14,304
V. Tax liabilities	70,754	89,156
VI. Provisions	5,574	3,655
VII. Deferred investment grants and subsidies	830	837
VIII. Other current liabilities	20,866	27,979
Total current liabilities	262,698	252,136
Balance sheet total	1,191,530	1,128,619

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Consolidated cash flow statement

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EUR (thousands)	1 HY 2022/2023	1 HY 2021/2022
Net result for the period	102,103	120,319
Income taxes	49,170	51,566
Interest result	-153	478
Depreciation and amortisation	19,203	14,849
Non-cash expenses/income	-1,675	880
Gain on disposal of property, plant and equipment	-59	-244
Release of deferred investment grants and subsidies	-409	-426
Non-cash changes in derivative financial instruments	-347	-15,550
Increase in inventories	-90,556	-32,955
Decrease (previous year: increase) in trade receivables	1,099	-17,800
Increase in other assets and other current financial assets	-103,627	-54,120
Increase in provisions	1,922	44
Increase in trade payables	10,447	39,973
Increase in other current financial and non-financial liabilities	3,475	16,490
Interest paid	-285	-358
Interest received	602	67
Income taxes paid	-71,572	-27,798
Cash flows from operating activities	-80,662	95,415

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EUR (thousands)	1 HY 2022/2023	1 HY 2021/2022
Acquisition of intangible assets	-74	-66
Acquisition of property, plant and equipment	-96,260	-42,134
Proceeds from disposal of property, plant and equipment	394	416
Cash outflows for investments in associated companies and other investments	-733	0
Cash flows from investing activities	-96,673	-41,784
Proceeds from the assumption of financial liabilities	0	8
Payments for the redemption of lease liabilities	-3,210	-2,882
Cash flows from financing activities	-3,210	-2,874
Cash-effective change in cash funds	-180,545	50,757
Change in cash funds due to effects of exchange rates	-985	855
Cash funds at beginning of year	299,612	105,025
Cash funds at end of year	118,082	156,637
Cash funds at year end comprise the following:		
Cash and cash equivalents	118,082	156,637
Cash funds at end of year	118,082	156,637

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	Share capital	Additional paid-in capital	Other reserves	Retained earnings	Reserve for translation adjustments	Total equity, excluding non-controlling interests	Non-controlling interests	Total equity
EUR (thousands)								
July 1, 2021	63,184	495,692	33,680	-81,727	-2,980	507,849	2,023	509,872
Translation of foreign operations	0	0	0	0	6,287	6,287	0	6,287
Fair value changes on cash flow hedges (after tax)	0	0	-2,070	0	0	-2,070	0	-2,070
Income and expenses recognised directly in equity	0	0	-2,070	0	0	4,217	0	4,217
Net profit for the period	0	0	0	120,194	0	120,194	125	120,319
Comprehensive result for the period	0	0	-2,070	120,194	6,287	120,194	125	124,536
Changes in entities included in the consolidation	0	717	0	0	0	717	0	717
December 31, 2021	63,184	496,409	31,610	38,467	3,307	632,977	2,148	635,125
July 1, 2022	63,398	499,393	13,438	221,261	18,741	816,231	2,224	818,455
Translation of foreign operations	0	0	0	0	-12,450	-12,450	0	-12,450
Fair value changes on cash flow hedges (after tax)	0	0	-28,031	0	0	-28,031	0	-28,031
Income and expenses recognised directly in equity	0	0	-28,031	0	-12,450	-40,481	0	-40,481
Net profit for the period	0	0	0	102,213	0	102,213	-110	102,103
Comprehensive result for the period	0	0	-28,031	102,213	-12,450	61,732	-110	61,622
Equity-settled share-based remuneration	0	1,492	0	0	0	1,492	0	1,492
December 31, 2022	63,398	500,885	-14,593	323,474	6,291	879,455	2,114	881,569

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Condensed interim consolidated financial statements

Basis for preparation of the consolidated financial statements

The VERBIO Vereinigte BioEnergie AG interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the EU, as were the consolidated financial statements as of June 30, 2022. The rules contained in IAS 34 “Interim financial reporting” were applied accordingly. The interim financial statements of all companies included in the consolidated financial statements of VERBIO AG were prepared using uniform accounting and valuation methods.

These condensed interim consolidated financial statements do not include all the information that is required when annual consolidated financial statements are prepared. Accordingly, they should be read in conjunction with the consolidated financial statements as of June 30, 2022.

The condensed interim consolidated financial statements are prepared in euros (EUR). All amounts are presented in thousands of euros (EUR thousand) unless otherwise stated. Figures have been rounded in accordance with commercial practice; rounding differences may occur.

The condensed interim consolidated financial statements have been prepared under the assumption that the Group is a going concern. The Management Board approved the interim consolidated financial statements for publication on February 9, 2023.

Entities included in the consolidation, consolidation principles and foreign currency translation

There have been no changes to the composition of the companies included in the Group consolidated financial statements since June 30, 2022, with the exception of the following matters. In the first half of the financial year, VERBIO Retail GmbH and VERBIO Schkopau GmbH were formed as wholly-owned subsidiaries of VERBIO Vereinigte BioEnergie AG. VERBIO

Leuna GmbH was renamed VERBIO Poland GmbH. The investment in VERUM GmbH, which was accounted for under the equity method at June 30, 2022, was sold in the first half of the financial year 2022/2023. On the other hand, a 33.3 percent shareholding in Tacoss Software GmbH was acquired in the period.

Further details of the companies included in the Group consolidated financial statements are provided in the notes to the consolidated financial statements for the year ended June 30, 2022. The consolidation methods and the principles for the translation of amounts denominated in foreign currencies presented in the notes to the consolidated financial statements are unchanged.

Accounting and valuation methods

The interim financial statements are based on the consolidated financial statements, and accordingly we refer to the notes to the consolidated financial statements as of June 30, 2022 for a detailed description of the Group’s accounting, valuation and consolidation methods. The accounting and valuation methods are consistent with those used in the previous year. In addition, the new or amended accounting standards and interpretations listed in the consolidated financial statements at June 30, 2022 were applicable for the first time when preparing these interim financial statements. The implementation of the new and amended accounting standards and interpretations applicable to the Group for the first time from July 1, 2022 did not have a material effect on the presentation of the financial statements.

The income tax expense reported in the interim financial statements was calculated using an estimated effective tax rate of 29 percent on reported results before tax for the interim period, based on the rate that is expected to apply to the results over the year as a whole, under consideration of the Group’s income tax planning. In doing so, the tax expense calculated is adjusted for any significant amounts that were recognised in full in the interim period covered by the financial statements.

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Notes to individual items in the consolidated statement of comprehensive income

Sales revenue

Sales revenue wholly comprises revenue from contracts with customers amounting to EUR 1,077,660 thousand (1 HY 2021/2022: EUR 809,147 thousand). We refer to the segment reporting presented within “Other disclosures” for an analysis of sales revenue by category.

Other operating income

Other operating income amounted to EUR 5,526 thousand in the reporting period (1 HY 2021/2022: EUR 5,043 thousand). This primarily includes electricity and energy tax reimbursements of EUR 1,753 thousand (1 HY 2021/2022: EUR 1,690 thousand). Other operating income also includes income from subsidies and from the release of investment grants totalling EUR 409 thousand (1 HY 2021/2022: EUR 427 thousand).

Cost of materials

The cost of materials primarily includes costs incurred for the purchase of raw materials, consumables and supplies for ongoing production requirements, and the cost of merchandise. Please refer to the segment reporting section of these disclosure notes for an analysis by segment.

Other operating expenses

Other operating expenses in the reporting period amounted to EUR 35,537 thousand (1 HY 2021/2022: EUR 24,552 thousand). Significant items in other operating expenses included expenses for repair and maintenance of EUR 9,215 thousand (1 HY 2021/2022: EUR 7,448 thousand), outgoing freight costs of EUR 7,697 thousand (1 HY 2021/2022: EUR 5,644 thousand), insurance and subscriptions of EUR 2,435 thousand (1 HY 2021/2022: EUR 1,965 thousand) and vehicle costs of EUR 2,598 thousand (1 HY 2021/2022: EUR 1,341 thousand).

Result from commodity forward contracts

Gains and losses resulting from the change in value and closing out of forward commodity contracts for which hedge accounting could not be applied, and the ineffective portion of forward commodity contracts for which hedge accounting (cash flow hedges) was applied, totalled EUR 7,162 thousand (1 HY 2021/2022: EUR –36,947 thousand).

Income taxes

Income tax expense for the period from July 1, 2022 to December 31, 2022 amounted to EUR 49,170 (1 HY 2021/2022: EUR 51,566 thousand), comprising a current tax expense of EUR 53,170 thousand (1 HY 2021/2022: EUR 48,148 thousand) and deferred tax income of EUR 4,000 thousand (1 HY 2021/2022: EUR -3,418 thousand).

No new deferred tax assets were recorded for losses in foreign Group subsidiaries as the utilisation of the tax losses carried forward is not yet considered to be reasonably certain.

Earnings per share

Earnings per share was calculated in accordance with IAS 33. The earnings per share is calculated by dividing the earnings for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding. VERBIO AG has 63,397,913 no-par shares with an arithmetic value of EUR 1 each. The Group result attributable to the shareholders of the parent company for the period from July 1, 2022 to December 31, 2022 totalled EUR 102,213 thousand (1 HY 2021/2022: EUR 120,194 thousand). The basic earnings per share amounts to EUR 1.61 (1 HY 2021/2022: EUR 1.90 thousand). The expected issue of new shares as a component of the remuneration of the Management Board gives rise to potential ordinary shares, with the result that the basic earnings per share differs from the diluted earnings per share. Taking account of the number of outstanding potential ordinary shares the diluted earnings per share amounts to EUR 1.60 (1 HY 2021/2022: EUR 1.89).

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Notes to individual items in the consolidated balance sheet

Non-current assets

Property, plant and equipment

Movements on property, plant and equipment included scheduled depreciation (EUR 15,973 thousand), disposals (EUR 831 thousand), new investments in property, plant and equipment (EUR 94,913 thousand) and the effects of changes in currency exchange rates (EUR –7,674 thousand). As a result, the carrying value of property, plant and equipment increased to EUR 461,958 thousand (June 30, 2022: EUR 391,523 thousand).

Right-of-use assets under leasing arrangements

This position represents the right-of-use assets recognised under leasing arrangements as a result of the application of IFRS 16. The movements on right-of-use assets in the first half of the financial year 2022/2023 included additions as a result of new lease contracts (EUR 5,132 thousand), disposals of old lease contracts (EUR 195 thousand), the effects of changes in currency exchange rates (EUR –87 thousand) and depreciation of right-of-use assets (EUR 3,110 thousand), and total EUR 20,690 at December 31, 2022 (June 30, 2022: EUR 18,950 thousand).

Other non-current assets

Other non-current assets include payments on account for supplies of raw materials. Payments on account totalling USD 57.9 million have been made in connection with a long-term supply agreement for raw materials.

Current assets

Inventories

Inventories consist of the following:

EUR (thousands)	31.12.2022	30.06.2022
Raw materials, consumables and supplies	55,098	48,723
Finished goods	157,491	114,137
Unfinished goods	6,889	4,666
Merchandise	40,413	1,809
Inventories	259,891	169,335

Inventories with a carrying value of EUR 255,748 thousand (June 30, 2022: EUR 167,632 thousand) are carried at their acquisition and production cost. Further inventories with a carrying value of EUR 4,143 thousand (June 30, 2022: EUR 1,703 thousand) are carried at their lower net realisable value.

Allowances to write down the value of inventories to market or net realisable value totalling EUR 369 thousand (1 HY 2021/2022: EUR 85 thousand) were made after the performance of net realisable value tests. The expense of EUR 134 thousand to record the allowances against finished goods is reported in the statement of comprehensive income within “change in finished and unfinished goods”. Of these allowances an amount of EUR 235 thousand is attributable to raw materials, consumables and supplies. This amount is reported within the cost of materials.

Trade receivables

Trade receivables amounted to EUR 111,135 thousand at the balance sheet date (June 30, 2022: EUR 112,234 thousand) and are presented net of valuation allowances of EUR 1,130 thousand (June 30, 2022: EUR 1,078 thousand). All trade receivables have a remaining term of up to one year.

Other current financial assets

Other current financial assets of EUR 94,641 thousand (June 30, 2022: EUR 20,828 thousand) include cash and cash equivalents in segregated accounts totalling EUR 89,449 thousand (June 30, 2022: EUR 14,481 thousand).

Other assets

Other assets of EUR 46,431 thousand (June 30, 2022: EUR 13,266 thousand) include EUR 20,542 thousand (June 30, 2022: EUR 3,901 thousand) for value added tax receivables as well as taxes of EUR 6,323 thousand (June 30, 2022: EUR 5,072 thousand) for electricity and energy tax reimbursements.

Derivatives

The derivatives held at December 31, 2022 are described in the disclosures on financial instruments.

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Cash and cash equivalents

Cash and cash equivalents include unrestricted cash and cash equivalents of EUR 118,082 thousand (June 30, 2022: EUR 299,612 thousand).

Equity and liabilities**Other reserves**

The other reserves include the effective portion of the cumulative change in fair value of forward commodity contracts that qualify as cash flow hedges, to the extent that these transactions had not yet been closed out by December 31, 2022. Cash flow hedges with a value of EUR 16,953 thousand were transferred from equity to the cost of materials in the reporting period as part of the cash flow hedge accounting (1 HY 2021/2022: EUR 45,566 thousand), whereby the reclassification in the cost of materials with effect on earnings is preceded in each case by a basis adjustment within inventories as a recycling of other comprehensive income. The change in the fair values of cash flow hedges thereafter amounted to EUR –25,391 thousand. Deferred tax assets of EUR 5,861 thousand have been recorded within other reserves at December 31, 2022 (June 30, 2022: EUR –8,450 thousand).

Non-current liabilities**Deferred investment grants and subsidies**

Movements on the investment grants and subsidies balance of EUR 1,770 thousand (June 30, 2022: EUR 2,179 thousand) result exclusively from the effect of scheduled releases to income.

Lease liabilities

The lease liabilities totalling EUR 21,192 include all obligations to make payments of instalments under lease arrangements recognised as a result of the application of IFRS 16. The lease liabilities at December 31, 2022 are split into non-current liabilities of EUR 15,703 thousand and current liabilities of EUR 5,489 thousand. Lease liabilities fell in the period from July 1, 2022 to December 31, 2022 as a result of lease payments of EUR 3,210 thousand, disposals of EUR 197 thousand and changes in currency exchange rates of EUR 49 thousand. In the same period, lease liabilities increased as a result additions of EUR 5,132 thousand and interest expenses of EUR 153 thousand.

Current liabilities**Tax liabilities**

Tax liabilities include obligations for trade taxes of EUR 54,091 thousand (June 30, 2022: EUR 40,737 thousand) and corporation taxes of EUR 16,663 thousand (June 30, 2022: EUR 48,419 thousand).

Provisions

Current provisions of EUR 5,574 thousand (June 30, 2022: EUR 3,655 thousand) primarily represent provisions recorded for expected losses on pending procurement and for interest expenses.

Financial instruments

Financial instruments originated by the Group classified as assets primarily consist of trade receivables, other financial assets and cash and cash equivalents, and are classified as measured at amortised cost. Instruments originated by the Group classified as liabilities are primarily the reported amounts of financial liabilities, trade payables and other financial liabilities. Financial instruments originated by the Group on the equity and liabilities side of the balance sheet are also classified as measured at amortised cost.

Included in derivative financial instruments are instruments used to hedge price risks associated with procurement and sales transactions. Forward contracts have been entered into to hedge the supply price of rapeseed oil. Other forward contracts were entered into to hedge biometane sales contracts. There were derivatives with a positive market value at December 31, 2022 amounting to EUR 12,191 thousand (June 30, 2022: EUR 40,975 thousand) and derivatives with negative market values which amounted to EUR 29,080 thousand (June 30, 2022: EUR 15,867 thousand). A discussion of the impact on the consolidated statement of comprehensive income is provided in the explanatory notes describing the result from forward commodity contracts and the description of other reserves.

The fair values of the derivatives are based on the following fair value hierarchy levels of the instruments:

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- Level 1 (based on unadjusted quoted prices on an active market): assets of EUR 0 thousand (June 30, 2022: EUR 0 thousand), liabilities of EUR 0 thousand (June 30, 2022: EUR 0 thousand)
- Level 2 (use of valuation methods, directly observable market data): assets of EUR 12,191 thousand (June 30, 2022: EUR 40,975 thousand), liabilities of EUR 29,080 thousand (June 30, 2022: EUR 15,867 thousand).

There were no reclassifications between the individual levels of fair value hierarchy in the period from July 1, 2022 to December 31, 2022, or in the corresponding period in the previous year.

The carrying amounts of the Group's primary financial instruments are taken as approximations of their fair values, primarily due to their short-term nature.

Further details on the determination of the fair values of individual financial instruments and their allocation to the different measurement categories are provided in note 9 in the notes to the consolidated financial statements in the annual report 2021/2022.

Other disclosures

Segment reporting

The risks and returns of the Group are primarily those of the Group's business segments. The VERBIO Group consists of the Biodiesel, Bioethanol and Other segments, in line with the Group's internal organisation and management structure. The Other segment is a collective segment that includes the Group's transport and logistics activities.

Segmentation on a geographical basis is not reported as this is not used for the VERBIO Group's internal management purposes.

Segments according to internal corporate management

Sales revenues are presented net of energy taxes of EUR 530 thousand (1 HY 2021/2022: EUR 411 thousand). The Biodiesel and Bioethanol segments generate revenue from the sale of goods. In the Other segment, revenues are generated through the rendering of services. The valuation and accounting methods used for segment reporting purposes and for the purposes of reporting transactions between reportable segments are identical to those used by the Group as a whole in preparing its consolidated financial statements.

The VERBIO Group generated sales revenue of EUR 436,033 thousand from sales of goods to or in other countries and from services in other countries in the reporting period (1. HY 2021/2022: EUR 261,358 thousand) from sales of goods and services outside Germany (primarily in Europe and North America).

Disclosures concerning how seasonal and cyclical factors affect the business activities of the Group's segments in the interim period are made in the Group interim management report in the section "Economic and political environment".

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Segment reporting for the period from July 1, 2022 to December 31, 2022

EUR (thousands)	Biodiesel		Bioethanol		Other		Total all segments	
	1 HY 2022/2023	1 HY 2021/2022	1 HY 2022/2023	1 HY 2021/2022	1 HY 2022/2023	1 HY 2021/2022	1 HY 2022/2023	1 HY 2021/2022
Sales revenue	792,767	585,680	276,056	217,727	14,556	10,078	1,083,379	813,485
Change in inventories	17,501	9,518	26,215	-1,883	0	0	43,716	7,635
Own work capitalised	624	100	2,240	1,475	0	0	2,864	1,575
Other operating income	5,835	3,758	8,362	6,483	182	392	14,379	10,633
Cost of materials	-644,528	-416,642	-238,901	-127,731	-7,349	-4,790	-890,778	-549,163
Personnel expenses	-13,164	-10,210	-22,199	-17,163	-4,023	-2,820	-39,386	-30,193
Depreciation and amortisation	-5,063	-5,135	-12,734	-8,723	-1,406	-991	-19,203	-14,849
Other operating expenses	-20,022	-12,295	-28,920	-16,227	-2,071	-1,291	-51,013	-29,813
Result from commodity forward transactions	-544	-41,602	7,706	4,655	0	0	7,162	-36,947
Segment result	133,406	113,172	17,825	58,613	-111	578	151,120	172,363
Financial result	71	-267	83	-207	-1	-4	153	-478
Result before tax	133,477	112,905	17,908	58,406	-112	574	151,273	171,885

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Reconciliation

EUR (thousands)	Total all segments		Inter-segment sales revenues and expenses		Group	
	1 HY 2022/2023	1 HY 2021/2022	1 HY 2022/2023	1 HY 2021/2022	1 HY 2022/2023	1 HY 2021/2022
Sales revenue	1,083,379	813,485	-5,719	-4,338	1,077,660	809,147
Change in inventories	43,716	7,635	0	0	43,716	7,635
Own work capitalised	2,864	1,575	0	0	2,864	1,575
Other operating income	14,379	10,633	-152	-172	14,227	10,461
Cost of materials	-890,778	-549,163	1,928	1,046	-888,850	-548,117
Personnel expenses	-39,386	-30,193	0	0	-39,386	-30,193
Depreciation and amortisation	-19,203	-14,849	0	0	-19,203	-14,849
Other operating expenses	-51,013	-29,813	3,943	3,464	-47,070	-26,349
Result from commodity forward transactions	7,162	-36,947	0	0	7,162	-36,947
Segment result	151,120	172,363	0	0	151,120	172,363
Financial result	153	-478	0	0	153	-478
Result before tax	151,273	171,885	0	0	151,273	171,885

Contingent liabilities and other financial commitments

Litigation

There are no open litigation issues that present a significant risk to VERBIO at December 31, 2022.

Further details are provided in the notes to the consolidated financial statements for the 2021/2022 financial year.

Order commitments

Open purchase obligations for investments total EUR 109,566 thousand at December 31, 2022 (June 30, 2022: EUR 102,304 thousand).

Disclosures concerning related persons and entities

Detailed information on the nature of relationships with related persons and entities is provided in the related party disclosures in the notes to the consolidated financial statements for the financial year 2021/2022.

Loan agreements were entered into in the first half of the financial year between VERBIO AG and four members of the Management Board to provide short-term financing for their obligations for payroll taxes arising in connection with meeting their rights to receive variable remuneration which was fulfilled by the issue of VERBIO AG shares. These resulted in payments totalling EUR 3,600 thousand which were repaid in full, including agreed interest thereon, by December 31, 2022.

Other than the above there were no significant changes to the nature and scale of transactions with related persons and entities.

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Significant events subsequent to the end of the reporting period

There have been no significant events with an effect on the net assets and financial position since December 31, 2022.

Audit of the interim financial statements and the interim management report

These condensed interim consolidated financial statements and the interim management report have not been audited or been subject to review by auditors.

Leipzig, February 9, 2023



Claus Sauter
CEO



Prof. Dr. Oliver Lüdtkke
Deputy CEO



Theodor Niesmann
CTO



Bernd Sauter
COO Europe



Stefan Schreiber
COO North America



Olaf Tröber
CFO

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Affirmation of the legal representatives

We, the legal representatives of VERBIO Vereinigte BioEnergie AG, confirm that to the best of our knowledge, in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and that the Group interim management report includes a fair presentation of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Leipzig, February 9, 2023



Claus Sauter
CEO



Prof. Dr. Oliver Lüdtkke
Deputy CEO



Theodor Niesmann
CTO



Bernd Sauter
COO Europe



Stefan Schreiber
COO North America



Olaf Tröber
CFO

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Management Board



Claus Sauter
CEO

Departmental responsibility for global business development, mergers & acquisitions, post merger integration, global human resources, global marketing & communications, ESG (Environment, Social, Governance), and for the Special Products division and VERBIO's subsidiary in India



Prof. Dr. Oliver Lüdtke
CTO and Deputy CEO

Responsible for research and development, production and project development, with a focus on bioethanol and biomethane



Theodor Niesmann
CTO

Responsible for research and development, production and project development, with a focus on biodiesel



Bernd Sauter
COO Europe

Responsible for the administrative management of production locations and administrative departments (personnel, QM, trading, marketing and communication) and for raw materials, agricultural management and supply chain management in the Europe region



Stefan Schreiber
COO North America

Responsible for the North America region (sales, trading, procurement of fluid materials, procurement of media and consumables, contract processing, finance and accounting, taxes, personnel, public relations, marketing, legal, business development, compliance, controlling and risk management, insurance).



Olaf Tröber
CFO

Responsible for global IT, internal audit, global accounting and taxes, enterprise risk consolidation, global insurance, global controlling, global treasury, global legal department, investor relations, compliance

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Supervisory Board



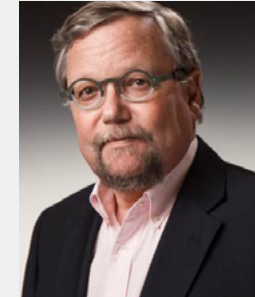
Alexander von Witzleben
Chairman of the Supervisory Board

- President of the Board of Directors, Feintool International Holding AG, Lyss, Switzerland
- President of the Board of Directors and CEO, Arbonia AG, Arbon, Schweiz
- Member of the Board of Directors, Artemis Holding AG, Aarburg, Schweiz
- Chairman of the Supervisory Board, PVA TePla AG, Wettenberg
- Member of the Supervisory Board, Siegwerk Druckfarben AG & Co. KGaA, Siegburg
- Member of the Administrative Board, Kaefer Isoliertechnik GmbH & Co. KG, Bremen



Ulrike Krämer
Vice-Chairman of the Supervisory Board

German Certified Public Auditor and German Certified Tax Advisor, Ludwigsburg



Dr. Klaus Niemann
Member of the Supervisory Board

Chemist, Oberhausen
Shareholder and Managing Director, Reftec consult, Oberhausen

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May 11, 2023	Publication of the quarterly statement for the period ended March 31, 2023 and conference call (July 2022 to March 2023)
September 26, 2023	Publication of the annual report 2022/2023 Analysts' and annual financial press conference (incl. conference call)
November 9, 2023	Publication of quarterly statement 2023/2024 for the period ended September 30, 2023 and conference call (July 2023 to September 2023)
February 2, 2024	Annual general meeting
February 8, 2024	Publication of the half-yearly interim report 2023/2024 (July 2023 to December 2023) Analysts' conference (incl. conference call)
May 14, 2024	Publication of the quarterly statement for the period ended March 31, 2024 and conference call (July 2023 to March 2024)
September 26, 2024	Publication of the annual report 2023/2024 Analysts' and annual financial press conference (incl. conference call)

Imprint

Publisher/editing

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Forward-looking statements

The report includes various statements concerning forecasts, expectations and information that relate to the future development of the VERBIO Group and VERBIO Vereinigte BioEnergie AG. These statements are based on assumptions and estimates and may be associated with known and unknown risks and uncertainties. Actual developments and results, as well as the financial and asset situation, may therefore differ substantially from the expectations and assumptions stated. Such differences may be due, among other things, to market fluctuations, changes in worldwide market prices for raw materials as well as financial markets and exchange rates, changes in national and international laws and directives, or fundamental changes in the economic and political climate. VERBIO does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this report.

This report is published in German (original version) and in English (non-binding translation). It is available for download at <http://www.verbio.de> in both languages.

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