

Pioneering
green solutions

verbio

VERBIO Annual Report

2022/2023

Contents

To our shareholders	2	Consolidated financial statements (IFRS)	59
Group key figures	3	Consolidated statement of comprehensive income	60
Segment key figures	5	Consolidated balance sheet	62
Letter to our shareholders	6	Consolidated cash flow statement	65
Report from the Supervisory Board	10	Consolidated statement of changes in equity	67
The VERBIO share	19	Notes to the consolidated financial statements	69
Combined Group management report	24	Affirmation of the legal representatives	126
Fundamentals of the Group	25	Reproduction of the independent auditor's report	127
Economic report	30	Further information	134
Outlook, opportunity and risk report	43	Executive bodies of the Company	135
Other reporting obligations	56	Technical glossary	137
		Financial calendar	144
		Imprint	145

For better readability, this report is not written with the use of masculine, feminine and gender-neutral forms of language. The masculine form is used, whereby the text is applicable to all genders on an equal basis.

Group key figures

[in EUR million]

Profitability	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Sales revenue	1,077.7	890.6	1,968.3	809.1	1,003.4	1,812.5
EBITDA	170.3	70.0	240.3	187.2	316.1	503.3
EBITDA margin (%)	15.8	7.9	12.2	23.1	31.5	27.8
EBIT	151.1	47.6	198.7	172.4	289.6	462.0
EBT	151.3	47.9	199.2	171.9	289.2	461.1
Net result for the period	102.1	30.1	132.2	120.3	195.5	315.8
Basic earnings per share (EUR)	1.61	0.47	2.08	1.90	3.09	4.99
Diluted earnings per share (EUR)	1.60	0.48	2.08	1.89	3.08	4.97

Operating data	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Production (tonnes)	445,776	482,346	928,122	432,413	405,719	838,132
Production (MWh)	522,128	555,925	1,078,053	414,718	470,241	884,959
Utilisation Biodiesel/Bioethanol (%) ¹⁾	92.9	92.4	92.6	94.0	88.2	91.1
Utilisation Biomethane (%) ¹⁾	80.3	85.5	82.9	92.2	104.5	98.3
Investments in property, plant and equipment	94.9	156.3	251.2	42.7	78.7	121.4
Number of employees ²⁾	1,131	1,180	1,180	922	978	978

Continued on next page

¹⁾ The annual production capacity of the production plants in the financial year 2022/2023 were as follows:
biodiesel: unchanged 660,000 tonnes; bioethanol: increased from 260,000 tonnes to 342,000 (SBE included for the fourth quarter on a proportionate basis); biomethane: increased from 900 GWh to 1,300 GWh.

²⁾ At the balance sheet date.

Net asset position	31.12.2022	30.06.2023	30.06.2023	31.12.2021	30.06.2022	30.06.2022
Net financial assets (net cash)	177.5	57.4	57.4	140.5	284.1	284.1
Equity	881.6	911.8	911.8	635.1	818.5	818.5
Equity ratio (%)	74.0	70.3	70.3	71.3	72.5	72.5
Balance sheet total	1,191.5	1,297.2	1,297.2	890.5	1,128.6	1,128.6

Financial position	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Operating cash flow	-80.7	106.8	26.1	95.4	229.6	325.0
Operating cash flow per share (EUR)	-1.27	1.70	0.41	1.51	3.64	5.16
Cash and cash equivalents ³⁾	207.5	219.4	219.4	170.5	314.1	314.1

³⁾ At the balance sheet date, including cash held on segregated accounts.

Segment key figures

[in EUR million]

Biodiesel	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Sales revenue	792.8	574.6	1,367.4	585.7	684.0	1,269.7
EBITDA	138.5	14.2	152.7	118.3	180.1	298.4
EBIT	133.4	8.6	142.1	113.2	159.5	272.7
Production (tonnes)	303,093	307,416	610,509	305,192	268,839	574,031
Utilisation (%) ¹⁾	91.8	93.2	92.5	92.5	81.5	87.0
Number of employees ²⁾	211	215	215	219	216	216
Bioethanol (incl. biomethane)	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Sales revenue	276.1	314.4	590.5	217.7	313.6	531.3
EBITDA	30.6	53.7	84.3	67.3	135.0	202.3
EBIT	17.8	38.6	56.4	58.6	130.3	188.9
Production (tonnes)	142,683	174,930	317,613	127,221	136,880	264,101
Production (MWh)	522,128	555,925	1,078,053	414,718	470,241	884,959
Utilisation Bioethanol (%) ¹⁾	95.1	102.3	92.9	97.9	105.3	101.6
Utilisation Biomethane (%) ¹⁾	80.3	85.5	82.9	92.2	104.5	98.3
Number of employees ²⁾	559	632	632	477	514	514
Other	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Sales revenue	14.5	12.1	26.6	10.1	11.3	21.4
EBIT	-0.1	0.4	0.3	0.6	-0.2	0.4

¹⁾ The annual production capacity of the production plants in the financial year 2022/2023 were as follows:
biodiesel: unchanged 660,000 tonnes; bioethanol: increased from 260,000 tonnes to 342,000
(SBE included for the fourth quarter on a proportionate basis); biomethane: increased from 900 GWh to 1,300 GWh.

²⁾ At the balance sheet date.

Letter to our shareholders

Dear shareholders,

Following the financial year 2021/2022, which was an extraordinary year in every sense, the financial year 2022/2023 just ended was characterised by new challenges. We had expected a normalisation of price levels in the agricultural sector and falling margins, and reflected these appropriately in our forecast for the financial year 2022/2023. What we were not able to foresee at that time was the immense volume of biodiesel imports into Europe from China.

Developments such as these demonstrate once again how changeable the industry is, despite the globally increasing demand for biofuels and biomass molecules. Despite this, in 2022/2023 we have managed to generate the second-best results in the history of VERBIO AG.

With significantly higher production and sales volumes for biodiesel, bioethanol and biomethane, to a large extent we have been able to compensate the negative effects and generate good results in all segments. We continue on our strict path of pursuing our strategic objectives.

In Germany, we are investing in the expansion of our biomethane filling station infrastructure and are providing BioLNG for use in heavy goods vehicle transport.

We have commenced construction of the ethenolysis plant in Bitterfeld and the catalyst factory in Hungary. Our biomass molecules have a green carbon dioxide atom. Carbon dioxide is the basis of large parts of the

chemicals industry; we will help to defossilise the chemicals industry, and ethenolysis is the first significant step in this direction.

In North America the expansion of the production location in Nevada, Iowa, converting it to a combined bioethanol-biomethane plant on the model of the German VERBIO biorefineries, has been completed. The commissioning of this expansion will start shortly. Following the acquisition of a further ethanol plant in South Bend, Indiana we are starting the construction of a second such biorefinery in the USA. Our engagement in North America is an important milestone in our long-term growth strategy.

While Europe is still searching for the right strategy for the use of biomass based- and synthetic renewable sources of energy, we currently see a strong intention in the USA to take the lead globally in the use of new environmental technologies. We had already identified the USA as an attractive market for our internationalisation strategy as far back as in 2018, well before the comprehensive US support programmes such as the Inflation Reduction Act (IRA) with a volume of almost USD 400 billion. Now the IRA is a perfect fit for our business model, offering support for investment and production and thereby acting in effect as a "double turbo" for VERBIO's development in the USA. There is incredible momentum there because the combination of low energy and raw material costs, large volumes of unused biomass, well-developed infrastructure, long-term perspectives and reliability, as well as massive government support, offers far better conditions for investment than are found



Claus Sauter
Chairman of the Management Board

in Europe. The motto of the Biden administration is "think big, no half measures".

The combination of these factors almost forces us to concentrate our plans on the USA in order to expand our capacity.

Of course, we are also following developments in Europe closely. In the same way that recent subsidy awards to Infineon, Intel and TSMC in the semiconductor sector of almost EUR 15 billion in 2022 should be understood as an answer to the USD 280 billion "US CHIPS Act", an appropriate reaction to the IRA in Europe is needed if it wants to avoid being left behind.

Second-best results in the history of VERBIO

In the light of the volatility in raw materials markets, VERBIO has been able to generate a good result in the financial year 2022/2023. EBITDA of EUR 240.3 million was in the range anticipated in the most recent forecast on April 27, 2023 when the EBITDA prediction was adjusted to approximately EUR 240 million as a result of the falling price of biodiesel.

Despite falling sales prices, Group sales revenues in the financial year 2022/2023 totalled EUR 1,968.3 million, above the previous year's total of EUR 1.812.5 million.

The increase in sales revenues is primarily due to the increase in the sales volumes of biodiesel, bioethanol and biomethane in the financial year just ended. We set new production records in almost all areas.

The production volume of biodiesel and bioethanol in the financial year 2022/2023 was a record 928,122 tonnes, compared with 838,132 tonnes in the previous financial year 2021/2022. This represented an overall capacity usage of 92.6 percent.

In addition, in the financial year 2022/2023 biomethane production exceeded one TWh for the first time, with total production amounting to 1,078 GWh.

At the balance sheet date June 30, 2023, equity totalled EUR 911.8 million (June 30, 2022: EUR 818.5 million). The equity ratio amounted to 70.3 percent, slightly lower than at the previous year's balance sheet date (June 30, 2022: 72.5 percent).

Net financial assets were, as expected, significantly lower than in the previous year due to the planned invest-

ments and tax payments. Bank and loan finance arrangements of EUR 162.0 million were more than offset by cash and cash equivalents of EUR 170.3 million and other cash balances held in segregated accounts of EUR 49.1 million, so that the reported net financial assets at the June 30, 2023 balance sheet date amounted to EUR 57.4 million (June 30, 2022: EUR 284.1 million).

Investments totaling EUR 251.2 million were made in property, plant and equipment in the financial year 2022/2023. Accordingly, the volume of investments has more than doubled compared to the previous year. In addition to the acquisition of South Bend Ethanol the most investments primarily included the plants in the USA as well as investments in expanding plant facilities and filling stations in Germany.

Dividend payment unchanged to the previous year

The Management and Supervisory Boards of VERBIO AG will propose to the annual general meeting to be held in February 2024 that the Company shall pay an unchanged dividend of EUR 0.20 per qualifying share, in order to ensure that you, our dear shareholders, will receive an appropriate share of the earnings generated over the past financial year, while at the same time retaining sufficient funds to finance further planned investments.

Pioneering green solutions: our business model is pure sustainability

We have defined our long-term sustainability objectives. By the year 2026 we want to increase the annual CO₂ savings generated by the use of our products – on the

basis of the current regulatory framework – to 8 million tonnes annually. This represents more than a doubling compared to the past financial year.

As you can see in our current non-financial report, which is separate to the management report, we have, with our products, generated a savings potential of 3.4 million tonnes of CO₂ in the financial year 2022/2023. We will expand this climate protection potential even further with the expansion of production capacity for bioethanol and biomethane in the USA and our plans to manufacture renewable raw materials for the chemical industry.

In addition, we will make a significant improvement to our own green footprint and want to make the VERBIO Group climate-neutral by 2035.

We have strengthened our sustainability management activities with the employment of additional staff, and sharpened the focus on sustainability in all departments in the Group. In addition to ecological sustainability, we are increasing diversity in our team through increasing internationalisation. In total, our international team now consists of 1,180 employees.

In order to continue to meet the challenge of global growth we have not only repositioned ourselves with a new structure, we have also sharpened our positioning. We have long outgrown our image as simply a manufacturer of biofuels.

"Pioneering green solutions" summarises what our future is about: using innovative technologies to pave the way for climate-friendly alternatives based on biomass from sustainable sources, not only in the transport sector but also in industry, chemicals and agriculture.

Diesel scandal 2.0

I have already stressed in the past that biomass is a global issue. It presents opportunities for our sustainable growth path, but at the same time it also offers new opportunities for speculators, who are not providing sustainability but are practising greenwashing. With their unfair practices they have once again put pressure on the German and European biofuels market in recent months. German and European politicians have again been slow to react, and have put local value added chains at risk. Although VERBIO has been significantly less affected than its competitors due to the wide range of its product portfolio and its international focus, I would like to address this issue briefly, because it will have an effect on the forecast for the coming financial year.

We are currently experiencing a "Diesel scandal 2.0", only this time it is the fuel which is being manipulated rather than the engines.

For months China has been flooding the German market with huge volumes of biodiesel which has probably been manufactured using Indonesian palm oil, but which has been repackaged as advanced fuel manufactured from waste materials. The biofuels industry has raised this issue with German policy-makers and in the EU on multiple occasions. Despite this, no action was taken for a long time, and there was a negative effect on quota prices and the sales price of biodiesel.

The EU finally reacted by taking initial measures in mid-August 2023. Germany continues to fail to take any stringent action not only to hold importers accountable,

but also to impose consequences on the mineral oil companies involved in perpetrating this fraud. And that means measures that work permanently! Three million tonnes of CO₂ savings in Europe should be cancelled retrospectively, because in effect they were not achieved in the first place because of the use of unsustainable Chinese biodiesel. However, no action has been taken to date.

All the efforts being made within Europe in the battle against climate change will be for nothing as long as Brussels and Berlin do not ensure that the existing rules are enforced strictly, because this new "Diesel scandal 2.0" is just the tip of the iceberg. What will happen in future with the import of what are supposedly renewable hydrogen, green steel or low-CO₂ chemicals, if there is no strict enforcement of the rules? In the end, if there is no stop to this it will not only be the biofuel producers who suffer, but the entire green industry in Germany.

For this reason we demand action from politicians. We need higher barriers for importers, for example a licence for imports, which is linked to the experience of the importer and to financial guarantees. The auditors at companies providing certification and the authorities responsible for controls need to be trained accordingly so that they understand the technological requirements. In any case, imported biofuels should not be given credits for meeting GHG quotas in Germany unless the raw materials used are specifically audited and certified on location. The same standards and verification obligations that apply to German producers should apply internationally! Here we can take a lesson from the USA, where the recent Chinese diesel scandal has not had any noticeable consequences.

Outlook

Despite the continued ongoing uncertainties in the financial year 2023/2024 the Management Board expects a positive result in the context of the industry. VERBIO has already proved that it can generate attractive earnings even in challenging times as a result of its competitive business model and its innovative technologies.

Based on current sales and raw materials and energy price levels, the planned production capacity usage as well as the prevailing uncertainties, the Management Board expects to achieve an EBITDA for the financial year 2023/2024 in the range of approximately EUR 200 million to EUR 250 million. Net cash at the end of the financial year is expected to fall to approximately EUR –150 million to EUR –110 million as a result of the high levels of investments planned in expanding production capacities and in new growth areas.

Backed by the pressure in society as a whole, the conditions are being created for a broader-based decarbonisation and defossilisation of our industrial society. We will make use of this with the expansion and internationalisation of our production and increasing international trade in renewable molecules.

In doing so we concentrate on biomethane in particular, which offers strong growth potential due to its versatility, its wide range of potential applications and the worldwide availability of the infrastructure needed for its use. With this, in the USA we want to benefit from the subsidy programmes offered by the IRA in the short to medium term.

As a strategic pioneer, VERBIO has an ongoing programme of developing new technologies and green solutions that are compatible with the raw materials used in the core processes, its end products – renewable green molecules – as well as the resulting by-products.

These projects include establishing the production and sale of high-value protein products for use in the animal feed and foodstuff industry, investment in an ethenolysis plant to manufacture renewable base chemical components and their large-scale production, as well as the construction of VERBIO's own filling station infrastructure for BioLNG used in the heavy goods transport sector.

VERBIO also sees further future applications for its core bioethanol, rapeseed oil methyl ester and biomethane products as a result of the increasing trend towards decarbonisation and defossilisation in other sectors, such as the steel and cement industries as well as the air and shipping transport sectors.

Dear shareholders, I would like to thank you for your trust and ask for your continued support so that we can make use of these very promising opportunities for VERBIO together.

Yours, Claus Sauter

Chairman of the Management Board

Report from the Supervisory Board

Dear shareholders,

In the last financial year VERBIO Vereinigte BioEnergie AG (VERBIO AG) reported record results for the fourth time in succession. As expected, in this financial year 2022/2023 it was not possible to once again exceed the record results reported last year. From the end of 2022 unusually high volumes of what is likely to be falsely declared biodiesel from Asia have led to significantly worse conditions on the European market, causing the Management Board to make a downward adjustment to the original forecast for the financial year on April 27, 2023. However, it should be noted that despite the changed framework conditions in the German and European markets VERBIO AG was able to generate a good result, which is still the second best in the history of the Company. Due to the continued good creditworthiness and solid key financial figures the Management and Supervisory Boards again recommend the payment of a dividend for the financial year 2022/2023 of EUR 0.20.

VERBIO AG continues to follow its successful growth path and its path towards becoming an international technology company. A significant milestone in this financial year was the acquisition of the bioethanol plant in South Bend, Indiana. In addition, the biorefinery in Nevada, Iowa is currently in the process of being commissioned. With these developments VERBIO AG is making a substantial expansion to its production capacity in the USA.

In the new financial year, with investments which are planned to be at least at the same level as in the financial year just ended, VERBIO AG will again drive forward its dynamic growth and internationalisation strategy by expanding its production capacity for advanced biofuels and with the construction of the first ethenolysis plant worldwide. Together with the Management Board, we will continue to observe the economic environment carefully and, when needed, take additional measures to ensure the Group's sustainable and successful progress.

The Supervisory Board will continue to do all it can to support the Management Board with its business strategy, will be available to provide advice as needed, and will closely examine proposals and decisions in the interest of the Company.

Cooperation between the Supervisory and Management Boards

Good corporate governance and supervision are based on, among other things, a trusting relationship between the Management and Supervisory Boards, working together in the interest of the Company and its shareholders. The Supervisory and Management Boards have a shared objective of increasing the value of the business on a sustainable and long-term basis.

In the financial year 2022/2023 the members of the Supervisory Board of VERBIO AG have again performed the tasks imposed on them by law, by the articles of associa-



Alexander von Witzleben
Chairman of the Supervisory Board

tion and by internal rules of procedure, discharging these duties in full and with the utmost care. The reporting obligations of the Management Board and the requirement to issue a catalogue of transactions requiring prior approval are legal requirements, and the detailed application of these requirements is set out in the Company's internal rules of procedure for the Management Board to follow.

We have provided support to the Management Board on a regular basis, in particular concerning the management and strategic development of the Company, we have regularly made ourselves available to provide advice, we

have accompanied and carefully supervised the Board's management of the business on a continuous basis, and we have analysed in depth the development of and market perspectives for synthetic and biomass-based products and components in general and for VERBIO AG in particular. The Supervisory Board was involved, in a direct and timely manner, in all decisions of fundamental importance for the Company or matters in which it should be consulted in accordance with the law, the articles of association and internal rules of procedure. If necessary, in matters requiring its urgent attention, the board was able to approve resolutions using written circulation procedures. Due to the regular, timely and comprehensive provision of information by the Management Board, the Supervisory Board was able to perform its supervisory and advisory role at all times. Verbal reports made by the Management Board in our meetings were supported by comprehensive and relevant written documents provided to each member of the Supervisory Board on a timely basis in advance of each meeting, so that the members of the Supervisory Board had sufficient opportunity to form a critical assessment of the reports and the proposed resolutions submitted by the Management Board, and to contribute their own proposals. The Supervisory Board has assured itself of the lawful, appropriate and proper governance of the Company by management.

The collaboration between the Supervisory Board and the Management Board was characterised by an intensive and open discourse at all times. We were provided with comprehensive information in good time and on a regular basis, both orally and in writing, regarding all matters of importance for the Company and for the Group, in particular concerning business trends, business planning, fundamental questions regarding the Compa-

ny's business and sustainability strategy, the profitability of the business and the course of business, as well as the risk situation including financial and non-financial risk management, the internal audit and relevant compliance and sustainability matters. In addition, the Management Board reported on transactions that were of particular significance to the Company's profitability or liquidity. The Management Board provided detailed information on variances between the course of business and the business plans and objectives. The reasons for the variances, as well as the measures taken in response to them, were discussed in depth with the Supervisory Board. The reporting duties under § 90 (1) and (2) German Stock Corporation Act (Aktiengesetz – AktG) and the German Corporate Governance Code (Deutscher Corporate Governance Kodex – GCGC) were complied with in full.

The Supervisory Board was in regular contact with the Management Board in addition to the fixed meeting dates, and was kept informed on a continuous basis regarding the current course of business, and concerning significant transactions, including in view of the Ukraine war. In addition, between the meeting dates in the reporting period I have been involved in regular discussions with members of the Management Board, in particular with the Chairman of the Management Board. I kept the Supervisory Board informed of these discussions.

On the basis of the comprehensive reporting provided by the Management Board, we are convinced that the business of the Company and the Group was conducted in a lawful, proper and economic manner, and we saw no need to use our audit rights provided for under § 111 (2) AktG.

Meetings and resolutions of the Supervisory Board

In the financial year 2022/2023 the Supervisory Board held four regular meetings with members attending in person. In addition, the Supervisory Board held three meetings by means of video conference in which issues which could not be delayed until the date of the next regular meeting of the Supervisory Board were discussed and decided upon. In addition, on eight occasions decisions were made by written circulation procedures on the basis of proposals put forward by the Management Board. All members of the Supervisory Board were present at all meetings. In addition, Dr. Georg Pollert, our honorary member of the Supervisory Board, participated in some of our meetings. Dr. Pollert provided the Supervisory Board with advice based on his technical expertise and his many years of experience. We would like to thank Dr. Pollert for his support and for the valuable contribution he makes with his advice and ideas.

The meetings of the Supervisory Board were largely held with the participation of the Management Board. However, the agenda of the Supervisory Board's meetings includes, as a recurring item, a "Private meeting" topic in which the Supervisory Board discusses matters for which it is appropriate that the board meets without the presence of the members of the Management Board – for example when personnel matters concerning the Management Board are discussed. The Supervisory Board made use of this practice in the financial year just ended. All regular Supervisory Board meetings included a report from the Management Board regarding the current business situation and the development of the Company, the political environment for biofuels, the current

market situation, and the asset, financial and earnings positions of the Group and its segments, as well as the status of current projects. In addition, the meetings include a risk report which provides information on risk positions associated with market price changes as well as the effects on the associated reporting and risk management system.

In addition, the Supervisory Board has examined VERBIO AG's foreign business activities and their associated opportunities and risks in an intensive and critical manner. It has kept itself informed on the progress of the foreign projects and international business divisions in each of its Supervisory Board meetings. The strategy followed by the Management Board in these ventures continues to receive support.

The Management Board also reported on the consequences for the VERBIO Group of the Ukraine war.

In addition to addressing the standardised agenda matters discussed at each regular Supervisory Board meeting as described above, attention is drawn to the following significant issues discussed by the Supervisory Board in the reporting period, presented here in summary form.

In its first regular Supervisory Board meeting in the financial year 2022/2023, held on September 23, 2022 at the Group's production location in Schwedt, the Management Board first presented its budget planning for the financial year 2022/2023. This was approved without reservation by the Supervisory Board. In addition, we also dealt with the profitability of VERBIO AG and the VERBIO Group in accordance with § 90 (1) No. 2 AktG, approved the separate non-financial Group report in

accordance with § 315 b HGB, and discussed corporate governance issues. In this meeting the Supervisory Board and the Management Board jointly issued the statement on corporate governance required in accordance with § 315d HGB, including the corporate governance report and the declaration of conformity in accordance with § 161 AktG. Also at this meeting discussions were held concerning the audit and the explanations provided on the draft annual financial statements prepared by the Management Board and the draft VERBIO AG consolidated financial statements. The auditors responsible for the audit of the financial statements participated in the meeting and reported on the key matters addressed in the audit and on the results of their audit. The Supervisory Board determined the forecast for the financial year 2022/2023 based on the draft consolidated financial statements. In addition, the audit report of the Supervisory Board to the annual general meeting, prepared in accordance with § 171 (2) AktG, was approved.

A further topic was the resolution on determining the variable compensation of the Management Board in accordance with the employment contracts of the Management Board. In addition, other topics addressed at this meeting also included the approval of an investment application and the approval of the formation of new subsidiary companies, as well as the provision of Group collateral security. Further, at this meeting an application for a secondary activity by a member of the Management Board was approved. The Supervisory Board also resolved that once again in 2023 the annual general meeting shall be held in virtual format in view of the uncertain conditions that applied in September related to the ongoing pandemic.

As the final version of the annual financial statements were not available in the "European Single Electronic Format" (ESEF) it was not yet possible to adopt the annual financial statements and endorse the consolidated financial statements at the meeting held to approve the financial statements. The Supervisory Board resolved to approve a resolution to endorse and adopt the financial statements on completion of the final ESEF version and the unqualified audit opinion by means of a written circulation procedure. Following the Supervisory Board meeting, the versions of the annual and consolidated financial statements tagged in the ESEF format were submitted to the auditors. On completion of the audit of the report in the ESEF format, unqualified audit opinions were issued by the auditors on both the VERBIO AG annual financial statements and the VERBIO AG consolidated financial statements.

Accordingly, on September 26, 2022, by means of a written circulation procedure, the Supervisory Board approved a resolution on the VERBIO AG consolidated financial statements and VERBIO AG annual financial statements, prepared by the Management Board and on which the auditors had issued unqualified audit opinions, as well as on the proposal by the Management Board made to the annual general meeting on the appropriation of profits. The Supervisory Board examined the Management Board's proposal for the appropriation of profits, taking into account the interests of the Company and of its shareholders, and concurred with the proposal.

In its regular meeting held on November 7, 2022 the Supervisory Board made resolutions concerning the agenda and proposed resolutions to be put forward to the annual general meeting 2023, the formation of two further subsidiary companies and on the acquisition of a

parcel of land in Hungary. In addition, approval was given to the acquisition of a parcel of land in Nevada bordering on the Group's production location there, and on additional investment for the construction of additional LNG and CNG filling stations in Germany.

At the regular meeting of the Supervisory Board held following the annual general meeting on February 3, 2023 we considered matters in connection with financing arrangements and the conversion of VERBIO AG into an SE (Societas Europaea). The financial calendar for 2023/2024 was also approved.

In our extraordinary meeting held by video conference on February 20, 2023 we approved the conversion of VERBIO AG into Verbio SE (Societas Europaea) and requested the Management Board to take the necessary actions to implement this change.

At extraordinary meetings held by video conference on April 24 and April 26, 2023 we discussed the request made by the Management Board to approve the acquisition of a bioethanol plant in South Bend, Indiana, USA. Following detailed discussions of the proposal submitted by the Management Board and clarification of the resulting open questions, the Supervisory Board gave its approval to the acquisition.

On May 8, 2023, the last regular meeting with physical presence in the financial year 2022/2023, we discussed the preliminary budget planning 2023/2024, approved the acquisition of further parcels of land at the business park in Zörbig, and approved a secondary activity by a member of the Management Board.

Over the course of the financial year 2022/2023, in addition to the resolution approved by circulatory procedure

on September 26, 2022 concerning the adoption of VERBIO AG's annual and consolidated financial statements, seven further uses of the circulatory procedure were made with votes submitted in writing. By resolution dated July 7, 2022 we considered the catalogue of non-audit services performed by Grant Thornton AG, Wirtschaftsprüfungsgesellschaft. By circular resolution procedure on July 27, 2022 we approved the provision of short-term loans for four members of the Management Board. On November 14, 2022 we approved the prolongation of a contract requiring our approval and the prolongation of an existing bilateral line of credit, as well as the formation of one further subsidiary company. In addition a clarifying resolution in connection with the remuneration payable to the Management Board was approved. The resolution on the payment of the long-term bonus for the financial year 2018/2019 and the payment of the loyalty bonus for the financial year 2021/2022, as well as the approval of the capital increase in exchange for payment in kind, was approved on December 7, 2022. This resolution was subsequently amended on March 8, 2023 to take account of an issue raised by the court. On April 3, 2023 we approved entering into a promissory note and gave our agreement to two lines of credit. A further resolution was approved on June 14, 2023. This concerned the provision of capital to the companies in the USA, entering into a further Group loan arrangement and the formation of one further subsidiary company.

Formation of committees

In accordance with the articles of association, the VERBIO AG Supervisory Board consists of three members only, which means that it is of an appropriate size to ensure that it is able to discuss and make resolutions on all matters in the presence of the entire board. With the

exception of the audit committee, once again no sub-committees were formed in the financial year just ended. As a result, all matters except those addressed by the audit committee were addressed by the plenary sessions of the Supervisory Board.

Audit committee

In accordance with § 107 (4) AktG the Supervisory Board of a public interest entity as defined in § 316 a sentence 2 HGB is required to establish an audit committee. If a Supervisory Board consists of only three members, that committee is also regarded as the audit committee. Accordingly, in accordance with the legal requirements, as VERBIO AG's Supervisory Board consists of three persons, the Supervisory Board is also the audit committee. The members of the audit committee elected Ulrike Krämer, member of the Supervisory Board, as chair of the audit committee for the period of her election as a member of the Supervisory Board; she abstained from voting on her election. Ulrike Krämer and Alexander von Witzleben are considered independent financial experts in the sense of § 100 (5) AktG. Ulrike Krämer has specific knowledge and experience in the application of accounting principles and systems of internal control and risk management. She is also familiar with the audit of financial statements.

The Supervisory Board, in its role as audit committee, held a total of five meetings, of which three were held with physical presence and two were held by video conference. With the exception of one meeting, which concerned the regular communication between the audit committee and the auditors on audit work performed in connection with the financial statements and which was attended by the chair of the audit committee and her

deputy, the meetings held by the audit committee were attended by all members of the audit committee.

At the meeting held on July 7, 2022 the auditors provided information on the progress of audit work during the interim audit of the 2021/2022 financial statements. In particular, discussions were held concerning the impairment testing.

At the meeting held on September 16, 2022, in the presence of the auditors, the audit committee examined the draft annual financial statements prepared by the Management Board, the draft consolidated financial statements, the management report and Group management report, the dependency report, the VERBIO AG separate non-financial Group report as well as the Management Board's proposal for appropriation of profits. On the basis of Ulrike Krämer's report as chair of the audit committee, and in particular on the quality of the audit of the financial statements, and her recommendations as chair of the audit committee contained therein, in the meeting of September 23, 2022 and, further, on September 26, 2022 by circulatory procedure, the Supervisory Board approved the resolutions described above. The audit committee also examined the independence of the auditors.

At its meeting held on November 7, 2022, together with the Chief Financial Officer, the recommendations for improvements made by the auditors following their audit were discussed and action plans were prepared. In addition, the quarterly statement for the period ended September 30, 2022 was discussed and approved.

The approval of the half-yearly report for the period ended December 31, 2022 was discussed at the meeting held on February 3, 2023. In addition, the audit committee approved the rules of procedure for the internal au-

dit function and non-audit services performed by Grant Thornton AG. The chair of the audit committee reported on the interim meeting with the auditors concerning the audit of the annual financial statements 2022/2023.

On May 8, 2023 the audit committee discussed and approved the quarterly statement for the period ended March 31, 2023. Internal audit and compliance reports were also discussed at the meeting. In addition, further non-audit services performed by Grant Thornton AG were approved. Finally, the chair of the audit committee reported on current progress on the conversion of VERBIO AG into Verbio SE.

Annual general meeting

The annual general meeting for the year 2022/2023 was held on February 3, 2023. Once again the meeting was held in a virtual format. The annual general meeting was, in accordance with the articles of association, chaired by Alexander von Witzleben, Chairman of the Supervisory Board. In addition, on August 25, 2023 an extraordinary general meeting was held in virtual format to approve the conversion of VERBIO AG into Verbio SE. This meeting was also chaired by Alexander von Witzleben.

Conflicts of interest

The members of the Supervisory Board are expected to disclose any conflicts of interest without delay. In compliance with the relevant recommendation of the German Corporate Governance Code, the Supervisory Board reports to the annual general meeting on any conflicts of interest arising and how these are managed.

In the financial year just ended no conflicts of interest affecting members of the Management or Supervisory Boards were noted which would have required disclosure to the Supervisory Board in accordance with recommendations E.1 and E.2 of the German Corporate Governance Code (GCGC) and which would have needed to be reported to the annual general meeting in this report.

None of the members of the Supervisory Board hold positions as board members or consultancy positions with companies which are, in the assessment of the Company, significant competitors of the Company. No contracts were entered into with members of the Management Board that required a resolution of the Supervisory Board. Loan agreements were entered into with four members of the Management Board namely Claus Sauter, Bernd Sauter, Theodor Niesmann and Prof. Oliver Lüdtke. The loans were made in connection with the payment of Management Board remuneration settled in the form of shares, which is subject to payroll taxes. The Supervisory Board approved the loans, which have a period to maturity of less than one year, under a resolution approved on July 28, 2022.

Corporate management

The term "corporate governance" stands for corporate management which is transparent and aimed at generating long-term added value. The Supervisory Board follows the principles set out in the German Corporate Governance Code.

The Supervisory Board and the Management Board place great importance on ensuring good corporate governance. This includes the Supervisory Board dealing with

the corporate governance requirements applying to German listed companies on a regular and comprehensive basis, in particular the requirements under the German Stock Corporation Act and the revised German Corporate Governance Code (Deutscher Corporate Governance Kodex – GCGC) in the version dated April 28, 2022.

Accordingly, the Supervisory Board has again considered the recommendations and suggestions of the German Corporate Governance Code in the financial year 2022/2023. The Management Board reports jointly with the Supervisory Board annually on VERBIO AG's system of corporate governance. On July 31, 2023 the Supervisory Board and the Management Board issued an intra-year declaration of conformity which was published on the VERBIO AG website without delay. In its meeting held to approve the annual financial statements held on September 22, 2023 the Supervisory Board made a resolution concerning the statement on corporate governance to approve the declaration of conformity which is consistent with the declaration made in July 2023. Both documents were made accessible on a permanent basis on the Company's website, also without delay. With certain exceptions, which have been explained in those documents on a consistent basis, all the recommendations of the code in its current version have and will continue to be complied with.

Information on VERBIO AG's corporate governance can be found in the joint Management and Supervisory Board statement on corporate governance. The statement on corporate governance is available for inspection on the Company's website.

Remuneration report

The Management and Supervisory Boards have prepared a remuneration report for the financial year 2022/2023 in accordance with § 162 AktG. The remuneration report has been audited by the Company's auditors in accordance with § 162 (3) AktG to determine whether the statutory disclosures required in accordance with § 162 (1) and (2) AktG have been made. The auditors have confirmed that, in all material aspects, the disclosures required in accordance with § 162 (1) and (2) AktG have been made. The remuneration report will be submitted to the annual general meeting of the Company for endorsement in accordance with § 120 a (4) AktG.

Efficiency audit

In accordance with recommendation D.12 of the German Corporate Governance Code, the VERBIO AG Supervisory Board performs audits of the efficiency of its work, including its cooperation with the Management Board, at regular intervals in the form of a self-evaluation procedure, using a comprehensive company-specific checklist (efficiency audit). The checklist addresses significant issues such as cooperation with the Management Board, the preparation and conduct of meetings, the scope and content of documentation, and the timeliness and appropriateness of information provided, in particular concerning financial reporting, compliance and audits, ESG issues as well as controlling and risk management.

The Supervisory Board audited the efficiency of its work in June/July 2023. The results of the audit were presented to the Supervisory Board and were subject to discussion. They confirm the professional and constructive cooperation within the Supervisory Board and with the

Management Board, and further confirm that the board has an efficient system for organising and holding its meetings and that it is appropriately provided with information.

Training and further education measures

Supervisory Board members participate in such training and further education measures as are necessary for them to perform their duties under their own responsibility, with appropriate support from VERBIO AG, and when necessary the Company provides support for these measures. The members of the Supervisory Board keep themselves informed on a regular basis by reviewing current literature, by self-study and by participating in various online seminars.

In addition, the members of the Supervisory Board keep themselves informed about matters relevant to their Supervisory Board duties by, among other things, subscribing to online magazines, sources of technical information and newsletters.

Members of the Supervisory Board and Management Board

There have been no changes in the composition of the Supervisory Board in the financial year 2022/2023 just ended.

Accordingly, the members of the Supervisory Board remain as follows:

- Alexander von Witzleben (Chairman of the Supervisory Board)

- Ulrike Krämer (Vice-Chairman of the Supervisory Board)
- Dr. Klaus Niemann

Christian Doll is available as a replacement member.

Ulrike Krämer and Dr. Klaus Niemann are not members of any other statutory Supervisory Boards or any comparable domestic or foreign supervisory committees.

In the Supervisory Board's assessment, the current composition of the board meets the objectives set out in the competence profile defined in the financial year 2022/2023 in full.

The following persons were members of the VERBIO AG Management Board in the reporting period:

- Claus Sauter (Chairman of the Management Board)
- Prof. Dr. Oliver Lüdtke
(Vice-Chairman of the Management Board)
- Theodor Niesmann
- Bernd Sauter
- Stefan Schreiber
- Olaf Tröber

The areas of responsibilities of the individual members of the Management Board remain unchanged in the financial year 2022/2023. The individual areas of responsibilities assigned are described in summary in the "Executive bodies of the Company" section of this annual report.

Audit of the annual and consolidated financial statements

At the Company's annual general meeting held on February 3, 2023 Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Leipzig was reappointed to audit the annual and consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the financial year 2022/2023.

The audit committee has obtained a declaration of independence from Grant Thornton AG in accordance with Art. 6 (2) of Regulation (EU) No. 537/2014 (EU Auditors' regulation). This is dated September 15, 2022.

The audit engagement was issued by the Supervisory Board on February 28, 2023 in accordance with the resolution approved at the annual general meeting.

Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Leipzig has audited the annual financial statements of VERBIO Vereinigte BioEnergie AG prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) for the financial year from July 1, 2022 to June 30, 2023, together with the management report for the financial year from July 1, 2022 to June 30, 2023, and has issued an unqualified audit opinion thereon. The consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the financial year from July 1, 2022 to June 30, 2023 and the Group management report were prepared in accordance with § 315 e HGB under International Financial Reporting Standards (IFRS) as applicable in the European Union. The auditors issued an unqualified audit opinion on both the consolidated financial statements and the Group management report. The auditors established that the Management Board has installed an appropriate

information and monitoring system that is adequate to identify on a timely basis any risks that could endanger the ability of the Company to continue as a going concern.

The documents concerning the financial statements and the audit reports issued by the auditors were provided in good time to the Supervisory Board for inspection in its role as audit committee. In its meeting held on September 15, 2023 the audit committee discussed the results of the audit with the auditors in detail, and thereafter in its meeting held on September 22, 2023 discussed the financial statements, reports and the proposal on the appropriation of profits, and audited them to assess, in particular, their legality, compliance and appropriateness. The auditors presented a report on the significant results of their audit, as well as reporting that there were no significant weaknesses in the internal control system and the risk management system. In particular, the auditors provided explanations on the Group's and the Company's net assets, financial position and results of operations, and made themselves available to the audit committee to provide additional information as required. In addition, the auditors provided details of the scope of the audit and of key audit matters arising during their audit of the financial statements. After performing our own audit and holding discussions on all documents in the audit committee, the Supervisory Board has determined that there are no objections to the results of the audit performed by the Company's auditors, and has endorsed the financial statements of VERBIO Vereinigte BioEnergie AG and the consolidated financial statements for the Group prepared by the Management Board for the year ended June 30, 2023. The annual financial statements of VERBIO Vereinigte BioEnergie AG have therefore been adopted. The audit committee has examined

the proposal for the appropriation of profits submitted by the Management Board. In doing so, particular account has been taken of VERBIO AG's and the Group's liquidity, tax aspects and the financial position and results of operations, as well as the medium-term investment plans. In addition, the proposal was examined in the light of the dividend policy as well as the interests of investors. After examination of the proposal for the appropriation of profits put forward to the annual general meeting by the Management Board, the Supervisory Board agrees with the proposal for the payment of a dividend of EUR 0.20 per qualifying share, resulting in a total dividend payment of EUR 12.70 million with the remaining balance of profit for the year for the financial year 2022/2023 being carried forward to future periods.

Dependency report

As in previous years, in the financial year 2022/2023 the Management Board again drew up a report on relationships with affiliated companies for VERBIO Vereinigte BioEnergie AG as a group company in accordance with § 312 AktG. In this report, the Management Board declared that VERBIO Vereinigte BioEnergie AG had received fair consideration for the transactions entered into with affiliated companies described therein – taking account of the circumstances known at the date that the transactions were entered into – and that measures subject to reporting requirements were neither undertaken nor omitted in the financial year.

The auditors of the financial statements have audited the report on relationships with affiliated companies and issued an unqualified audit opinion as shown below:

"Following our statutory audit and evaluation we confirm that

- the information stated in the report is correct
- the consideration provided by the Company in exchange under the transactions described in the report was not excessive."

Both the report on the relationships with affiliated companies and the audit report thereon were made available to the Supervisory Board on a timely basis. Both reports were discussed in detail following the auditor's report presented in person at the meeting held on September 22, 2023.

After performing a thorough audit of its own of the report on relationships with affiliated companies in the financial year 2022/2023, taking account of the results of the audit of its completeness and accuracy performed by the auditors, the audit committee has concluded that there are no objections to the closing remarks of the Management Board made at the end of the dependency report on relationships with affiliated companies.

Separate non-financial Group report

VERBIO AG is required to issue a separate non-financial Group report in compliance with the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz). This was prepared in accordance with German Commercial Law (Handelsgesetzbuch – HGB) and is presented separately to the management report. In this separate report, VERBIO AG presents selected non-financial information based on international sustainability standards issued by the Global Reporting Initiative (GRI).

The Supervisory Board has made use of the option available to it to submit the contents of the separate Group non-financial report for the financial year 2022/2023 to a voluntary limited assurance audit performed by the Company's auditors. Engaged by the Supervisory Board, Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Leipzig have performed an audit of the separate non-financial Group report and issued the following audit opinion:

- "Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the group non-financial report of VERBIO Vereinigte BioEnergie AG, Zörbig for the period from 1 July 2022 to 30 June 2023 is not prepared, in all material respects, in accordance with §§ 315b, 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors as disclosed in section "EU taxonomy regulation disclosures" of the non-financial Group report."

The Supervisory Board, in its role as audit committee, has also performed a thorough examination of the Company's separate non-financial Group report in accordance with § 289 b, § 315 b HGB and audited and discussed it in detail, together with the Management Board, in its meeting held on September 22, 2023. The Supervisory Board has met its audit obligation under § 171 (1) sentence 4 AktG concerning the Company's separate Group non-financial report on corporate social responsibility. No objections were identified.

The representatives of the auditors who signed the audit opinion on the limited assurance audit procedures participated in the discussions of the audit committee con-

cerning the non-financial Group report. They have reported on the significant results of their commercial limited assurance audit procedures and were available to provide supplementary information.

Following its own audit, the audit committee agreed with the results of the audit performed by Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, and accordingly, on the recommendation of Ulrike Krämer, the separate non-financial Group report was approved in the meeting held to approve the Group's financial statements held on September 22, 2023.

Closing comments

The Supervisory Board is aware of the fact that the success of the business is very much dependent on the work of the VERBIO Group employees, and that its employees form the basis of the Company's success. With their outstanding dedication and commitment, every one of them has contributed to ensuring VERBIO AG's continued success and to keeping the Company on the right path forward. The Supervisory Board would like to express their immense gratitude and recognition to the members of the Management Board, the Managing Directors of the Group's subsidiaries and all of the Group's employees for yet another excellent performance in the financial year 2022/2023, and for the personal commitment that they have shown in their outstanding work. We also extend our thanks to our customers and business partners who have also made a significant contribution to the Company's success. In addition, we thank our shareholders, for placing their trust in the Company and for their ongoing loyalty.

Finally, in the name of the entire Supervisory Board I would like to take this opportunity to thank the members of the Management Board for their excellent working relationship with the Supervisory Board, which has been trusting and constructive at all times, and for the work that they have performed in the financial year 2022/2023. The Supervisory Board explicitly supports the Group's growth strategy and will continue to work intensively with the Management Board, both in its advisory role and by continuing to fulfil its supervisory role on a regular and critical basis, as the Company continues to make progress in the current financial year 2023/2024.

VERBIO Vereinigte BioEnergie AG

Leipzig, September 25, 2023

For the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

The VERBIO share

VERBIO Vereinigte BioEnergie AG's shares are listed in the Prime Standard segment of the German stock exchange (ticker: VBK) and are traded on the electronic securities trading platform Xetra, among others.

The share at a glance

Code:	VBK
Bloomberg code (Xetra):	VBK:GR
Reuters code (Xetra):	VBKG.DE
ISIN:	DE000A0JL9W6
Market segment:	Regulated market (Prime Standard)
Designated sponsor:	Stifel Europe Bank AG
Number of shares:	63,517,206
Type:	Ordinary shares
Nominal value per share:	EUR 1.00

	2022/2023	2021/2022
Closing share price * (June 30, 2023; June 30, 2022)	EUR 36.85	EUR 48.00
52-week high (Xetra) *	EUR 85.40	EUR 86.20
52-week low (Xetra) *	EUR 32.07	EUR 40.50
Market capitalisation (basis: final price Xetra)	EUR 2.34 billion	EUR 3.04 billion
Free float	27.66 percent	28.84 percent
Earnings per share (diluted/basic)	EUR 2.10/2.11	EUR 4.97/4.99
Operating cash flow per share	EUR 0.41	EUR 5.16
Book value per share	EUR 14.32	EUR 12.87

* Xetra closing share price

The year on the stock market

Second half-year 2022

In the second six months of the year the stock market was dominated by the issues of inflation, the energy crisis and fears of a recession. This overall negative environment is reflected in the total performance of the DAX in 2022, which ended the year as a whole down 13.1 percent. However, after the German leading stock market index marked the lowest point of the year in September, there was a recovery of market sentiment and the DAX ended the second half of the year up 8.7 percent.

The German stock market was robust in comparison with other indices worldwide. The US S&P 500 ended the second half of 2022 up 0.4 percent, the European STOXX Europe 600 index closed up 4.4 percent, and the British FTSE 250 ended with a plus of 1.2 percent.

Prolonged inflation in particular set the pace on the capital markets, forcing central banks to tighten monetary policy. This led to increases in interest rates accompanied by strong outflows from the stock exchanges, which in turn led to valuation adjustments on markets, particularly for growth stocks.

The trend towards sustainable financial investing continues, in particular in lending markets. Instruments with a focus on sustainability are increasingly in demand with bonds and notes regaining their attractiveness due to the high level of interest rates.

First half-year 2023

Investors were not deterred by the supposedly challenging macro-environmental conditions, and generated an opening rally. The DAX ended the first half of the year with a healthy gain of 16.0 percent,¹⁾ while at the same time volatility was lower.

Technology stocks on the technology exchange Nasdaq were notably strong. The drivers of this were both the boom around artificial intelligence and the cost-cutting measures made by major technology corporations.

The measures taken by the European Central Bank (ECB) to tighten monetary policy began to show results. A number of inflation indicators showed signs of a notable cooling in the rate of inflation, which was greeted positively by the market.

Also, the consequences of the Ukraine war were notably less significant, and there was an increasing relaxation of the energy crisis. In addition to this, China largely relaxed its COVID 19 policies, resulting in an easing of supply chains.

In contrast to the stock market, the trend in economic output did not develop as positively in the first half of 2023 as had been expected. The Kiel Institute for the World Economy (Kieler Institut für Weltwirtschaft – IfW) revised its spring forecast of 0.5 percent growth in GDP compared to the previous year to –0.3 percent. However, the IfW expects growth in excess of 1.8 percent in 2024. In view of the macroeconomic challenges in recent months, the market reacted to the forecasts with optimism.²⁾

The VERBIO share 2022/2023

The VERBIO share started the financial year 2022/2023 on July 1, 2022 priced at EUR 47.14 per share (Xetra). On the final day of trading in June 2023 the share closed with a price of EUR 36.85. As a result the VERBIO share was down 21.8 percent over the period.

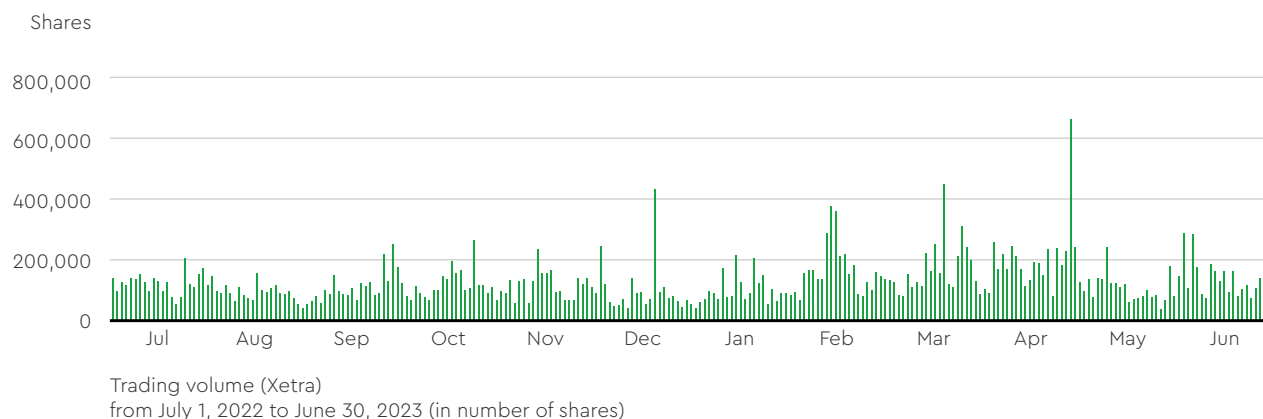
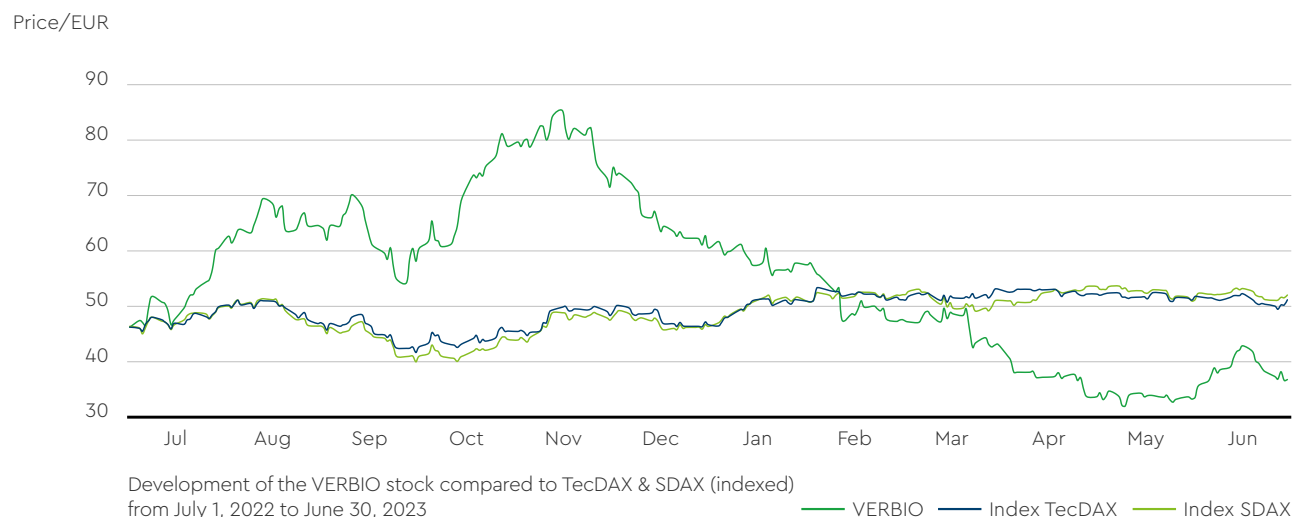
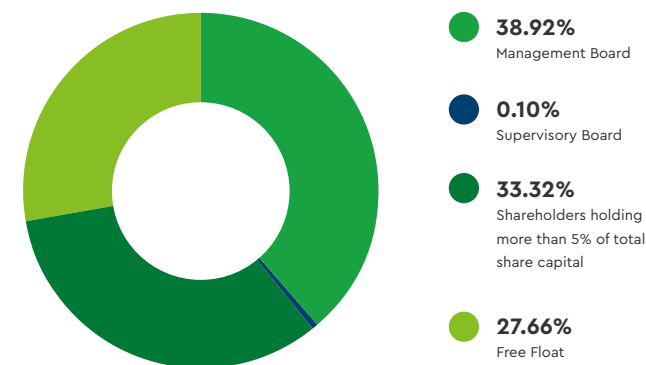
Thereafter the share price made a recovery and increased significantly – with some sharp volatility in both directions – between July and November of the calendar year 2022. The share price reached its high of EUR 87.65 in the financial year 2022/2023 on November 14, 2022. In the weeks and months thereafter the share price fell significantly in response to falling energy prices and the high prices of raw materials. The share price finally reached its period low of EUR 29.93 on April 28. As a result of market turbulence due to imports of unusually high volumes of biodiesel imports from Asia, on April 27, 2023 VERBIO amended its EBITDA forecast for the financial year 2022/2023 from approximately EUR 300 million to approximately EUR 240 million.

In the second half of 2022 the daily average number of shares traded on the Xetra stock exchange was 107,132. This increased in the first half of 2023 to a daily average of 145,878 shares. Over the financial year as a whole the daily average number of shares traded was 126,279.³⁾

¹⁾ <https://www.manager-magazin.de/finanzen/boerse/boerse-und-dax-so-lief-das-erste-halbjahr-an-der-boerse-a-5622f5bc-35a0-4ff3-aa8f-64d9c2cdacd3>

²⁾ <https://www.ifw-kiel.de/>

³⁾ Bloomberg

The VERBIO share: performance and trading volume from July 1, 2022 to June 30, 2023**Shareholder structure at June 30, 2023**

For VERBIO AG the member state of origin is Germany, and the reporting thresholds for changes in significant shareholdings set out in § 33 and § 34 of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) apply. VERBIO AG has received no reports of any changes to significant holdings in the Company during the reporting period. Information on reportable transactions in the Company's voting share capital is provided in the Investor Relations section of the Company's website- [verbio.de](https://www.verbio.de).

Capital markets

Analyst coverage

Six analyst firms issued detailed studies and provided up-to-date short analyses of VERBIO AG in 2022/2023: Deutsche Bank AG began its coverage in March 2023 with a buy recommendation, and Jefferies International Ltd. followed in July 2023, also with a buy recommendation. In addition, reports were issued by Hauck & Aufhäuser Investment Banking, Stifel Europe Bank AG and EQUI.TS GmbH, who have covered the Company for some time. Analysis was provided by MATELAN Research GmbH, who were engaged for this purpose by VERBIO AG, through to September 30, 2022. These analyses are prepared independently by the analysts at the respective companies based on publicly available information. The reports issued by the analyst firms represent their own opinions, assessments and recommendations, and are not subject to any influence or control by VERBIO AG.

Communication with capital markets

In its communication with capital market participants, VERBIO has a policy of treating all capital market participants equally. Accordingly, we always publish information that is up-to-date, consistent, transparent, and relevant to the share price on a timely basis, using both an electronic distribution system and the VERBIO AG internet site.

Interested capital market participants are provided with relevant information in the Investor Relations section of the Company's website [verbio.de](https://www.verbio.de), such as the Company's financial reports, stock market data, analysts' recommendations and estimates, important financial re-

porting dates, and information about the annual general meeting and corporate governance. Obligatory capital market communications such as ad hoc reports and Corporate News are also provided there on a timely basis in both German and English. Notifications concerning voting rights in accordance with § 33 et seq. WpHG and disclosures of managers' transactions in accordance with Article 19 of the Market Abuse Regulation (managers' transactions and directors' dealings) are also made available on the website. Interested parties can register and add themselves to a distribution list on the Investor Relations page of the VERBIO website to receive capital market news on a regular basis via E-Mail. In addition, regular press, analysts' and investor conferences (held as telephone conferences) are convened when quarterly, half-year and annual reports are released.

Further, the investor relations department makes itself available to existing and potential institutional and private investors as well as financial analysts for an exchange of information via personal meetings or electronic calls. There was increased interest on the part of institutional investors to visit the Leipzig and Schwedt locations in the financial year 2022/2023. VERBIO provides regular corporate news updates on the [verbio.de](https://www.verbio.de) website, as well as via the Group's social media channels on Facebook, YouTube and Instagram. Further, Claus Sauter, the Chairman of VERBIO's Management Board, gives his opinion on current political developments, background issues and market conditions in his blog and podcast #strohklug ([strohklug.de](https://www.strohklug.de)). VERBIO also provides information to interested investors in the form of interviews, technical publications and presentations about the development of the business, and by participating in industry events and discussions at conferences about market developments, the regulatory environment and its impact on the biofuels sector.

Over the course of the financial year the Company participated in approximately fifteen roadshows and investor conference events and held a large number of individual and group meetings with interested analysts and investors in order to answer any questions arising, in particular concerning the Group's business strategy and future growth prospects. These events were increasingly held in events with physical attendance, complemented by virtual media formats.

The financial calendar, with all the important dates for the financial year 2023/2024, may be found on the last page of this annual report and in the Investor Relations section of the Company's website ([verbio.de](https://www.verbio.de)).

Annual general meeting and dividends

Annual general meeting 2023

The annual general meeting of VERBIO Vereinigte Bio-Energie AG was held as a virtual event without the physical attendance of the shareholders or their proxies, because at the time that a decision was made on the format of the annual general meeting it was not yet clear how the COVID-19 situation would develop by the date of the meeting held in Leipzig on February 3, 2023. Shareholders representing 53,986,099 ordinary shares and the same number of voting rights (voting proxy representatives and electronic votes) were represented at the meeting (85.15 percent of the Company's total share capital). The Management and Supervisory Boards answered questions from shareholders that had been submitted using the so-called "InvestorPortal" up until the previous day, and presented information on business developments, corporate strategy, the legal environment and market trends. In addition to the application of profits, the agenda also in-

cluded giving formal approval to the actions of the Management Board and the Supervisory Board, the approval of the system of remuneration for members of the Management Board, the election of Grant Thornton AG, Wirtschaftsprüfungsgesellschaft as auditors of the financial statements and the consolidated financial statements for the financial year 2022/2023, and resolutions to amend and make editorial amendments to the articles of association, as well as voting on entering a commercial agreement between VERBIO Vereinigte BioEnergie AG and VERBIO Retail Germany GmbH.

All of the resolutions proposed by management were approved with the necessary majority by the voting proxy representatives or by electronic voting. The Management and Supervisory Boards of VERBIO AG take the voting results as indications that the Company's shareholders have a high level of trust in the Company's management. Details of the voting results and further information on the annual general meeting 2023 are provided in the Investor Relations section of the Company's website ([verbio.de](https://www.verbio.de)). The annual general meeting for the financial year 2022/2023 will be held on February 2, 2024 in Leipzig.

Dividends

The Management and Supervisory Boards of VERBIO AG aim to provide a consistent dividend stream under a dividend policy that is intended to provide a fair arrangement between the interests of shareholders on the one hand and the financing needed for the growth of the business on the other. This should provide shareholders with a reasonable dividend in order to share in the Company's success. At the same time, it is also in the interests of shareholders to ensure that the Company maintains a solid equity base, and that the Company has sufficient cash to finance its operating activities as well

as to take advantage of expansion opportunities to ensure the sustainable development of the business. Accordingly, VERBIO AG's Management and Supervisory Boards make a careful examination of their dividend proposals every year, taking the interests of both the Company and its shareholders into account.

EUR	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023 ¹⁾
Earnings per share (basic)	0.24	0.84	1.01	1.48	4.99	2.08
Dividends per share	0.20	0.20	0.20	0.20	0.20	0.20
Dividend distributions (in EUR millions)	12.6	12.6	12.6	12.6	12.7	12.7

¹⁾ Proposed dividend subject to approval at the annual general meeting in February 2024

Dividend payment of EUR 0.20 per share for the financial year 2021/2022

The separate financial statements of VERBIO AG for the financial year 2021/2022, prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), show a profit of EUR 397,339,200.35, with a retained profit of EUR 706,019,244.88. The Management and Supervisory Boards proposed the payment of a dividend of EUR 0.20 per qualifying share to the annual general meeting held on February 3, 2023, resulting in the payment of dividends totalling EUR 12,679,582.60 with EUR 693,339,662.28 transferred to retained earnings.

The VERBIO AG annual general meeting held on February 3, 2024 approved the proposal of the Management and Supervisory Boards to pay a dividend of EUR 0.20 per qualifying share for the financial year 2021/2022. This represents a dividend yield of 0.42 percent based on the closing price of the VERBIO share of EUR 48.00 at June 30, 2022.

Proposed dividend for the financial year 2022/2023

Despite the market turmoil caused by what are presumed to be mislabelled Chinese biodiesel imports, VERBIO has generated solid financial and operating results in the financial year 2022/2023, and the Company intends that its shareholders shall be rewarded with a share of the earnings generated. Accordingly, the boards of VERBIO AG have agreed to propose to the annual general meeting to be held on February 2, 2024 that the Company shall pay a dividend of EUR 0.20 per qualifying share, and transfer the remaining amount of the retained profit for the period to retained earnings. This represents a total dividend payment of EUR 12.70 million (2021/2022: EUR 12.68 million). This dividend proposal, which is subject to the approval of the annual general meeting, is for a dividend payment unchanged compared to the dividend paid in the previous year (2021/2022: EUR 0.20). This represents a dividend yield of 0.54 percent based on the closing price of the VERBIO share of EUR 36.85 at June 30, 2023.

Combined Group management report

Fundamentals of the Group	25	Other reporting obligations	56
Business model	26	Internal control system	56
Group structure	26	Supervision of the effectiveness	56
Goals and strategies	27	Statement on corporate governance	57
Management system and performance indicators	28	Separate non-financial Group report	57
Research and development	29	Report on relationships with affiliated companies	57
Employees	30	Statutory takeover disclosures in accordance with § 315 a HGB and § 289 a HGB	57
Economic report	30		
Macroeconomic and sector-specific environment	30		
Business report and the Group's position . . .	34		
Segment reporting	37		
VERBIO AG disclosures	39		
Outlook, opportunity and risk report	43		

Combined Group management report

for the financial year from July 1, 2022 to June 30, 2023

Combined Group management report of the VERBIO Group and VERBIO Vereinigte BioEnergie AG, Zörbig for the financial year from July 1, 2022 to June 30, 2023

This management report contains comments on both the VERBIO Group (hereafter also referred to as "VERBIO" or "the VERBIO Group") and, in addition, on VERBIO Vereinigte BioEnergie AG (hereafter also referred to as "VERBIO AG" or "the Company") as the parent holding company. Unless stated otherwise, statements made in this document relate to the Group as a whole.

Business model and Group structure

Business model

"Pioneering Green Solutions!" In VERBIO's biorefineries we transform agricultural raw materials and waste products into climate-friendly fuels, green energy and renewable products for use in chemistry and agriculture. We supply the animal feed and foodstuff industries with high-value components from sustainably-generated biomass, and we are driving climate protection forward worldwide with our innovations and our leading technologies. We combine global growth with commercial success, social responsibility and supply security.

The technologies used have been developed internally by VERBIO. The Group's plant and processes are subject to ongoing development and improvements in order to optimise existing production, and at the same time to improve added value by driving forward the manufacturing of new high-value biogene products from the raw materials used in the production processes.

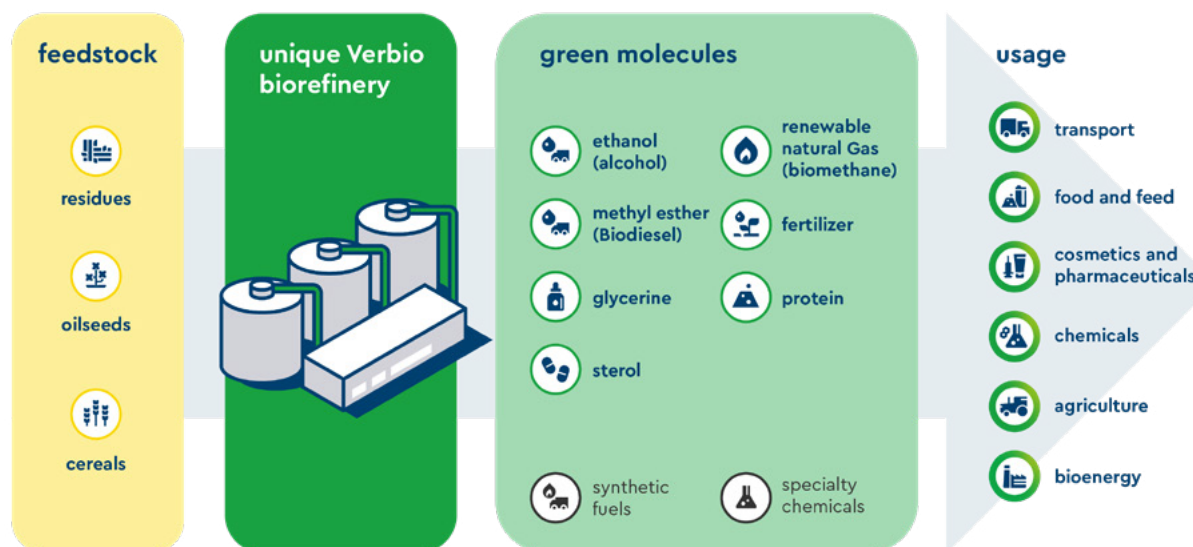
VERBIO is a global business with production at its German locations in Zörbig, Bitterfeld, Schwedt/Oder and Pinnow and foreign subsidiary companies in India, the USA, Canada, Poland and Hungary. Today the Company markets renewable molecules from its own production – and in small volumes from third parties – in the form of biodiesel and bioethanol in Europe and North America, biomethane in Europe, the USA and India, and pharmaceutical glycerine and sterols worldwide.

As a strategic pioneer, VERBIO has an ongoing programme of developing new technologies that are compatible with the raw materials used in the core processes, its end products – renewable, green molecules – as well as the resulting by-products. These projects include, for example, the establishment of production and sales of protein products for the use in the animal food and foodstuff industries, and investment in an ethenolysis plant to manufacture biochemical basis components. This also includes the technology company XiMo, a high-

tech company in the field of organic chemistry with a particular focus on the development and marketing of metathesis catalysts.

VERBIO also sees further future applications for its core bioethanol, rapeseed oil methyl ester and biomethane products as a result of the increasing trend towards decarbonisation and defossilisation in other sectors such as the chemicals, steel and cement industries, as well as in the air and shipping transport sectors.

Our business model



- VERBIO Agrar GmbH, Zörbig, hereinafter referred to as "VAgar"
- VERBIO Logistik GmbH, Zörbig, hereinafter referred to as "VLogistik"
- VERBIO Polska Sp. z o. o., Stettin (Poland), hereinafter referred to as "VPL"
- VERBIO Pinnow GmbH, Pinnow, hereinafter referred to as "VEP"
- VERBIO India Private Limited, Chandigarh (India), hereinafter referred to as "VEI"
- VERBIO North America LLC, Stamford, Connecticut (USA), hereinafter referred to as "VNA"
- VERBIO Nevada LLC, Nevada, Iowa (USA), hereinafter referred to as "VEN"
- VERBIO Diesel Canada Corporation, Welland, Ontario (Canada), hereinafter referred to as "VDC"
- XiMo Kft., Budapest (Hungary), hereinafter referred to as "XiMo"
- South Bend Ethanol LLC, South Bend, Indiana (USA); hereinafter referred to as "SBE"

Group structure at June 30, 2023

The parent company of the VERBIO Group is VERBIO Vereinigte BioEnergie AG, Zörbig.

In addition to VERBIO AG itself, the significant entities in the VERBIO Group in the reporting period were as follows:

- VERBIO Bitterfeld GmbH, Bitterfeld-Wolfen/OT Greppin, hereinafter referred to as "VEB"
- VERBIO Zörbig GmbH, Zörbig, hereinafter referred to as "VEZ"
- VERBIO Schwedt GmbH, Schwedt/Oder, hereinafter referred to as "VES", "VES (D)" (Biodiesel segment) or "VES (E)" (Bioethanol segment)

VERBIO AG also has further shareholdings in other companies. A detailed listing of the subsidiaries included in the consolidated financial statements can be found in the notes to the consolidated financial statements under Section 2.2, "Entities included in the consolidation".

Goals and strategies

VERBIO is following a long-term plan which is aimed at generating sustainable success. In doing so it is our objective to take commercial, ecological and social aspects into account. To do this we focus on responsible behaviour, innovative solutions and a coherent strategy which will enable us to retain our stable and successful positioning in the future. We combine global growth with commercial success, social responsibility and supply security.

Our identity as a strategic pioneer. Our common values are firmly anchored in our daily activities and are a decisive factor of our culture. These include, in particular:

- Curiosity
- Flexibility
- Determination
- A down-to-earth attitude
- Enthusiasm
- Agility
- Cost leadership

A targeted strategy for growth and internationalisation. Our strategic orientation is based on experience, and on comprehensive analyses of our markets, the competitive environment, and the commercial, ecological and social conditions. We observe trends and developments on an ongoing basis in order to anticipate the associated opportunities and risks.

Backed by social and political pressure, the conditions are being created for a broader-based decarbonisation and defossilisation of our industrial society. We are

addressing this by expanding and internationalising the production and marketing of renewable molecules, having been able to prove the scalability of our technologies and our business model over recent years. Cost leadership and economies of scale are important criteria used in making investment decisions.

In the financial year 2022/2023 we have expanded the structures needed to enable the expansion of the business and increased our production capacity both in Germany and abroad. In addition, with SBE we acquired a bioethanol plant which we intend to convert to a combined bioethanol/biomethane plant by 2026.

We concentrate on incremental growth of biomethane volumes, as biomethane offers strong growth potential thanks to its versatility and wide range of applications and the worldwide availability of infrastructure for its use. In the USA we want to benefit from the subsidy programmes offered by the Inflation Reduction Act (IRA) in the short to medium term. The IRA addresses the cost of making investments in biomethane plants and creates an incentive to manufacture fuels that maximise CO₂ efficiency – something that we have been focussing on at VERBIO for many years. At the same time, by making new investments we are strengthening our position along the value added chain. Today we are primarily a manufacturer of renewable molecules, combining this with excellent marketing capabilities (regulatory know-how and market knowledge). We want to make use of this by expanding our trading business. In addition, in Germany we are making further investments in expanding our value added chain and are constructing our own CNG/LNG filling station infrastructure, which has in the

past been a bottleneck in the value chain. We already had 9 filling stations in operation at the end of the financial year 2022/2023, helping to strengthen our flexibility, robustness and independence from local influences.

Competitive position built on technology leadership.

Today we benefit from flexible manufacturing plant structures, the closed-loop system concept, efficient processes and a high level of flexibility regarding the use of raw materials. It is our objective to invest in the further optimisation of existing plant and equipment and production processes in order to make our production even more resource-efficient, and to make further improvements in the greenhouse gas (GHG) footprint of our products. By establishing new technology concepts to make further use of by-products, we are able to increase our competitiveness by developing new, climate-friendly products and entering new sales markets.

We are expanding our biomass derivatives product portfolio and generating additional value from our biomass, for example with the use of basic chemicals and proteins. During the financial year 2022/2023 work continued on the development of a new production process for basic chemicals for the chemical industry based on rapeseed oil methyl ester (biodiesel), and for proteins for the animal feed and food industries based on the raw materials used in our bioethanol refineries.

Personnel development increases competitiveness.

Personnel recruitment and development are critical success factors for the implementation of our strategy and in the pursuit of our long-term growth objectives. We aim to maintain and build on our role as a green tech

pioneer with appropriately qualified staff. Accordingly, VERBIO places a high value on encouraging entrepreneurial thinking and activity. At VERBIO we give our employees business responsibility at an early stage – which is both a promise and an obligation.

Greenhouse gas savings for our customers. We focus on the use of internally-developed innovative process and production technologies, high quality, and maximising the CO₂ efficiency of the products we manufacture. The basis for all of our business activities and investments is meeting strict sustainability criteria in the production of biofuels throughout the entire value-added chain, from the procurement of raw materials, through production and up to the sale of biofuels and by-products. Management has the objective of generating 8 million tonnes¹⁾ of CO₂ savings for our customers in the year 2026/2027. In order to offer convincing low carbon dioxide solutions for others, we need to demonstrate significant advances in reducing our own emissions. We want to achieve climate-neutrality (Scope 1 + Scope 2) by 2035. Among other things, we are also increasingly making use of CNG/LNG powertrains for long-distance goods transport purposes, and we are currently in the process of converting our entire fleet of almost 100 heavy goods vehicles.

Management system and performance indicators

VERBIO AG is a Company constituted under German law. A basic principle of German corporate law is the dual system of management, under which the Management Board and the Supervisory Board are established as

separate corporate bodies with independent areas of responsibility. The Management and Supervisory Boards of VERBIO AG work together to manage and supervise our business, and their working relationship is a close and trusting one. Their common objective is to create a sustained increase in the value of the Company for shareholders.

Until June 30, 2023 the Management Board of VERBIO AG consisted of six members, carrying joint responsibility for managing the business of our Company with the objective of generating sustainable value creation. The Management Board does this under its own responsibility and in the interest of the Company. The Supervisory Board has provided the Management Board with rules of procedure that, in addition to a catalogue of transactions requiring approval, also define the areas of responsibility that are assigned to individual members of the Management Board. The current allocation of board responsibilities is described in the "Executive bodies" section of this annual report.

Our business dealings are aimed at generating profitable growth as well as technology and cost leadership in the biofuels manufacturing sector and in the manufacturing of renewable molecules for applications in industry. This forms the basis on which the significant key performance indicators are determined.

The key performance indicator that we use to monitor earnings at Group level and in the Biodiesel and Bioethanol segments is operating result before interest, income taxes, depreciation, amortisation and impairment rever-

sals (EBITDA). In addition, analyses of gross margins (sales revenue and changes in inventories less cost of materials), EBIT (operating result for the period before interest and income taxes) and production-specific key data, such as production quantities and the associated capacity utilisation, are also used. Segment-specific targets are set for all the key figures described above.

The effective and efficient management of capital is a key component of our Group's integrated controlling system. This primarily comprises the management of liquidity, equity and borrowed capital, as well as currency and interest rate management. The significant key performance indicator used for this purpose is the measurement of net cash (cash and cash equivalents, less bank loans and other loans). Another significant success factor is the strict control of investments. At VERBIO, this means making an assessment of each individual project, taking into consideration the respective amortisation period and its strategic importance.

The Group's corporate-wide management and generation of reports using planning, expected and actual data is based on a reliable and meaningful financial and controlling information system.

Increasing the value of the business is a key performance indicator, and accordingly this is also anchored in the system of remuneration for the Management Board. For example, this rewards an increase in the share price, and therefore provides an incentive for success-based sustainable management of the Company in the interests of all shareholders.

¹⁾ This target was pushed back by one year as a result of the consequences of the COVID-19 pandemic.

Research and development

VERBIO's research and development (R&D) departments make an important contribution to increasing our competitiveness and to the expansion of our business by developing innovative production technologies and transferring them to large-scale use, and by providing continuous further development and optimisation of existing production processes and plants.

For this reason, targeted research and development activities have been driven forward over recent financial years. Existing processes were further developed and optimised with short- to medium-term time horizons. At the centre of this is improving the greenhouse gas balance, i.e. reducing CO₂ emissions. In addition, we are initiating new research projects on an ongoing basis in order to enable us to maintain our success in new market segments, for example in chemicals and agriculture. Our participation in joint projects with public and private research institutes and universities also plays an integral role in our research and development work. Prof. Dr. Oliver Lüdtkke, a member of our Management Board, has been an active lecturer at the Hamburg University of Technology since 2019.

In addition, our Operational Excellence department has been established in order to continue to further develop and optimise our production facilities internationally and to identify and implement best practices worldwide.

Our Operational Excellence teams consist of experts in process technologies, automation, construction, biotechnology, maintenance and chemistry. They monitor

commercial data such as yield, consumption, product quality and maintenance costs at operating plants on an ongoing basis, and where there are divergences from targets they investigate short-term issues and solutions in cooperation with R&D and the production teams. They provide support to the plant construction teams during plant launches and in investigating problems. In addition, these teams also plan, construct and initiate optimisation projects worldwide which, when successful, are then implemented globally.

The knowledge and flexibility of our Operational Excellence and R&D teams, together with the respective production teams, ensure the rapid implementation of best practice solutions in our plants worldwide as well as the timely implementation of innovations.

In total, the Group spent EUR 4.7 million (2021/2022: EUR 6.5 million) on research and development in the past financial year. Group-wide, an average of 35 (2021/2022: 57) people were employed in R&D departments. An average of 32 people were employed in Operational Excellence teams (2021/2022: 0), some of whom were employed in the R&D department in the previous year.

Research and development in the Biodiesel segment

The processes used in the Biodiesel segment are subject to an ongoing process of optimisation. Our R&D department in the segment works very closely with the production department in order to maintain and, where possible, extend our competitive lead in the production of biodiesel.

In the financial year 2022/2023 we continued work on the development of an innovative production process for the manufacturing of basic chemicals for the chemicals industry, based on rapeseed oil methyl ester (biodiesel).

In addition we worked intensively on developing a process to manufacture tocopherols, which are present in small quantities in the vegetable oils processed by VERBIO. Tocopherols are, among other things, E vitamins that are used in the foodstuff industry.

XiMo, a Group subsidiary company, is performing basic research into new applications for metathesis catalysts, as well as basic process research into how these metathesis catalysts can be manufactured on an industrial scale.

A new facility housing our research laboratories has been built and commissioned at our Bitterfeld location.

Research and development in the Bioethanol/Biomethane segment

The focus of R&D work, in cooperation with the Operational Excellence teams, is to make continuous improvements in the production processes used in our biorefineries. Our biorefineries are concentrated on making the most efficient possible use of the input raw materials. The high levels of integration of the individual elements in our production plants place heavy demands on the stability of the processes.

In 2022/2023 our R&D teams have continued to drive forward development work to benefit our biorefineries, focussing on the use of raw materials and the products of our plants in the USA. In the financial year 2022/2023, in addition to focussing on these areas, we observed and evaluated relevant technologies and market developments in order to secure our competitiveness and find new technological opportunities for our biorefineries. One area of investigation here was the use of hydrogen technologies to generate synthetic methane.

Another area of focus for R&D was product development work on our protein isolates and preparing these for commercial launch. The demonstration plant is expected to be commissioned and to generate the first commercial volumes for sale in the financial year 2023/2024.

Employees

As of June 30, 2023 the VERBIO Group employed 1,180 employees (June 30, 2022: 978), of whom 547 were staff (June 30, 2022: 445), 602 were production employees (June 30, 2022: 489), 21 were apprentices (June 30, 2022: 27), 3 were mini-job employees (June 30, 2022: 1) and 7 were employees on short-term contracts (June 30, 2022: 16).

As of June 30, 2023 VERBIO AG employed a total of 204 employees, including 6 members of the Management Board (June 30, 2022: 146 employees, including 5 members of the Management Board). The average annual number of employees was 177 and 6 members of the Management Board (annual average 2021/2022: 135 employees and 5 members of the Management Board).

Economic report

Macroeconomic and sector-specific environment

The macroeconomic trend was very volatile over the course of 2022/2023, and was characterised by very strong regional differences and conflicting influences. The war in Ukraine, the volatility of raw material and energy prices, high (core) inflation rates and rates of interest (except in China and Japan), the end of the long-term zero COVID-19 policy in China at the end of 2022 and the continued recovery from the effects of the COVID-19 pandemic in industrial countries all affected the worldwide economy.

While gross domestic product in the European Union in the second half of 2022 (the first half of the reporting period 2022/2023) grew at only a slow rate, there was a stronger acceleration of economic activity in the economy as a whole in the USA. Weak growth year-on-year can be assumed for Europe in the first half of 2023, with the German economy at the lower end of the European scale.

It can be assumed that, consistent with GDP, transport volumes in Europe remained stable in the reporting period 2022/2023. As the electrification of transport is still in its infancy, fuel consumption in Germany also remained at an unchanged high level, although there were noticeable fluctuations within the reporting period. As a result of the implementation of the Renewable Energy Directive – II (RED II) EU countries have specific objectives and targets for the use of biofuels in the transport sector, so that tax incentives and blending and greenhouse gas (GHG) emissions quotas contributed to supporting the market for biofuels. In Germany, one of the largest markets for biofuels in Europe, the GHG quota was increased by one percentage point to 7 percent in January 2022, and by a further percentage point to 8 percent in January 2023. The oil industry is under an obligation to reduce greenhouse gas emissions – based on the annual total volume of petrol and diesel fuels sold – by the use of biofuels, electricity in electro mobility, electricity-based fuels and biogene liquid gas. The increase in the reporting period 2022/2023 represents a CO₂ reduction of approximately 2 million tonnes compared to the reporting period 2021/2022, or the equivalent of approximately 655,000 tonnes of biodiesel, approximately 838,000 tonnes of bioethanol or 6,000 GWh of biomethane (the last three of these figures based on the BLE report 2021) as possible fulfilment options.

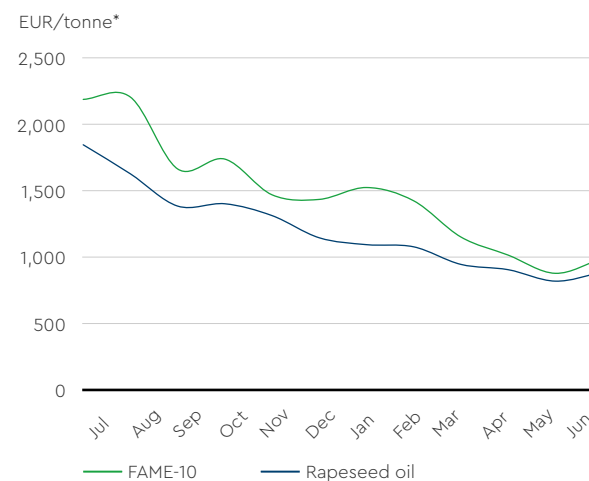
From the perspective of the European oil companies, the costs of the fulfilment options play an important role in being able to offer competitive fuels in the marketplace. In North America the demand for renewable fuels is driven by the Renewable Fuel Standard (RFS). The volume obligations were announced on June 14 retrospectively for the year 2023.

The uneven systems for the use of biofuels in Europe and worldwide result in an uneven pattern of demand and supply situations, and accordingly in the potential for arbitrage, which is important for the development of local biofuels production. We examine the economics of biofuels production in detail below. As VERBIO biomethane is largely manufactured from waste materials from the production of bioethanol, the Group reports biodiesel separately and bioethanol and biomethane on a combined basis. A summary presentation of price trends is presented in tabular format at the end of this section.

Biodiesel market: The prices of biodiesel as well as raw materials were at an extraordinary high level at the beginning of the reporting period 2022/2023 as a consequence of the energy crisis. In the months that followed the prices were affected by fears of recession and the pressure of the EU harvest, whereby the production margins of the industry in Europe remained at an attractive level (see the following charts). As a result of, among other things, unusually high volumes of imported biodiesel from China the market prices for biodiesel fell, with the FAME-10 market price falling by approximately EUR 375/tonne between January and March 2023. In the same period the prices paid for rapeseed oil fell by only approximately EUR 130 per tonne, so that European production margins deteriorated significantly during the

period. In the same period of the previous year production margins were under pressure due to high prices for crude oil driven by the escalation of tension on the Russian-Ukrainian border. In North America, due to the energy crisis, high prices were seen for both raw materials (vegetable oils, animal fats and used vegetable oils) and for biodiesel at the beginning of the reporting period 2022/2023; however, they fell back from their peaks by the start of the new calendar year. Raw material prices began to increase again from January 2023, due to the increased demand for raw materials following the commissioning of plants to manufacture hydrotreated vegetable oils (HVOs) and to a reduction in the area under cultivation for soyabeans in the United States.

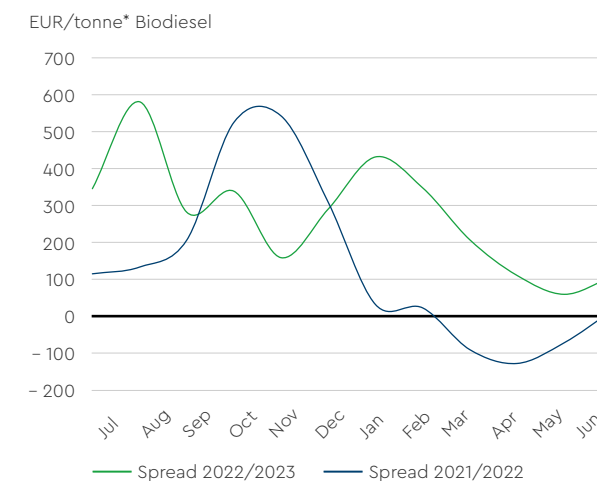
Price development in Europe during the financial year



*= metric tonne

Source: Argus, Reuters

Spread development year-on-year in Europe



*= metric tonne

Source: Argus, Reuters; spread = biodiesel price – rapeseed oil price/tonne of biodiesel

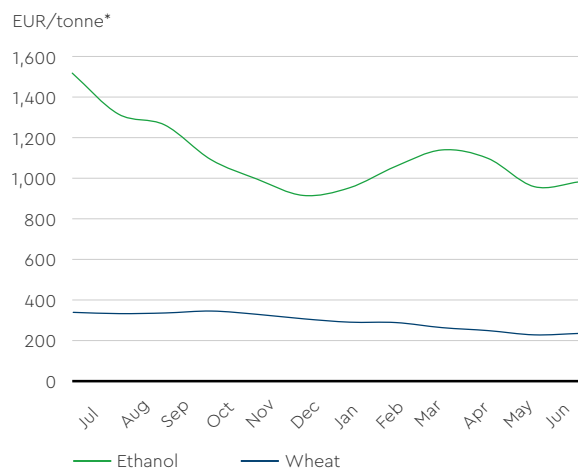
Bioethanol market: Not only were there increased raw material prices for grain in summer 2022, but also significantly higher energy costs were notable, and these influenced the development of prices for European bioethanol (see charts below). As a result of arbitrage opportunities there was a significant growth in the volume of imports of cheap bioethanol from the USA and Brazil at the end of the year, which led to a higher availability of bioethanol traded on the Amsterdam-Rotterdam-Antwerp exchange. As a result the European bioethanol market was in a contango structure from January to June 2023. This is not typical for this market, which is usually tight. As a result of falling imports and production stoppages at European biomethane plants the price of bioethanol in the European market recovered in the first half of 2023, while declining energy and raw material prices supported production margins.

Biomethane market: In the reporting period 2022/2023 the consumption of biomethane in the transport sector in Germany increased from 965 GWh to 1,061 GWh. The driving forces behind this included the growth in the fleet of gas-powered heavy goods vehicles weighing over 12 tonnes in Germany, as well as fossil fuel gas being driven out of the market. The share of biomethane used in the CNG market in 2022 was 90 percent. There were two reasons for this: (i) operators of filling stations benefited from cheap alternatives offered by manufacturers of biomethane; and (ii) the demand for biomethane increased as logistics companies, as the most important end consumers in the biomethane market, need to reduce their Scope-2 emissions to meet customer demand. In the USA, currently approximately two thirds of the biomethane volumes are used in the transport sector, with the support of the RFS and the Low Carbon Fuel Standard (LCFS). In

addition there is increased interest in biomethane from outside the transport sector, in the so-called 'voluntary markets'.

GHG quota: With fuel consumption stable, the increase in the GHG quota is stimulating growth in demand for CO₂ savings in Germany. As the oil companies often procure their needs early, the demand exceeds the statutory required volumes. The prices are directly related to the implied prices of CO₂ savings of the biofuels traded on exchanges, and are illustrated in the chart below. Due to biodiesel imports from China which are likely to be falsely labelled, the GHG quota market came under pressure in the second half of the reporting period.

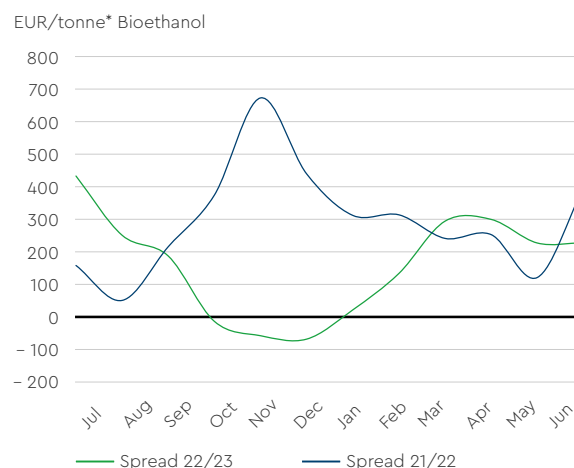
Price development in Europe during the financial year



*= metric tonne

Source: Platts, MATIF

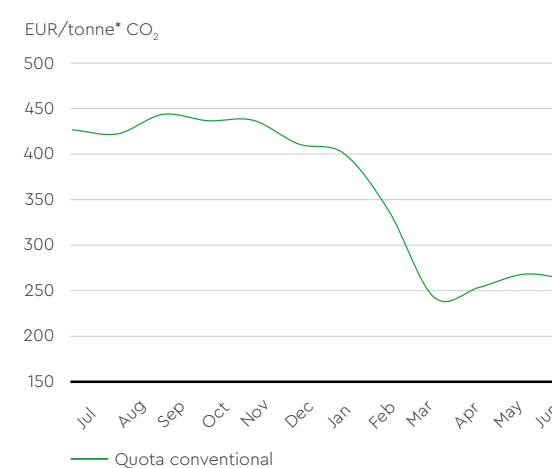
Spread development year-on-year in Europe



*= metric tonne

Source: Platts, MATIF; spread = bioethanol price – wheat price/tonne of bioethanol

GHG quota development July 2022 to June 2023



*= metric tonne

Source: Argus, own calculations, Starsupply

Historical price trends of selected raw materials

	Q1 2021/2022	Q2 2021/2022	Q3 2021/2022	Q4 2021/2022	Q1 2022/2023	Q2 2022/2023	Q3 2022/2023	Q4 2022/2023
Crude oil (Brent; USD/barrel)	73	80	98	112	98	89	82	77
Diesel FOB Rotterdam (EUR/tonne)	511	597	799	1.085	1.041	969	785	649
Biodiesel (FAME -10 RED; EUR/tonne)	1.445	2.041	1.723	2.011	2.057	1.570	1.376	964
Rapeseed oil (EUR/tonne)	1.291	1.575	1.719	2.041	1.618	1.292	1.034	871
Petrol FOB Rotterdam (EUR/tonne)	589	639	824	1123	914	755	753	744
Ethanol USA (CBOT; EUR/cbm)	505	505	509	536	567	560	532	524
Bioethanol (T2 German Specs; EUR/cbm)	702	1,111	1,016	1,200	1,078	791	831	797
Wheat (MATIF; EUR/tonne)	234	284	311	394	336	328	281	237
Corn (CBOT; EUR/tonne)	187	195	237	287	258	258	242	226
Natural Gas TTF Day 1 (EUR/MWh)	49	94	100	99	201	95	53	35
Natural Gas Henry Hub Day 1 (EUR/MWh)	13	15	15	25	29	21	17	7

Source: Platts/Reuters

Business report and the Group's position

Results of operations

VERBIO was able to generate a good result in the financial year 2022/2023 in light of the volatility in raw materials and considering the extraordinarily successful results reported in the previous year. EBITDA of EUR 240.3 million was in the range of the most recent forecast, and is the second-best result in VERBIO's history. The forecast was adjusted on April 27, 2023 to approximately EUR 240 million, among other things due to the continued decrease in biodiesel prices, with rolling raw material procurement, with the falling prices due to biodiesel imports from China which were likely to have been falsely labelled. Net financial assets were significantly lower than in the previous year due to the planned investments and tax payments.

VERBIO produced a record 928,122 tonnes of biodiesel and bioethanol in the financial year 2022/2023, compared with 838,132 tonnes in the previous financial year 2021/2022. This represents an overall capacity utilisation of 92.6 percent (2021/2022: 91.1 percent) with production capacity increasing by 82,000 tonnes to 1,002,000 tonnes. In addition, with production totalling 1,078 MWh, for the first time more than 1 TWh of biomethane was produced in the financial year 2022/2023 (2021/2022: 884,959 MWh). With an increase in production capacity from 900 GWh to 1,300 GW, the plant capacity utilisation fell from 98.3 percent to 82.9 percent in the financial year 2022/2023.

The Group's sales revenues for 2022/2023 totalled EUR 1,968.3 million (2021/2022: EUR 1,812.5 million), almost reaching the EUR 2.0 billion mark. The increase in sales revenues is primarily due to the increase in sales volumes of both biodiesel and bioethanol in the financial year, while the average sales prices were significantly lower than in the previous year. We refer to the information on the individual segments for further information.

Revenues include sales revenues from biofuels trading amounting to EUR 137.1 million, which also represented an increase compared to the previous financial year (2021/2022: EUR 117.0 million), but which continued to be of minor importance to the overall total.

EBITDA was EUR 240.3 million, lower than the extraordinarily high earnings reported in the comparative period for the previous year (2021/2022: EUR 503.3 million). In the previous year VERBIO benefited from the generally high price levels for biofuels and the attractive forward purchases for raw materials. These trends continued through into the first quarter of the financial year. As a result of falling sales prices and rolling procurement, however, the levels could not be maintained in subsequent quarters.

The Group operating result (EBIT) totalled EUR 198.7 million, also significantly lower than in the comparative prior period (2021/2022: EUR 462.0 million). The net result after current and deferred taxes of EUR 67.1 million (2021/2022: EUR 143.2 million) amounted to EUR 132.2 million (2021/2022: EUR 315.8 million). Based on the result for the period, earnings per share (basic and diluted) were EUR 2.08 and EUR 2.08 respectively (2021/2022: EUR 4.99/EUR 4.97).

The reporting on the business and earnings development of the individual segments is found in the section "Segment reporting".

Trends in individual income and expense categories

Other operating income amounted to EUR 13.8 million (2021/2022: EUR 9.6 million) and primarily includes electricity and energy tax rebates (EUR 3.3 million; 2021/2022: EUR 3.2 million) as well as grants and the release to income of deferred investment grants and subsidies of EUR 0.8 million (2021/2022: EUR 0.9 million).

Cost of materials totalled EUR 1,681.6 million, and increased more than proportionately to sales. Taking account of changes in inventory of unfinished and finished goods, there was a more than proportional decrease in gross margin which amounted to EUR 372.9 million (2021/2022: EUR 617.2 million).

Personnel expenses in the financial year 2022/2023 amounted to EUR 81.1 million, approximately 24.8 percent higher than in the previous year (2021/2022: EUR 65.0 million). The increase is primarily due to an increase in the number of employees as a result of the Group's further international expansion. There was a slight increase in the average personnel cost per employee. The personnel expense ratio (as a proportion of sales revenue, change in inventories and own work capitalised) was 3.9 percent, a small increase compared to the previous year (2021/2022: 3.5 percent).

Other operating expenses amounted to EUR 77.6 million in the period (2021/2022: EUR 57.3 million) and primarily included the costs of repair and maintenance, outgoing freight costs and other selling costs, the cost of insurances and contributions, motor vehicle costs and legal and consultancy costs. Within this total, increases in expenses were recorded primarily for outgoing freight costs and other selling costs, repairs and maintenance and motor vehicle costs, while other expenses included in this total are largely unchanged compared to the previous year.

The changes in value of financial assets and liabilities (EUR –7.1 million; 2021/2022: EUR 13.6 million) almost wholly consist of exchange rate differences.

Depreciation and amortisation in the financial year 2022/2023 (EUR 41.6 million; 2021/2022: EUR 48.0 million) include amortisation arising on right-of-use assets under leasing arrangements as a result of the application of IFRS 16 (EUR 6.9 million; 2021/2022: EUR 5.7 million). Systematic depreciation of property, plant and equipment increased from EUR 26.6 million to EUR 34.1 million compared to the previous year. While some of the older plant and equipment is now fully depreciated, investments made over the last three years are now successively being commissioned and the additional resulting depreciation exceeds the depreciation no longer required for older equipment. In the previous year depreciation also included an impairment write-down of EUR 15.5 million recorded against the Biodiesel cash generating unit in North America, which was recognised as a result of losses incurred in that business and due to the fact that the framework conditions have not developed in line with the original assumptions.

The financial result amounted to EUR 0.5 million (2021/2022: EUR –3.0 million) and included interest income of EUR 2.4 million (2021/2022: EUR 0.3 million) and interest expenses of EUR 1.9 million (2021/2022: EUR 3.2 million). The financial result includes interest expenses for interest charges on lease liabilities of EUR 0.6 million (2021/2022: EUR 0.3 million) in connection with the implementation of IFRS 16.

The lower income tax expense of EUR 67.1 million (2021/2022: EUR 143.2 million) is a result of the lower profit before tax. The effective tax rate was 33.7 percent (2021/2022: 31.2 percent) in the financial year 2022/2023, which is consistent with the expected rate.

Net assets and financial position

The balance sheet total amounted to EUR 1,297.2 million at June 30, 2023 (June 30, 2022: EUR 1,128.6 million). The increase in the balance sheet total on the assets side was primarily due to the increases in property, plant and equipment and inventories. On the equity and liabilities side the increase was primarily due to higher equity and to bank and other loans.

Non-current assets

Non-current assets increased by EUR 198.1 million and amounted to EUR 670.4 million at the balance sheet date (June 30, 2022: EUR 472.3 million). The change was primarily due to significantly higher levels of additions to property, plant and equipment (EUR 251.2 million), offset in particular by systematic depreciation of EUR 34.2 million (2021/2022: EUR 26.6 million) and disposals of assets at their remaining book values of EUR 3.0 million. Non-

current assets recognised in accordance with IFRS 16 for right-of-use assets held under leasing arrangements increased by EUR 8.4 million to EUR 27.4 million compared to the previous year (2021/2022: EUR 18.9 million).

Current assets

Current assets amounted to EUR 626.8 million at June 30, 2023 (June 30, 2022: EUR 656.3 million), a decrease of EUR 29.5 million compared to the previous year.

There was, however, an increase in the level of inventories compared to the previous year (June 30, 2023: EUR 260.3 million; June 30, 2022: EUR 169.3 million). The increase in inventories compared to June 30, 2022 was primarily a result of higher quantities of inventories of finished goods. Within finished goods, the increase at June 30, 2023 primarily reflected the higher level of inventories of biomethane and GHG quotas for biomethane and biodiesel.

Trade receivables fell compared to the previous year (June 30, 2023: EUR 89.8 million; June 30, 2022: EUR 112.2 million), which was primarily due to the lower level of prices for biodiesel and bioethanol compared to the end of the previous financial year.

Derivatives also fell to EUR 8.8 million at June 30, 2023 (June 30, 2022: EUR 41.0 million). The derivatives predominantly consist of derivatives held to hedge the purchase of vegetable oils; the change in value of these derivatives up until June 30, 2023 is recognised directly in equity as the derivatives are accounted for as cash flow hedging instruments.

Cash funds fell significantly at the end of the financial year as a result of investments made for growth purposes and as a result of the reduction in liabilities for income taxes for the financial year 2021/2022, from EUR 299.6 million to EUR 170.3 million. Further information on changes in cash funds is provided in the explanatory notes to the statement of cash flows.

Equity

Equity at the balance sheet date was EUR 911.8 million (June 30, 2022: EUR 818.5 million). The equity ratio amounted to 70.3 percent, slightly lower than at the previous year's balance sheet date (June 30, 2022: 72.5 percent).

Non-current liabilities

Non-current liabilities increased by EUR 84.9 million, from EUR 58.0 million at June 30, 2022 to EUR 142.9 million at June 30, 2023. The significant change was due to an increase in long-term bank and other loans from EUR 30.0 million to EUR 114.5 million, resulting from the issue of a new promissory note by VERBIO AG. Lease liabilities increased by only a small amount to EUR 20.9 million at June 30, 2023 (June 30, 2022: EUR 14.4 million).

Current liabilities

Current liabilities fell slightly compared to the end of the previous financial year (June 30, 2023: EUR 242.5 million; June 30, 2022: EUR 252.1 million) which was primarily due to the reduction in liabilities for income taxes (EUR 0.9 million; June 30, 2022: EUR 89.2 million). Offsetting this was an increase in bank and other loans (EUR 47.5 million; June 30, 2022: EUR 0 million) which was primarily due to

the shorter remaining maturity of the promissory note reported as a non-current liability in the previous year's balance sheet.

Cash flows

The cash flow from operating activities for the reporting period totalled EUR 26.1 million, significantly lower than in the previous year (2021/2022: EUR 325.0 million). This was largely due to the lower result for the period, whereby the higher amortisation and depreciation only contributed a small amount to this change, and, in addition, to a smaller increase in trade payables and to tax payments for income taxes for both the current year and the previous financial year (EUR 162.0 million; 2021/2022: EUR 63.0 million). The lower level of trade receivables had the effect of increasing cash balances.

Cash outflows from investment activities in the reporting period 2022/2023 totalled EUR 266.4 million as a result of investments made (2021/2022: EUR 113.6 million). This predominantly resulted from payments made for investments in property, plant and equipment (EUR 202.9 million), in particular for plant construction in the USA as well as for expanding the Group's plants in Germany. In addition, cash outflows included payments for the acquisition of SBE totalling EUR 64.0 million.

The cash flow from financing activities for the reporting period amounted to EUR 112.2 million (2021/2022: EUR -18.5 million). This was due to the drawdown of financial liabilities of EUR 227.0 million (2021/2022: EUR 0 million), of which, however, EUR 95.0 million have already been repaid. The dividend payments (EUR 12.7 million; 2021/2022: EUR 12.6 million) are also included in this total. In addition, the cash flows from financing activities

were affected in the financial year 2022/2023 by the application of IFRS 16, with an amount of EUR 7.1 million (2021/2022: EUR 5.8 million) presented as a cash outflow for payment of lease liabilities.

As a result, cash funds fell by EUR 129.3 million in the period from July 1, 2022 to June 30, 2023. The cash funds reported in the balance sheet at June 30, 2023 totalled EUR 170.3 million, after EUR 299.6 million at the end of the previous financial year.

Net cash

Bank and other loans of EUR 162.0 million (June 30, 2022: EUR 30.0 million) were more than offset by cash balances of EUR 170.3 million (June 30, 2022: EUR 299.6 million) and other cash balances held in segregated accounts totalling EUR 49.1 million (June 30, 2022: EUR 14.5 million), with the result that the Group has net cash of EUR 57.4 million at the balance sheet date (June 30, 2022: EUR 284.1 million).

Investments

Investments totalling EUR 251.5 million were made in the financial year 2022/2023 (2021/2022: EUR 121.7 million), which almost entirely comprised payments for property, plant and equipment (EUR 251.2 million; 2021/2022: EUR 121.4 million). The most significant investments in property, plant and equipment were the construction of new plants in the USA, including SBE (EUR 136.1 million) as well as investments in expanding plant facilities in Germany (EUR 96.3 million).

The focus of the investment activities in the individual segments are described in the segment reporting on the individual Biodiesel and Bioethanol segments.

Segment reporting – Biodiesel

Biodiesel	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Production capacity (tonnes)			660.000			660,000
Production (tonnes)	303,093	307,416	610,509	305,192	268,839	574,031
Utilisation (%)	91.8	93.2	92.5	92.5	81.5	87.0
Number of employees	211	215	215	219	216	216

Once again it was possible to increase the volume of biodiesel produced in the financial year 2022/2023, with a new record production total of 610,509 tonnes (2021/2022: 574,031 tonnes). Total plant utilisation was 92.5 percent, and sales, including traded volumes, exceeded 700,000 tonnes annually for the first time, also reaching a new record level of 725,889 tonnes.

Sales revenues in the Biodiesel segment in the financial year 2022/2023 totalled EUR 1,367.4 million, following EUR 1,269.7 million in the financial year 2021/2022. The increase in sales revenue is primarily due to the strong increase in the volumes of biodiesel sold, while the average selling prices for biodiesel in Europe fell over the course of the financial year.

The cost of materials totalled EUR 1,184.0 million (2021/2022: EUR 900.6 million). In the previous year VERBIO benefited from the attractive fixed forward prices for vegetable oil. Taking into consideration the change in inventories, gross margin overall fell more than proportionately from EUR 378.0 million to EUR 206.3 million. This is also due to the timing difference in the fall in prices for the raw materials required in the production process.

Personnel expenses in the financial year 2022/2023 amounted to EUR 27.0 million (2021/2022: EUR 21.9 million). In the Biodiesel segment overall the increase is primarily due to higher average wages and salaries payable to employees.

Other operating expenses totalled EUR 32.0 million (2021/2022: EUR 27.5 million). The EBITDA for the Biodiesel segment totalled EUR 152.7 million (2021/2022: EUR 298.3 million), which was largely due to the lower gross margin. The expense recorded for losses on forward transactions of EUR 0.4 million (2021/2022: EUR 43.2 million) played only a minor role in comparison to the previous year. Investments in property, plant and equipment in the Biodiesel segment in the financial year 2022/2023 totalled EUR 18.9 million (2021/2022: EUR 5.0 million).

Segment reporting – Bioethanol (incl. biomethane)

Bioethanol	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Production capacity (tonnes)			342.000*			260,000
Production (tonnes)	142,683	174,930	317,613	127,221	136,880	264,101
Utilisation Bioethanol (%) ¹⁾	109.8	102.3	92.9	97.9	105.3	101.6

* SBE included on a proportionate basis from the fourth quarter of 2022/2023.

Biomethane	1. HY 2022/2023	2. HY 2022/2023	2022/2023	1. HY 2021/2022	2. HY 2021/2022	2021/2022
Production capacity (MWh)			1,300,000			900,000
Production (MWh)	414,718	663,335	1,078,053	414,718	470,241	884,959
Utilisation Biomethane (%)	92.2	85.5	82.9	92.2	104.5	98.3
Number of employees	559	632	632	477	514	514

In the financial year from July 1, 2022 to June 30, 2023 production of bioethanol totalled 317,613 tonnes (2021/2022: 264,101 tonnes), a new record level. The production of biomethane was also at a new record level, totalling 1,078 GWh in the financial year 2022/2023 (2021/2022: 885 GWh).

In total, the Bioethanol segment generated external sales revenues of EUR 585.4 million in 2022/2023, a 10 percent increase compared to the previous year (2021/2022: EUR 530.8 million). The increase in sales in the Bioethanol segment is also due to the increase in sales volumes. In particular, the new additional capacity from the acquisition of SBE made a contribution to this increase in the months of May and June 2023. The volume of trading activities remained at a relatively low level compared to total segment sales revenues, as in the previous year (2022/2023: EUR 55.2 million; 2021/2022: EUR 47.5 million).

The cost of materials increased compared to the previous year more than proportionately to the change in sales revenues, increasing to EUR 493.3 million (2021/2022: EUR 328.6 million), with the consequence that segment gross margin, after taking the change in inventories into account, fell to EUR 160.4 million, after EUR 235.8 million in the previous year, despite the higher volume of sales. Here there was a notable effect from the fact that raw material prices in Europe remained at a very high level for a large part of the financial year while sales prices were declining, while at the same time energy expenses in the reporting year were significantly higher than in the previous year.

Other operating income in this segment fell in the reporting period to EUR 8.2 million (2021/2022: EUR 16.0 million), primarily due to lower income from currency translation gains compared to the previous year.

Personnel costs amounted to EUR 46.2 million (2021/2022: EUR 36.7 million). The increase is primarily due to the higher number of employees as a result of expansion of the bioethanol and biomethane business at the Nevada/Iowa location.

Other operating expenses totalled EUR 50.5 million, compared to EUR 39.7 million in the financial year 2021/2022. These primarily include outgoing freight costs and maintenance costs, whereby these as well as other amounts included in other operating expenses have increased compared to the previous year.

The segment EBITDA for the financial year 2022/2023 fell to EUR 84.3 million, in comparison with EUR 202.3 million in the financial year 2021/2022, primarily due to the lower gross margin.

In total, EUR 222.8 million (2021/2022: EUR 108.9 million) was invested in property, plant and equipment in this segment. This primarily consists of investments in connection with the construction of the biomethane and bioethanol plants in the USA, as well as with the expansion and optimisation of the existing plants in Schwedt/Oder, Zörbig and Pinnow.

Other

In the financial year 2022/2023 the Other segment generated revenues totalling EUR 26.6 million (2021/2022: EUR 21.4 million), primarily from transport and logistics services. The segment EBITDA amounted to EUR 0.3 million (2021/2022: EUR 0.4 million).

VERBIO AG disclosures

In Germany, sales of the VERBIO products and the procurement of the necessary raw materials for their production are carried out by VERBIO AG. The products are manufactured by the Group's subsidiaries at the Group's German locations in Zörbig, Bitterfeld, Schwedt/Oder and Pinnow.

The annual financial statements of VERBIO AG are prepared in accordance with the financial reporting requirements set out in the German Commercial Law (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG). The statement of profit or loss is prepared in accordance with the nature of expense method.

VERBIO AG results of operations

Verbio AG statement of profit and loss prepared in accordance with HGB (condensed)

EUR (millions)	2022/2023	2021/2022
Sales revenue	1,624.9	1,682.5
Change in unfinished and finished goods	141.2	50.0
Other operating income	25.0	109.2
Cost of materials	–1,458.5	–1,189.6
Personnel expenses	–22.7	–20.2
Amortisation and depreciation of intangible assets and plant, property and equipment	–1.3	–1.3
Other operating expenses	–61.2	–78.5
Operating result	247.4	552.2
Financial result	–28.8	–22.0
Income taxes	–64.4	–132.8
Profit for the year	154.2	397.3

VERBIO AG reports a profit of EUR 154.2 million for the financial year 2022/2023 (2021/2022: EUR 397.3 million). In comparison with the previous year, for operating items this trend is primarily due to significantly lower gross margins for both biodiesel and bioethanol. In addition, the results for the financial year 2021/2022 included a write-up of the shareholding in VEB amounting to EUR 77.2 million.

The sales revenues of EUR 1,624.9 million (2021/2022: EUR 1,682.5 million) were primarily generated from sales to third parties. With production of biodiesel and bioethanol totalling 769,073 tonnes, production volumes in the German plants exceeded the production levels of the previous year (2021/2022: 750,080 tonnes). For biomethane, too, another a new record level of production was achieved with 968 GWh (2021/2022: 880 GWh). The decline in sales revenues from the Company's own biofuels is due to the falling prices of both biodiesel and bioethanol over the course of the financial year. Income generated from third parties includes income from trading transactions with biogene fuels of EUR 137.1 million (compared to EUR 117.0 million in the financial year 2021/2022).

Other operating income amounted to EUR 25.0 million (2021/2022: EUR 109.2 million) and primarily included income from currency exchange differences of EUR 9.0 million (2021/2022: EUR 11.2 million) as well as realised gains

on derivatives of EUR 12.8 million (2021/2022: EUR 17.8 million). In the previous year this item also included a write-up of the shareholding in VEB amounting to EUR 77.2 million.

The cost of materials totalled EUR 1,458.5 million (2021/2022: EUR 1,189.6 million) and increased in contrast to sales revenues. In both segments – Biodiesel and Bioethanol – there has been a notable increase in the average price of raw materials. Overall the gross margin fell to EUR 307.5 million due to the negative trend for sales prices in both segments and taking account of change in inventories (2021/2022: EUR 542.9 million).

Personnel expenses were EUR 22.7 million, largely due to the higher number of employees (2021/2022: EUR 20.2 million). The provisions for variable compensation payable also increased in the financial year 2022/2023 as a result of the increase in the number of employees.

Other operating expenses amounted to EUR 61.2 million (2021/2022: EUR 78.5 million) and primarily consisted of outgoing freight expenses of EUR 24.2 million (2021/2022: EUR 18.6 million), expenses from currency retranslation of EUR 10.9 million (2021/2022: EUR 1.2 million), as well as expenses on derivatives of EUR 5.3 million (2021/2022: EUR 42.0 million).

The financial and investment result (EUR 28.8 million; 2021/2022: EUR 22.0 million) includes, among other items, the result of the subsidiaries transferred to the Company of EUR –38.5 million (2021/2022: EUR –25.7 million). In addition, it also includes other interest and similar income amounting to EUR 10.3 million (2021/2022: EUR 4.4 million) and interest and similar expenses (2022/2023: EUR 0.7 million; 2021/2022: EUR 0.8 million), primarily representing income and expenses for Group internal financing.

VERBIO AG net assets and financial position

VERBIO AG balance sheet prepared in accordance with HGB (condensed)

EUR (millions)	2022/2023	2021/2022
Assets		
Intangible assets	1.5	2.0
Property, plant and equipment	2.1	1.6
Financial assets	657.2	481.0
Non-current assets	660.8	484.6
Inventories	300.1	166.9
Trade receivables	73.0	104.2
Receivables from affiliated companies	228.0	186.1
Other assets	80.5	18.2
Cash-in-hand and bank balances	112.2	273.8
Current assets	793.8	749.2
Prepaid expenses	0.2	0.2
Total assets	1,454.8	1,234.0
Equity and liabilities		
Equity	1,088.9	944.6
Provisions	56.8	117.4
Payments received on account of orders	9.2	13.3
Trade payables	41.3	62.0
Payables to affiliated companies	103.7	54.2
Other liabilities	154.9	42.6
Liabilities	309.2	172.0
Total equity and liabilities	1,454.8	1,234.0

Fixed assets

VERBIO AG fixed assets at the balance sheet date totalled EUR 660.8 million (June 30, 2022: EUR 484.6 million) which are covered in full by equity. Financial assets of EUR 657.2 million (June 30, 2022: EUR 481.0 million) represent the largest item. Further, fixed assets includes intangible fixed assets in the form of patents, licenses and software totalling EUR 1.5 million (June 30, 2022: EUR 2.0 million) and property, plant and equipment of EUR 2.1 million (June 30, 2022: EUR 1.6 million). The change in financial assets is primarily due to additions in connection with payments into the capital reserve of VERBIO Renewables.

Current assets

Current assets increased by EUR 44.6 million, from EUR 749.2 million to EUR 793.8 million. Here, there was a particular increase in inventories from EUR 166.9 million to EUR 300.1 million as well as in receivables from affiliated companies (EUR 228.0 million; June 30, 2022: EUR 186.1 million) and other current assets (EUR 80.5 million, June 30, 2022: EUR 18.2 million). In contrast, cash balances (EUR 112.2 million; June 30, 2022: EUR 273.8 million) and trade receivables (EUR 73.0 million; June 30, 2022: EUR 104.2 million) have fallen compared to the previous year. Further information on changes to cash funds are provided in the explanations on the financial position.

Equity and liabilities

Equity at the balance sheet date was EUR 1,088.9 million (June 30, 2022: EUR 944.6 million). As a result of the profit for the financial year 2022/2023 of EUR 154.2 million (2021/2022: EUR 397.3 million), the retained earnings of EUR 706.0 million from the previous year and the dividend paid (EUR 12.7 million), the Company reports retained earnings of EUR 847.4 million at June 30, 2023.

The equity ratio of 74.8 percent remains at a high level (June 30, 2022: 76.5 percent).

Provisions

Provisions amounted to EUR 56.8 million (June 30, 2022: EUR 117.4 million), a reduction of EUR 60.4 million compared to the previous year, primarily as a result of lower provisions for income taxes which fell to EUR 1.3 million as a result of the tax payments for the previous year and the current year (June 30, 2022 EUR 88.6 million). In contrast, other provisions have increased in total (EUR 55.5 million (June 30, 2022: EUR 28.8 million). The increase is in particular due to the recognition of provisions of EUR 27.9 million for onerous contracts for derivatives (June 30, 2022; EUR 4.3 million) and the increase in personnel-related provisions to EUR 9.7 million (June 30, 2022: EUR 9.3 million).

Liabilities

The liabilities reported (June 30, 2023 EUR 309,2 million; June 30, 2022: EUR 172.0 million) have increased sharply compared to the previous year. While it was possible to reduce trade payables (EUR 41.3 million; June 30, 2022:

EUR 62.0 million), other liabilities increased from EUR 42.6 million to EUR 154,9 million. This increase is primarily due to the drawdown of a promissory note of EUR 102.0 million.

VERBIO AG financial position**Verbio AG cash flow statement prepared in accordance with HGB (condensed)**

EUR (millions)	2022/2023	2021/2022
Cash funds at beginning of year	273.9	86.0
Cash flows from operating activities	- 42.2	349.1
Cash flows from financing activities	89.3	- 12.6
Cash flows from investing activities	- 208.8	- 148.5
Cash funds at end of year	112.2	273.9

The cash funds available for short-term use decreased from EUR 273.8 million to EUR 112.2 million in the financial year 2022/2023. This includes, in particular, a significant fall in cash flows from operating activities (EUR -42.2 million; 2021/2022: EUR 349.1 million). The cash flow from investing activities (EUR -208.7 million; 2021/2022: EUR -148.5 million) reflects the continued

high level and stronger level of investing activities within the Group in the financial year in comparison to the previous year. A positive cash flow from financing activities of EUR 89.3 million (2021/2022: a negative cash flow of EUR 12.6 million) resulted in particular from draw-downs of financial liabilities of EUR 102.0 million.

Opportunities and risks

VERBIO AG is, for all significant purposes, subject to the same opportunities and risks as the VERBIO Group.

Further information on this matter is provided in the opportunity and risk report section.

Overall statement on the net assets, financial position and results of operations of VERBIO AG and comparison of actual and forecast business developments

In the light of the unexpected import volumes of Asian biodiesel and Brazilian bioethanol in the financial year 2022/2023, the results of operations can be assessed as good overall. Group EBITDA, at EUR 240.3 million, was below the original planning prepared for the financial year 2022/2023, and the development of the net cash position of EUR 57.4 million was above the original planning. The forecast published in September 2022 indicated an EBITDA of around EUR 300 million. For net cash the Company expected a net cash position at the end of the financial year 2022/2023 of around EUR 30 million. The original forecast for EBITDA and net cash at the end of the financial year was adjusted in an announcement made on April 27, 2023 as a result of the unfavourable development of sales and raw material prices levels, with amended forecasts of an EBITDA of approximately EUR 240 million and a net cash balance of around EUR 80 million. With the announcement of the SBE acquisition it was further communicated that the Management Board continued to expect net financial assets to remain in positive figures.

The net assets and financial position continue to be very stable, and are appropriate to finance the future activities of VERBIO AG and the VERBIO Group.

The Management Board and the Supervisory Board of VERBIO AG will recommend the payment of a dividend of EUR 0.20 per qualifying share at the annual general meeting to be held on February 24, 2024, and that the remaining profit for the period shall be carried forward.

Outlook, opportunity and risk report

Outlook report

The following outlook report applies equally to VERBIO AG and to the VERBIO Group:

The following report provides the outlook of the VERBIO Management Board regarding the future course of the business, and describes the expected development of significant economic and industry-specific conditions. It represents the knowledge of the Management Board at the time of its preparation, acknowledging that actual developments may differ significantly either positively or negatively from this outlook, due to the occurrence of risks and opportunities as described in the risk and opportunity report.

Although the mood in the economy recovered somewhat in the middle of the year and the forecasts for global growth in 2023 are no longer quite as pessimistic as they were at the beginning of the year, the growth forecasts for 2023 and 2024 globally – and also for the USA and the eurozone – remain significantly below the historical annual average. In addition, the ongoing war in Ukraine, along with its consequences, are a source of high uncertainty in making assessments of the future macroeconomic trend.

At the same time the need to reduce GHG emissions using biomass derivatives is becoming increasingly urgent, and should therefore develop to some degree independently of the economy as a whole. Instruments such as, for example, the GHG quota in Germany or the RVOs in the USA are ensuring that demand in the transport sector will grow year by year, in particular for advanced biofuels. The increase in the GHG quota for the reporting period 2023/2024 represents an additional reduction of approximately 2.3 million tonnes of CO₂ compared to the reporting period 2022/2023. The value for fulfilling the quota has stabilised at a comparatively low level, after large quantities of advanced biofuels originating in Asia have been imported since the end of the calendar year 2022. Because of the volume alone it is questionable whether these imports are really products that generate the intended GHG savings. These market disruptions are a source of uncertainty, at least in the short term, on the European raw materials and sales markets for the financial year 2023/2024. VERBIO expects that the medium- and long-term trends will remain unaffected.

Trends in raw material prices

In its global forecast for wheat the United States Department of Agriculture (USDA) expects a reduced supply, lower demand, reduced trading volumes and lower inventories (USDA, WASDA report dated July 12, 2023). Accordingly it can be assumed that the prices for European grain will remain at high levels, at around EUR 240/tonne. However, it is worth noting that the effects on prices of the Ukraine war have eased since mid-July 2022; from March to mid-June 2022 the prices for European wheat were around EUR 400/tonne. The high inventories of maize and the harvest pressure emerging from Brazil put the price of maize in the USA under pressure.

Oil World expects a continued recovery of vegetable oil production with a new forecast of 215.7 million tonnes (Oil World no. 28/V66 page 333; only vegetable oils excluding animal fats). That would represent a production increase of 4.5 million tonnes compared to 2022/2023. At the same time, consumption is expected to increase by 6.3 million tonnes, which accordingly compensates for the increase in production. Here, too, we anticipate that prices will remain firm, with high volatility. This is explained by the increasing correlation between the energy and agricultural markets.

Sales price trends

Globally the prices of biofuels are driven by the cost of fossil energy, in particular for fossil crude oil and the fuels manufactured from it, and the pursuit of climate objectives by the international community of governments.

We generally see a higher global demand for biofuels due to the worldwide CO₂-saving objectives (net zero). Higher prices for fossil fuels make it easier for the individual economies to raise their targets for the use of biofuels.

The short- and medium-term crude oil price continues to be, to a significant degree, dependent on the political stability of oil-extracting countries and their readiness to maintain or increase the quantities of oil produced, as well as the global economic trend with its associated demand. In its report The Oil Manual from July 5, 2023, Morgan Stanley expects that the demand for crude oil will continue to grow until the end of this decade. The primary driver for this development is the increase in the world population by approximately 1 billion every 13–14 years, and the increase in worldwide gross domestic product per capita of approximately 35 percent in the same period. Within this, the development of demand is significantly dependent on the volumes that China will purchase and the volume of crude oil that will be replaced by electrification in the transport sector.

With an increase in demand for fossil fuels, however, the competitiveness of biofuels increases; already today we see a market situation in which bioethanol is cheaper than petrol, even in Europe.

VERBIO expects that the demand for gasoline and diesel will initially remain stable; in a recessionary environment it is to be expected that the number of new registrations will fall, and as a result the electrification in the transport sector will slow. As a result biodiesel, bioethanol and biomethane will remain the dominant fulfilment options when it comes to reducing CO₂ emissions in the transport sector further.

In the German market there is an observable ongoing improvement in the CO₂ efficiency of biofuels; their use in fossil fuels is established and their use for quota obligation fulfilment is maximised. The greenhouse gas reduction has become one of the most significant price determinants. With the increase in the quota obligation from 7 percent to 8 percent from January 1, 2023, there was a corresponding increase in demand for biofuels offering high levels of greenhouse gas savings. From 2024 the quota obligation increases to 9.25 percent. In other European countries, too, an increase in demand for biofuels can be expected as a result of the implementation of RED II. From the start of 2023, however, there has been market turbulence initiated by the massive import of what are likely to be falsely labelled advanced biofuels, primarily from Asia. While the sales prices for biofuels have already largely stabilised, an excess supply of GHG quota tickets remains, which is putting pressure on prices.

In the North American market VERBIO expects increasing prices for biomethane due to the attractive targets for cellulosic RINs (D3) in connection with the volume obligations (RVO) and the growing interest in the 'voluntary markets'. As the maize prices remain low it is expected that ethanol prices will fall, which should lead to stable production margins. However, the margins for biodiesel will remain under pressure as significant volumes of production capacity for HVO will be commissioned in 2023/2024.

Future development of the VERBIO Group

In view of the decarbonisation and defossilisation targets in transport and the newly created markets in industry, a significant growth in the market for low CO₂ raw materials and products can be expected. VERBIO will actively address this market growth with its international expansion and by optimising its existing production capacity, as well as with the construction of new capacity for manufacturing various different renewable molecules in the form of green- and brownfield investments.

In addition to expanding its advanced biofuels production capacity, VERBIO is investing in the development of processes to manufacture basic chemicals for use in the chemical industry using vegetable oils and rapeseed oil methyl ester as raw materials. In the Bioethanol segment, too, VERBIO is working on promising projects to increase its value added, as well as on new applications for chemical processes. These products will increase the diversity of VERBIO's product portfolio and end markets, thereby helping to secure the sustainable profitability of the Group. The expansion of the Group's trading activities will also contribute to this.

VERBIO will have additional production capacity on stream as early as the first half of the financial year 2023/2024, and will increase this on a step-by-step basis over the course of the rest of the year. The commissioning of the bioethanol/biomethane plant in Nevada/Iowa, USA represents a significant milestone. Parallel to this, it is expected that the capacity utilisation of biomethane plants using straw can be scaled up in both the USA and in India.

The full impact of the acquisition of SBE, completed in the fourth quarter of the financial year 2022/2023, will unfold in the financial year 2023/2024. The efficiency measures implemented to date are already bearing fruit, and in the coming autumn the conversion of the plant into a combined ethanol and biomethane plant is planned. In the medium term this will not only lead to an increase in production capacity, but also make it possible to achieve synergy effects and efficiency gains.

In Germany, VERBIO will increase the production of advanced biodiesel volumes further and make ongoing improvements in the efficiency of existing plants. Of particular note is the strategic decision to increase the level of downstream investments. Here, the BioCNG/LNG filling station network in Germany will be extended further in the financial year 2023/2024 in order to promote the availability and spread of sustainable fuels.

These targeted investments, expansions and diversification measures put VERBIO in an optimal position to profit from changing markets and global decarbonisation targets.

Overall assessment of the expected development

By achieving the second-best results in the history of VERBIO in 2022/2023, we have once again demonstrated that we have made use of the opportunities available to us on the raw material and sales markets, and that we have risen to the challenges in the biofuels market with our wide-ranging product portfolio. Despite the ongoing uncertainties in the financial year 2023/2024, the Man-

agement Board expects a positive result in the context of the industry. VERBIO has already proved that it can generate attractive earnings even in challenging times as a result of its competitive business model and its innovative technologies.

In the financial year 2023/2024, which has already started, the Management Board expects that high capacity utilisation in the Biodiesel segment will continue. As a result of the doubling of capacity for advanced biodiesel the total annual capacity will be amended to 710,000 tonnes in the year 2023/2024 (previously: 660,000 tonnes). For the biodiesel production in Canada there are contracts in place at least for the financial year 2023/2024 which guarantee a good margin. In the Bioethanol segment there will be a notable effect from the ramp-up of the Nevada/Iowa plant. In addition to the additional ethanol capacity in South Bend (250,000 tonnes), the ethanol plant in Nevada/Iowa is already included in the annual total bioethanol capacity of 800,000 tonnes (previously: 342,000 tonnes). However, this plant will not reach full capacity utilisation until the financial year 2024/2025. The same applies for the Nevada/Iowa biomethane plant commissioned recently. In Germany, too, the annual biomethane capacity will be adjusted upwards as a result of efficiency measures. In total, this will result in an annual production capacity of 1,980 GWh for the financial year 2023/2024 (previously: 1,300 GWh). A medium level of plant capacity utilisation is expected, accompanied by a significant growth in production volume. In order to guarantee the full utilisation of our own filling station infrastructure the Management Board currently anticipates an increase in biomethane volumes in inventories.

The level of the Group's sales revenue is not only dependent on the production and sales volumes; it is also very much dependent on the market prices of raw materials and biofuels and on the volume of trading transactions for biogene fuels entered into on a case-by-case basis. Based on current sales and raw materials and energy price levels, the planned production capacity usage as well as the prevailing uncertainties, the Management Board expects to achieve an EBITDA for the financial year 2023/2024 in the range of approximately EUR 200 million to EUR 250 million. Net cash at the end of the financial year is expected to fall by approximately EUR –150 million to EUR –110 million as a result of the high levels of investments planned in expanding production capacities and in new growth areas.

The forecasts are not affected by the conversion of VERBIO Vereinigte BioEnergie AG into Verbio SE.

Risk and opportunity report

Risk strategy and policies

VERBIO's commercial success is affected by the smooth running and continuous operation of its production facilities, optimal raw material procurement logistics, its sales and marketing activities and the quality of the products it manufactures, including the greenhouse gas savings achieved. Additional critical factors affecting the success of its business operations are the trends in raw material and sales prices and associated achievable production margins, as well as the conditions in the economy as a whole, and the statutory quota, regulatory and energy tax policy environment. All of these processes and influencing factors are subject to opportunities and risks that are capable of affecting VERBIO's existence, growth and

corporate success. The consideration of risks and the exploiting of opportunities thus serve to safeguard the company and to increase its competitiveness.

In accordance with § 91 (2) AktG the Management Board is required to take appropriate measures, in particular the creation of a monitoring system, to ensure that developments that could threaten the ability of the Company to continue as a going concern are identified at an early stage. In order to identify and manage company-specific risks and opportunities at an early stage, the Management Board of VERBIO has implemented a Group-wide risk management system.

As part of its engagement to perform the statutory audit of the annual financial statements and the Group's consolidated financial statements pursuant to § 317 (4) HGB, the auditor examines whether the risk early warning system is suitable for the purpose of identifying risks and developments that could threaten the ability of the Company to continue as a going concern on a timely basis. VERBIO's risk early warning system complies with the relevant legal requirements.

Organisation of the risk management system

VERBIO's risk management system ensures that existing risks are systematically recognised, analysed, evaluated and reported on a timely basis. The central organisational units and processes are integrated in the risk management process in order to ensure a comprehensive identification and evaluation of risks. This also includes sustainability aspects resulting from environmental, social and corporate governance (ESG) issues. VERBIO provides detailed information on this topic in its separate non-financial Group report 2022/2023 which is published on the Company's website.

The organisation of the entire risk management process is the responsibility of a risk manager, whose role is to implement, coordinate and continuously improve the process on an ongoing basis. Individuals are assigned to each risk area to be responsible for the monitoring and reporting of risks in their area, including the responsibility for reporting when the early warning system threshold limits are exceeded. For this purpose each company of the VERBIO Group has a named risk officer, who is known as a "reporting station" and who ensures compliance with periodic and/or ad hoc reporting.

The risk reporting (issue of ad hoc and/or periodic reports) is carried out using newly implemented risk registers on a half-yearly basis, with the subsidiaries' management and the other responsible employees defined within the reporting process reporting to the Group's risk manager on predetermined reporting dates. The reporting includes all risks to the extent that they exceed specified materiality limits and which can, accordingly, be expected to have an effect on the net assets, financial position and results of operations. These materiality limits are set by the VERBIO Management Board and approved by the Supervisory Board, and are adjusted over time if necessitated by changes in the reference values.

This information forms the basis for the Group risk report, which is provided to the Management Board by the risk manager in a summarised form on at least a half-yearly basis, together with a risk map (risk matrix) describing the most important new or changed risks. If risks requiring immediate action arise outside the periodic reporting of significant risks, these are addressed promptly and informally to the risk manager, and the Management Board is informed immediately.

The risk management system is amended on an ongoing basis to meet the changing external framework conditions and the resulting internal organisational structure. A comprehensive inventory of risks was made on a cyclical basis in the second half of the financial year 2022/2023; this was done in individual meetings held by the risk manager with the reporting stations. Such an inventory is due to be performed on the basis of a two-year cycle. In addition, all risk officers at the subsidiaries and at the holding company report on a half-yearly basis (in writing using the new risk register form) to the Group risk manager. The Group risk manager combines the reports, and reports directly to the Management Board on the aggregate risk position and the risks included therein.

Further, VERBIO uses additional instruments to identify and manage risks. These include a unified and process-orientated quality management system (QMS), a compliance management system, the systematic implementation of work safety practices, and systematic complaints management.

Risks

Risk assessment

The characteristics "probability of occurrence" and "risk category" are used for risk assessment purposes. Measures already implemented to mitigate risks are taken account of based on a net evaluation approach.

Based on the corporate goals, the risks are then categorised dependent on their probabilities of occurrence and the potential scale of the damage. The following assessment measurements are used:

Probability of occurrence	Description
$x \leq 5$ percent	Very low
$5 \text{ percent} < x \leq 25$ percent	Low
$25 \text{ percent} < x \leq 50$ percent	Medium
$x > 50$ percent	High

Potential loss amount	Description
Low	$x \leq \text{EUR } 1 \text{ million}$
Medium	$\text{EUR } 1 \text{ million} < x \leq \text{EUR } 5 \text{ million}$
High	$\text{EUR } 5 \text{ million} < x \leq \text{EUR } 15 \text{ million}$
Very high	$x > \text{EUR } 15 \text{ million}$

Based on the recommendation of the German Accounting Standards Board of the German Accounting Standards Committee e.V. (GASC) regarding the reporting of opportunities and risks, the VERBIO Group's opportunities and risks were categorised under opportunity and risk factors as follows: market and sales, procurement, environment, tax and commercial law, production and technology, finance, human resources, legal and regulations (together with compliance), and other events.

The analysis below describes all the (significant) corporate risks and opportunities identified for the VERBIO Group that, from today's perspective, could affect the net assets, financial position and results of operations. If changes have occurred compared to the previous year, these are noted in brackets.

Corporate risk	Probability of occurrence	Potential loss amount
Market and sales		
Sales-side risks	High	Very high (previous year: high)
Biofuel Sustainability Regulation and the Federal Emissions Protection Act	Low	Medium
Procurement		
Risks of raw material purchasing	Medium	High (previous year: low)
Environment		
Risks due to contaminated sites and other building, land and environmental risks	Very low	Low
Extreme weather conditions	Low	Medium
Tax and commercial law		
Risks of non-compliance with ongoing tax obligations	Very low	Low
Transfer price risks	Low	Medium
Risks from tax audits	Medium (previous year: low)	Low
Production and technology		
Production and technology risks	Medium	Very high
Finance		
Financial and liquidity risks	Very low	Medium
Interest and exchange rate risks	Medium (previous year: very low)	Medium
Risks from derivatives	Low	Medium
Credit and default risks	Very low	Medium
Risks from impairment of assets	Low	Low
Legal rules and regulations		
Regulatory risks	Medium	High
Risks from legal disputes	Low	Low

Continued on next page

Corporate risk	Probability of occurrence	Potential loss amount
Other risks		
Risks from the spread of COVID-19	Low (previous year: high)	High
Risks from conflicts and wars	High	High
IT risks	Medium	High
Personnel		
Risks from personnel management	Medium	Low

As part of the ongoing further development of the risk management system the total risk position is determined on the basis of an aggregation of risks using a Monte-Carlo simulation approach. The simulation takes account of interdependency between the risks faced by VERBIO.

Based on the results of the simulation, there are no recognisable risks that threaten the ability of VERBIO and its subsidiaries to continue as a going concern as of the balance sheet date or the date of preparation of the consolidated financial statements.

Market and sales

Sales-side risks

A considerable sales and margin risk for VERBIO results from a potential import of biodiesel, bioethanol, and waste and residual products such as UCOs (used cooking oils) that are offered to the market at dumping prices, and that could lead to a massive distortion of competition and competitive disadvantages.

In addition, for the German market there is a high level of motivation for fraudulent claims when determining GHG savings made by biofuels, with an associated risk to sales in Germany. This motivation will be increased further with the increase of the GHG quota to up to 25 per cent in 2030.

Since the fourth quarter of the calendar year 2022 VERBIO has seen massive imports of advanced biofuels, in particular of biodiesel from Asia. Should the current level of imports be maintained, domestic production would be crowded out further. At the current time there is an excess supply of acceptance opportunities for quota obligations (so-called GHG quota tickets) in the German market. Accordingly, the scale of the potential loss is assessed as very high.

In the USA and Canada, should there be no annual amendment to the volume obligations (RVOs) the resulting oversupply would have a negative effect on biodiesel sale volumes and a general effect on the margins of biofuels used as a substitute for diesel.

Sales risks associated with the Biofuel Sustainability Regulation and the Federal Emissions Protection Act

Since January 1, 2011 biofuels can only count towards the biofuels quota provided they have been produced and made available to the general market in accordance with the provisions of the Biofuel Sustainability Regulation.

VERBIO matches raw material and sales quantities on an ongoing basis and maintains control over the balance of volumes at all times as part of regular contract controlling procedures. In addition, this is examined by the certification authority in annual audits performed under the Biofuel Sustainability Regulation.

Since 2015, the Federal Emissions Protection Act (Bundes-Immissionsschutzgesetz – BImSchG) has no longer required the blending of defined quantities of biofuels by use of an energetic quota, but instead requires the reduction of greenhouse gas emissions by 4.0 percent since 2017, and since 2023 by 8.0 percent, through the use of biofuels or other greenhouse gas reduction measures (decarbonisation quota).

Significant changes were announced with the 37th Regulation on the Implementation of the Federal Emissions Protection Act (Verordnung zur Durchführung des Bundes-Immissionsschutzgesetzes – BImSchV) issued on May 15, 2017, the 38th BImSchV issued on December 8, 2017, and the Upstream Emission Reductions Regulation (Upstream-Emissionsminderungs-Verordnung – UERV) issued on January 22, 2018. These regulations, which implement credits for electricity-powered mobility and co-processing of biogene oils in oil refineries (37th BImSchV), further amendments for crediting biofuels (38th BImSchV)

as well as credits for upstream emission reductions from 2020, the initial mandatory year (UERV), are determinants of the sales-side risk. As a result, the risk that the oil industry will also be able to partially achieve its greenhouse gas reduction obligations by other methods, which may result in a reduction in demand for conventional biofuels, has increased significantly.

VERBIO addresses the risk by diversification of its marketing channels and the range of national sales markets that it serves. In addition, VERBIO is investing in expanding the value added chain so that conventional biofuel molecules can contribute to GHG savings in other ways and in other industries.

Procurement

Risks of raw material purchasing

VERBIO's results of operations are extremely dependent on the availability and prices of the raw materials used. For biodiesel this is predominantly vegetable oil; for bioethanol it is grain.

Generally, the raw materials needed for production purposes are purchased on an ongoing basis as and when sales contracts are entered into. This reduces the risk of price changes and the associated volume for which hedging is required.

Procuring raw materials on short-term contracts carries the risk of being exposed to potential physical supply limitations.

VERBIO carefully observes current market trends. Notable changes are reported without delay and appropriate risk limitation measures taken. Possible financial consequences are currently assessed as high in view of the volatility of the market prices for commodities.

Environment

Risks due to contaminated sites and other building, land and environmental risks

VERBIO is exposed to the risk that the land and buildings it owns could be contaminated with pollution, soil contamination or other harmful substances. Currently there are no decontamination or monitoring obligations.

Extreme weather conditions

The impact of climate change and associated extreme weather conditions affects the quality, availability and supply chains for raw materials from agricultural sources. In particular, droughts or heatwaves could result in damage to growth in agricultural raw materials. In addition, extreme weather events could lead to delays in the delivery of products should rail networks be damaged by flooding or storms or should shipping lanes be restricted due to flooding or strong currents.

In order to mitigate these risks, VERBIO is taking various countermeasures. The observation of the market plays a central role in this, in that planning alternative supply routes and adapting the procurement strategy in good time in response to weather events enable bottlenecks

to be avoided. Another important countermeasure is the diversification of distribution channels. By using various transportation methods, such as road, rail and waterways, VERBIO can respond more flexibly to weather events and utilise alternative routes if particular supply channels are affected. In addition, the Group aims to ensure that it has adequate inventories of raw materials, consumables and finished goods, taking account of current market environment conditions. The use of proactive planning and adapting to changing environmental conditions is aimed at strengthening the resilience of supply chains in the face of climate-related risks.

Tax and commercial law

Risks of non-compliance with ongoing tax obligations

VERBIO is exposed to the risks that it fails to fulfil tax legislation in full or fails to fulfil them in compliance with the respective legislation, particularly with respect to energy taxes, sales taxes and income taxes, due to the multiple layers and complexity of the tax regulations. Additional risks arise in this connection with transactions with foreign companies and the own operations abroad.

VERBIO counters this risk by monitoring developments in tax legislation on an ongoing basis, with the use of internal tax compliance measures, and by taking external advice in particularly complex situations and in special cases relating to issues concerning foreign countries.

Transfer price risks

Legal demands on tax compliance and the international nature of VERBIO's business activities result in an increased risk associated with determining and documenting transfer prices between VERBIO Group companies. The significant risks include the provision of loan facilities to Group companies (in particular the interest rates charged thereon), industrial franchise agreements, as well as the sale of raw materials from the USA to Europe.

VERBIO has established an appropriate and uniform system of transfer price documentation in order to meet the requirements. The international tax department has been expanded further in order to strengthen the Group's internal expertise and to enable it to manage transfer price risks effectively. Advice is obtained from external consultants in particularly complex situations to ensure that up-to-date rules are taken into account and tried-and-tested approaches are in place.

Risks from tax audits

VERBIO is exposed to the risk that it may be required to make additional tax payments on a retroactive basis if external tax audits result in an upward recalculation of tax liabilities. In view of VERBIO's rapid growth, the probability of such an event is currently assessed to be medium. Currently, beyond the amounts already recognised as liabilities or provisions in the consolidated financial statements, there are no known issues that could result in significant demands for retrospective tax payments.

Production and technology**Production and technology risks**

The continued success of the VERBIO Group is driven by the Group's highly competitive technologies. On the basis of the technology standards already achieved for large-scale production of biofuels (biodiesel, bioethanol and biomethane) the VERBIO Group is positioned well, and also has the process know-how to implement further ongoing and coherent programmes for the further development and optimisation of the current production processes. The production of biofuels is exposed to the risk that entirely different and more efficient production and process technologies could arise suddenly, and that the operation of existing plants could, as a result, no longer be possible in such a way that their operating costs may be covered. The continual expansion and optimisation of co-production manufacturing is one of the significant drivers of VERBIO's competitiveness, but at the current time these alone cannot guarantee that we will be able to operate our plants profitably should there no longer be sales channels for the biofuel products.

The production plants are technically state of the art and are subject to constant maintenance. Accordingly, from the viewpoint of the Company's management, environmental risks are minimised to the greatest extent possible. Nevertheless, potential environmental damage is insured through environmental liability insurance. All plants are insured against natural disasters by property and business interruption insurance loss cover (including cover for ongoing costs). There is also third party liability insurance to cover losses incurred by third parties arising from VERBIO AG's ongoing operations.

Finance**Financial and liquidity risks**

VERBIO holds a liquidity reserve in the form of cash reserves of EUR 170.0 million and available credit lines to ensure that the Group's ability to meet its payment obligations and its financial flexibility are maintained at all times.

There are currently no identifiable financing risks. Covenants entered into in connection with financing arrangements are monitored on an ongoing basis.

Interest and exchange rate risks

VERBIO is exposed to risks associated with a possible change in interest rates and exchange rates and their effect on the Group's assets, receivables and payables. There is an exposure to risks associated with changes in interest rates, in particular increases in EURIBOR, in connection with the variable rate loans. The risk is assessed as medium in view of the current interest rate environment and the ongoing high rate of inflation in the euro-zone. Only limited use of hedges is made for currency risks arising on Group internal loans made to foreign subsidiaries in the Group. Possible consequences for the statement of profit or loss are considered medium overall.

General interest and currency risks are managed using a risk management system and, when required, hedged through the use of derivatives and non-derivative financial instruments.

Risks from derivatives

The risks from derivatives depend on the risk structure of the individual derivatives. The derivatives used by the VERBIO Group belong to different risk groups and are used to hedge both raw material purchases and sales contracts, as well as to hedge interest rate and currency risks. For this purpose, hedging transactions are concluded for individual underlying transactions and specifically assigned to those transactions. There is exposure to the risk of inadequate hedging effectiveness with respect to the underlying transaction, and, in connection with certain price developments, the risk that resulting payment obligations cannot be fulfilled in spite of available cash reserves and trading facilities.

The price change risks on the procurement and sales side in the Biodiesel and Bioethanol segments are, depending on market assessments made by the Management Board, hedged within ranges defined by the Management Board by the use of effective and ineffective derivatives on the relevant exchanges, such as, for example, NYMEX, ICE, CBOT and EURONEXT, as well as through OTC transactions. Through the use of derivative contracts, a production margin in the respective segment is fixed to the extent possible on a forward basis. Nevertheless, it cannot be excluded that in spite of the use of hedging instruments, undesirable market developments may lead to negative effects on results. The timing and chronological order in which the underlying transactions and the hedging transactions are entered into may also lead to deviations.

However, the Group-wide risk management procedures ensure that these risks are limited to acceptable amounts. For further details we refer to note 9, "Disclosures on financial instruments" in the notes to the consolidated financial statements.

Credit and default risks

Credit and default risks are primarily associated with a deterioration in the economic situation of suppliers, customers or other contracting parties of the Company. As a result, there is a risk of partial or complete loss of contractually agreed payments or services, and additionally of impairment losses due to a deterioration of creditworthiness. In order to minimise the risk of default the payment behaviour of debtors is monitored on a continuous basis, and additionally customer-specific credit insurance is obtained and internal creditworthiness assessments are carried out. The risk management system ensures that these risks are kept to a minimum.

Risks from impairment of assets

The carrying amounts of individual non-current assets are subject to changes in market and business conditions and thereby also to changes in their values in use. Individual impairment tests are performed in accordance with IAS 36 if there are indications of an impairment of property, plant and equipment.

In particular, when the assumptions underlying the planning prove to be inappropriate, it cannot be ruled out that write-downs with profit or loss effect may be made in future against the carrying value of non-current assets by amounts which may be up to their entire carrying amount, with an effect on VERBIO's net assets, financial position and results of operations. However, the additional financial effects of such write-downs are assessed to be minor.

Legal rules and regulations**Regulatory risks**

VERBIO is subject to multiple political and regulatory framework conditions at the national, European and international levels, changes in which can have direct effects on the Company's results of operations.

In addition, changes in political or economic environments, in particular in larger EU countries and in countries with major agricultural production volumes such as the USA, Canada, China, India, Brazil, Malaysia or Indonesia, could have a direct impact on VERBIO's activities.

Regulatory risks are countered by VERBIO through memberships in various industry associations that represent the interests of the biofuel industry at the national and also at the European level. In addition, the Company's regular, intensive and direct dialogue with political decision-making bodies and decision makers represents a core element of VERBIO's political activities.

The implementation of RED II in Germany has been completed. The amended Federal Emissions Protection Act came into force on January 1, 2022. There is however uncertainty concerning the implementation of RED II in other European countries, as well as the efforts being made by parts of the Federal Government to amend the regulations in response to the Ukraine war. However, it has not been possible to reach a consensus to date.

The trilogue negotiations on the amended RED II were successfully completed in March 2023. Following the decision of the EU Parliament in September 2023, the European Council still needs to formally adopt the text of RED III before it can enter into force. These changes will presumably lead to further amendments to resolutions needed to implement RED II in Germany. However, current targets in force in Germany are in part already more ambitious than those foreseen in the amended RED II. This applies in particular to the GHG reduction targets. VERBIO expects that these amendments will first apply in 2024 or 2025.

VERBIO will accompany this process in a constructive manner both as a Company and in our role as a member of the interested organisations in which it participates.

In the USA the announcement of the EPA's "Set" initiative in June 2023 creates conditions that can provide future stability for the renewable energy industry. Although it is possible that the EPA might consider making a reduction of the RVO targets for 2023–2025, there are currently no discussions on or applications for a revaluation. Unofficially, the EPA has made it public that it intends to support the growth of the renewable energy sector, and its most recent measures underscore this expectation.

Risks from legal disputes

Currently there are no notable risks arising from legal disputes. VERBIO attempts to minimise these risks through the appropriate management of legal proceedings and the adequate drafting of contracts in advance.

Other risks

Risks arising from the worldwide spread of the coronavirus (COVID-19)

There has been a large reduction in the worldwide restrictions imposed as a result of the spread of COVID-19 compared to the previous year. Living with the virus has now almost become a normality. Despite this, there remains a risk that a renewed, strengthened outbreak, in particular as a result of variants that result in higher hospitalisation or mortality rates, could occur. Should that happen, renewed lockdown measures may be imposed.

Additionally, infections among the Group's employees or location closures could result in restrictions or downtime in corporate functions, as well as failure to achieve the Group's planned financial objectives. Currently the risk of such events is assessed as low.

Risks from conflicts and wars

Russia's invasion of Ukraine continues to present VERBIO with wide-ranging challenges to its business activities. The direct consequences include the price volatility – in some areas very significant – seen in almost all markets, but in particular in the raw material and product markets that are relevant to VERBIO's commercial activities. In addition to the war in Ukraine there is a high potential for conflict between China and Taiwan, North and South Korea and the ECOWAS states and Niger. Accordingly, despite the market stabilisation following Russia's invasion of Ukraine there remains a risk of a disparity between the prices for raw materials and the prices of end products, and for bioethanol and biodiesel in particular. There is also a risk that the significant increases in energy costs in production cannot be passed on in the prices of final products.

As far as energy supply is concerned, given the cessation or reduction of supplies of natural gas from Russia there is also a risk of energy supplies not being available. Natural gas is needed at a number of locations and substitutions can only be found with difficulty. There is a risk of an interruption and a significant reduction in production if there is a limitation in the supply ordered by the Federal Network Agency (Bundesnetzagentur).

The Group's Schwedt location is affected by significant limitations, particularly on the sales side, as alternative supply routes to replace supplies previously received using the pipeline to the PCK Schwedt refinery affected by the oil embargo still need to be stabilised and expanded. The reduced sales volumes here increase the cost of logistics. VERBIO is observing the sanctions carefully in order to be able to react accordingly. In conducting its business activities VERBIO complies with the relevant applicable international directives.

IT risks

IT risks can affect the results of business operations if there are restrictions in the availability and confidentiality of data and the integrity of information systems.

VERBIO has taken appropriate measures to minimise the consequences of such IT risks on the results of operations. Primarily these measures include ensuring regular data back-ups, the availability of redundant IT infrastructure, the use of systems to monitor and give early warning of cyber-attacks, vulnerability audits performed by third parties, ensuring employee awareness, and regular audits of security guidelines and processes.

Despite the relevant mitigation measures, the financial consequences of a failure of IT applications essential for the operational and strategic management of the Company are assessed as high. This is due to the fact that cyber criminals are continuously becoming more effective and professional, among other things due to the use of artificial intelligence. Accordingly, also the probability of such an event is assessed as medium.

Personnel

Risks from personnel management

There is a risk of an increase in employee turnover and positions not being filled with qualified personnel for extended periods of time. This could lead to loss of performance, delays in completing projects, as well as increased costs of recruitment.

VERBIO has developed strategies to promote employee loyalty and alternative recruiting approaches. This should address the risk in an appropriate manner and reduce the consequences for the results of business operations.

Opportunities

Opportunities from raw material purchasing

VERBIO follows a "multi-feedstock strategy", which means that it is possible to produce biodiesel and bioethanol using various different raw materials, dependent on what is being offered at the most advantageous purchasing conditions on the agricultural markets. This can result in price advantages and therefore competitive advantages. VERBIO is in a position to convert plant and equipment to use different raw materials at short notice.

Agricultural raw materials are traded internationally and are generally available in sufficient quantities at all times.

Sales-side opportunities

An increased demand for biofuels is expected not only in Germany but also in particular in the Netherlands, France and Great Britain.

It can be observed that ever more countries are introducing E10 as a standard fuel for use in petrol-based engines as part of the process of implementing RED II, and that they are replacing or complementing the energetic-based biofuels quotas with greenhouse gas quotas. This increases the demand for ethanol and for low emission fuels.

With the implementation of RED II separate quotas for advanced biofuels will be introduced in all member states, which will lead to a boost in demand for this new biofuels category. VERBIO can make use of market opportunities quickly, in particular through the use of the advanced biofuel biomethane, by either constructing its own BioCNG and BioLNG filling stations or by supplying existing filling stations in the infrastructure network.

Supply and demand on international crude oil markets are increasingly returning to an equilibrium, the prices for fossil fuels are rising, and with them the competitiveness of biofuels is also increasing.

Regional and regulatory opportunities

The Renewable Energy Directive 2 (RED II) provides for a limit of 7 percent for the use of cultivated biomass from 2021. Within this limit, in each member state the maximum use of cultivated biomass for conventional first generation biofuels is limited to the sales level in 2020, plus an additional 1 percent allowance for flexibility purposes. The amended RED II makes no change to the upper limit. In particular for VERBIO, as a technology leader, these requirements should provide further market opportunities. RED II also provides for an obligatory minimum quota for advanced second generation biofuels for the first time, and this is expected to be increased and widened in scope under RED III. This generates additional market

opportunities for VERBIO as a leading manufacturer of biomethane based on straw and stillage waste.

In the USA the most recent regulatory measures provide support for the EPA's general target to drive forward investment in the production of advanced biofuels. With the passage of the Inflation Reduction Act (IRA) in June 2022, substantial amounts of Investment Tax Credits (ITC) and other credit mechanisms for significant future investments are on offer that are resulting in an improved climate for investment. In May 2023 the Department of Treasury and the US tax authority issued guidance to clarify the tax benefits for domestic clean energy projects and for facilities that meet American manufacturing and sourcing requirements. Additional IRA guidance is being prepared and is expected to be published in the coming months. These targeted measures are suitable to provide the renewable fuels industry with improved long-term predictability and create environmental conditions for growth in the industry.

In Canada there is interest in pursuing the introduction of incentives similar to those offered in the US following the passing of the Inflation Reduction Act of August 2022. According to industry sources the Federal Government's biofuels consultation, led by the Ministry of Resources (NRCan), the Ministry of Finance, the Ministry of the Environment, and other federal ministries, as well as clean fuel supply chain sectors, is working on developing a set of recommendations for Canada's response to the Inflation Reduction Act incentives, particularly 45Z, the Clean Fuel Producers Credit. It is likely that a proposal will be issued by the end of 2023 or early in 2024.

In India the development of the use of BioCNG has made advances in recent years, despite facing challenges. Investments made by companies such as VERBIO have contributed to the creation of transparency in value added chains and to the development of a progressive BioCNG political framework at national and state level. The political framework conditions for BioCNG range from the establishment of a reliable biomass supply chain and the creation of an infrastructure for the sale and distribution of BioCNG using the gas network through to collateral for BioCNG sales, the development of which has led to substantial improvements in the framework conditions since June 2022. Further strategic decisions such as the planned introduction of a compulsory blending requirement of 5 percent for BioCNG or mechanisms for monetising the reduction of CO₂ emissions are in their early stages, but should, however, be implemented in the short- to medium term and offer VERBIO additional market opportunities for early expansion in India.

Production and technology opportunities

The technical department was given a new structure in the financial year 2022/2023. All plant construction activities are combined in the new Engineering, Procurement and Construction (EPC) department, and the competences needed to optimise production plants are concentrated in the Operational Excellence (OE) department. In the coming years this new organisational structure will mean that larger and a greater number of investment projects can be completed more efficiently. In addition, the technology transfer between existing plants will be intensified and optimised, and there will be a sharp acceleration in the implementation of all of VERBIO's new in-house technologies and further developments of existing technologies.

VERBIO's production facilities are state of the art, and in most cases they have been planned and constructed using the Company's own process know-how. This makes it possible to optimise the plants or make adjustments to enable them to process other raw materials using the Company's own resources.

The production facilities are positioned well with respect to their energy balance. All plants and production processes are optimised further on an ongoing basis, which leads on the one hand to a significant reduction in energy usage, and on the other hand to higher or optimised yields.

In addition to the optimisation of existing plants, VERBIO sees market opportunities in the development of production processes which enable high-value by-products to be manufactured making use of the raw materials used for manufacturing its biofuels. Examples of such by-products include glycerine and sterols, which are already being produced and which will in future be complemented with speciality chemicals for the chemical industry and with high-value proteins for the animal feed and foodstuff industries.

Further, VERBIO makes use of the know-how that it has accumulated in previous years to contribute to new projects such as the straw biomethane plants and the biorefinery plants in South Bend and Nevada (both in the USA).

Financial opportunities

VERBIO's stock exchange listing gives the Company access to the capital market, enabling it to generate financial resources to reduce indebtedness or to finance growth.

Overall assessment of the risks and opportunities by the Company's management

VERBIO consolidates and aggregates all risks reported by the Group's various departments and functions in accordance with its risk management handbook.

The results of the overall assessment of all of the risks described give no indication that current risks, considering the likelihood of their occurrence and their effects, could, either individually or in the aggregate, endanger the Company's ability to continue as a going concern. The significant cash reserves currently available are also a source of risk minimisation; potential damage can be dealt with much more easily despite the challenging market environment.

The Company's management is convinced that VERBIO's earnings power forms a solid basis for its future business development, in particular with its entry into new markets by means of the expansion strategy already implemented, and that it provides the necessary resources needed in the 2023/2024 financial year and thereafter to pursue the opportunities offered to the Group and successfully confront the challenges from the risks described.

Other reporting obligations**Internal control system**

VERBIO's internal control system defines Group-wide minimum standards for the design of internal controls in business processes both centrally and at the Group's subsidiary companies. For this purpose a Group-wide model was developed which provides clear guidelines on the scope and implementation of controlling activities and their measurement.

A risk control matrix has been implemented to provide a comprehensive documentation and measurement of the internal control system. This will be rolled out further in the financial year 2023/2024.

The objective of the internal control system is, among other things, to identify and mitigate process risks which could be an obstacle to the preparation of annual and consolidated financial statements and the (Group) management report in accordance with the relevant frameworks. The implementation of these controls should ensure that reliable annual and consolidated financial statements are prepared.

The central organisation, the extensive standardisation of the IT programs used, in particular the planning and consolidation tools and the continuously improved business intelligence interface, the clear assignment of responsibilities in accounting, Group financing and controlling, and appropriate controls are designed to ensure or facilitate risk management, control and compliance. Also, all tasks associated with the preparation of the consolidated financial statements, such as consolidation measures, the reconciliation of intercompany balances and the reporting

requirements are clearly assigned, and the processes are clearly defined in the internal control system.

The scope and effectiveness of the internal control system with respect to financial reporting are evaluated in connection with the preparation of the annual financial statements. The internal monitoring is the responsibility of the Group controlling department that reports directly to the Management Board.

Supervision of the effectiveness of the risk management and internal control systems [An unaudited non-management report disclosure]

The Management Board has implemented internal monitoring systems to supervise the appropriateness and effectiveness of the risk management and internal control systems. An important component of this is the performance of independent supervisory tasks and audits by the internal audit function. Any weaknesses and improvement recommendations are noted and addressed to those responsible for the respective processes for resolution. In doing so there is a targeted tracking of results to ensure that recommended measures have been implemented effectively.

Under consideration of the results of the internal supervisory measures, no information has emerged to indicate that risk management and the system of internal control are not appropriate or effective.

Here it should be noted that even a very carefully designed risk management and internal control system cannot provide absolute assurance that all relevant risks are identified on a timely basis and can be mitigated by appropriate measures and internal controls.

Statement on corporate governance

The Corporate Governance Statement of VERBIO, in accordance with § 315 d HGB in connection with § 289 f HGB, is published in the Investor Relations section of the VERBIO Vereinigte BioEnergie AG website (<https://www.verbio.de/en/investor-relations/corporate-governance/corporate-governance-declaration/>).

In addition to providing a description of the Management and Supervisory Boards' working methods, the statement includes the corporate governance report, the declaration of conformity in accordance with § 161 AktG, and relevant disclosures regarding significant corporate governance practices.

Separate non-financial Group report

The non-financial Group report 2022/2023, issued in accordance with the German CSR Directive Implementation Act in accordance with § 315b and § 315c HGB together with § 289c to § 289e HGB, which does not form part of this Group management report, will be published separately in the Investor Relations section of the VERBIO Vereinigte BioEnergie AG website.

In the report, selected non-financial information is presented based on international sustainability standards issued by the Global Reporting Initiative (GRI).

Report on relationships with affiliated companies and statement by the Management Board in accordance with § 312 (3) AktG

The Management Board of VERBIO AG is required to prepare a report on its relationships with affiliated companies in accordance with § 312 AktG. The Management Board of VERBIO AG has prepared a dependency report in accordance with this requirement. Under the circumstances known to the Management Board at the time of undertaking the transactions, VERBIO AG and its subsidiaries received appropriate consideration for every transaction listed in the dependency report on its relationships with affiliated companies. No measures were undertaken or omitted in the interests of, or at the instigation of, the controlling company or one of its affiliated companies.

Statutory takeover disclosures in accordance with § 315 a HGB and § 289 a HGB

The following information relates to the corporate legal structure and other legal relationships. It should allow a better overview of the Company and any obstacles to a takeover.

Following a capital increase registered at the commercial register on March 23, 2023 the subscribed capital (share capital) of VERBIO AG consists of 63,517,206 non-par bearer shares. Each share grants the holder the same rights and grants one vote in the general shareholders' meeting. All shares entitle the holder to dividend payments in full; dividend payments are made in euros.

Restrictions on voting rights of shares could result from regulations of the German Stock Companies Act. Thus, under certain circumstances shareholders are subject to a

voting prohibition (§ 136 AktG). Furthermore, the Company has no voting rights on its treasury shares (§ 71b AktG). The old/founder shareholders have entered into a voting trust agreement, requiring their voting rights to be exercised on a pooled basis. In the meantime the pool has been extended to include further shareholders. There are no further restrictions of voting rights or share transfer restrictions. Special rights or control authority are not connected to the pooling relationship. New pooling contracts were agreed in the financial year 2022/2023. The shareholders who have joined as new members of the voting rights pool are also subject to pooled voting rights under the voting trust agreement. The pooling contract most recently agreed in the financial year 2022/2023 cannot be cancelled earlier than August 25, 2024, and extends automatically in each case by six months, if it is not cancelled with a three-month notice period before the conclusion of its term. In addition, a sub-pool contract has been in existence since April 5, 2019 between the Sauter siblings who are members of the pool, under which an agreement has been made to exercise their voting rights within the pool in a uniform manner. The sub-pool contract was last amended on February 27, 2023. As at the June 30, 2023 balance sheet date the arrangements under the pool voting agreement bind the votes of 70.35 percent of the total voting capital.

Claus Sauter and Bernd Sauter, both members of the Management Board, as well Dr.-Ing. Georg Pollert, a former member of the Supervisory Board, have direct holdings in VERBIO in excess of 10 percent. By means of either direct or indirect entities, they hold a total of 50.25 percent of the outstanding shares.

The provisions regarding the appointment and dismissal of members of the Management Board, as well as for making changes to the articles of association, are in

accordance with the statutory requirements (§ 84, § 179 AktG) in conjunction with § 6, § 13 and § 18 of the articles of association.

Under a shareholders' resolution approved at the annual general meeting of shareholders held on February 4, 2022 the Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital by means of issuing additional no-par bearer shares in exchange for cash or non-cash contributions on one or more occasions until February 3, 2027. Following partial use of this authorisation the approved capital currently totals EUR 31,258,242.00 (authorised capital 2022).

The Management Board is empowered, subject to the approval of the Supervisory Board, to exclude existing shareholders' subscription rights for shares issued in exchange for contributions in kind of up to an amount of EUR 12,636,726.00, which represents 20 percent of the

share capital at the date of the resolution. This also includes the use of the authorised capital to fulfil purchase obligations or purchase rights for the Company's shares based on agreements made or to be made with members of the Company's Management Board under Management Board remuneration agreements. This type of share issue is dependent on a prior election being made by the Supervisory Board to exercise its option under the current remuneration rules that the share-based remuneration shall not be settled in cash but shall be fulfilled by the issue of shares, or on it having created a new form of share-based remuneration.

The general shareholders' meeting on February 1, 2019 authorised the Management Board until January 31, 2024 to purchase treasury shares of up to 10 percent of the capital shares at that time, in one or several purchases. The authorisation is not to be used for the purpose of trading in treasury shares.

The powers of the Management Board to issue or repurchase shares are comprehensively described and governed in the respective authorisations resolved by the general shareholders' meeting.

In the event of an early termination of Management Board activity resulting from a change in control, members of the Management Board have a one-off special right of termination, and on exercising this right, a claim for a termination payment that is calculated by capitalisation of the expected total remuneration for the remaining contract term. This amount may not, however, exceed the amount of three years' remuneration, two years in the case of the Chief Financial Officer, consisting of the fixed and variable contractual components. The Company does not have any compensation agreements with employees.

Zörbig, September 25, 2023

Claus Sauter
Chairman of the Management Board

Prof. Dr. Oliver Lüdtke
Vice-Chairman of the Management Board

Theodor Niesmann
Member of the Management Board

Bernd Sauter
Member of the Management Board

Stefan Schreiber
Member of the Management Board

Olaf Tröber
Member of the Management Board

Consolidated Financial Statements (IFRS)

Consolidated statement of comprehensive income	60
Consolidated balance sheet	62
Consolidated cash flow statement	65
Consolidated statement of changes in equity	67
Notes to the consolidated financial statements	69

Consolidated statement of comprehensive income

for the period July 1, 2022 to June 30, 2023

EUR (thousands)	01.07.2022– 30.06.2023	01.07.2021– 30.06.2022	Notes
1. Sales revenue (including energy taxes collected)	1,972,450	1,813,497	
less: energy taxes	– 4,169	– 1,020	
Revenue	1,968,281	1,812,477	3.15/6.1
2. Change in inventories	86,199	41,977	
3. Own work capitalised	9,048	9,807	6.2
4. Other operating income	13,779	9,587	6.3
5. Cost of materials	– 1,681,615	– 1,237,336	6.4
6. Personnel expenses	– 81,081	– 64,958	6.5
7. Other operating expenses	– 77,611	– 57,297	6.8
8. Changes in the value of financial assets and liabilities	– 7,068	13,622	6.9/10.4.3
9. Result from commodity forward contracts	10,387	– 24,555	6.10
10. EBITDA	240,319	503,324	
11. Depreciation, amortisation and impairment of non-current assets	– 41,570	– 48,010	3.2/3.3/6.6/7.1.2
12. Reversals of impairment charges recorded against non-current assets	0	6,702	3.8/6.7/7.1.2
13. Operating result	198,749	462,016	
14. Interest income	2,360	255	3.17/6.11/10.4
15. Interest expense	– 1,866	– 3,238	3.17/6.11/10.4
16. Financial result	494	– 2,983	3.17/6.11/10.4
17. Result before tax	199,243	459,033	

Continued on next page

EUR (thousands)	01.07.2022– 30.06.2023	01.07.2021– 30.06.2022	Notes
18. Income tax expense	– 67,087	– 143,207	2.3/3.6/6.12
19. Net result for the period	132,156	315,826	
Result attributable to shareholders of the parent company	132,024	315,625	
Result attributable to non-controlling interests	132	201	7.3.7
Income and expenses recognised directly in equity:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation of foreign operations	– 13,340	21,721	
Fair value remeasurement of cash flow hedges	– 24,031	– 18,901	7.3.4/10.3.3
Deferred taxes recognised in equity	9,001	– 1,341	
20. Income and expenses recognised directly in equity	– 28,370	1,479	
21. Comprehensive result	103,786	317,305	
Comprehensive result attributable to owners of the parent	103,654	317,104	
Comprehensive result attributable to non-controlling interests	132	201	7.3.7
Basic earnings per share in EUR	2.08	4.99	3.18/6.3.6
Diluted earnings per share in EUR	2.08	4.97	3.18/6.3.6

Consolidated balance sheet

at June 30, 2023

EUR (thousands)	30.06.2023	30.06.2022	Notes
Assets			
A. Non-current assets			
I. Intangible assets	940	846	3.2/3.5/7.1.1
II. Property, plant and equipment	594,982	391,523	3.3/3.5/7.1.2
III. Right-of-use assets under leasing arrangements	27,350	18,950	3.4/7.1.3
IV. Financial assets	1,920	2,397	3.8/7.1.4/10.2
V. Other assets	42,029	57,762	3.8/7.1.5
VI. Deferred tax assets	3,212	807	3.6/6.12
Total non-current assets	670,433	472,285	
B. Current assets			
I. Inventories	260,278	169,335	3.7/7.2.1
II. Trade receivables	89,763	112,234	3.8/7.2.2/10.2
III. Derivatives	8,839	40,975	3.9/7.2.3/10.3
IV. Other short-term financial assets	66,706	20,828	3.8/7.2.4/10.2
V. Income tax refunds	9,494	84	3.6
VI. Other assets	21,368	13,266	3.8/7.2.5
VII. Cash and cash equivalents	170,306	299,612	3.11/7.2.6
Total current assets	626,754	656,334	
Total assets	1,297,187	1,128,619	

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EUR (thousands)	30.06.2023	30.06.2022	Notes
Equity and liabilities			
A. Equity			
I. Share capital	63,517	63,398	7.3.1
II. Additional paid-in capital	501,540	499,393	7.3.2
III. Retained earnings	340,605	221,261	7.3.3
IV. Reserve for cash flow hedges	-1,592	13,438	7.3.4
V. Reserve for currency translation adjustments	5,401	18,741	7.3.5
Total equity attributable to owners of the parent	909,471	816,231	
VI. Non-controlling interests	2,356	2,224	7.3.7
Total equity	911,827	818,455	
B. Non-current liabilities			
I. Bank loans and other loans	114,500	30,000	3.14/7.4.1/10.2
II. Lease liabilities	20,923	14,419	3.4/7.4.2
III. Provisions	167	131	3.13/7.4.3
IV. Deferred investment grants and subsidies	619	1,342	3.12/7.4.4
V. Other non-current financial liabilities	224	224	3.14/7.4.5/10.2
VI. Deferred taxes	6,453	11,912	3.6/6.12/7.4.5
Total non-current liabilities	142,886	58,028	3.13/7.5.6

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EUR (thousands)	30.06.2023	30.06.2022	Notes
C. Current liabilities			3.14/7.5.7
I. Bank loans and other loans	47,518	0	
II. Lease liabilities	7,028	4,967	3.4/7.5.1
III. Trade payables	106,538	95,371	3.14/7.5.2/10.2
IV. Derivatives	12,731	15,867	3.9/7.5.3/10.3
V. Other current financial liabilities	42,718	14,304	3.14/7.5.4/10.2
VI. Tax liabilities	1,983	89,156	3.6/7.5.5
VII. Provisions	2,329	3,655	3.13/7.5.6
VIII. Deferred investment grants and subsidies	734	837	3.12/7.4.4
IX. Other current liabilities	20,895	27,979	3.14/7.5.7
Total current liabilities	242,474	252,136	
Total equity and liabilities	1,297,187	1,128,619	

Consolidated cash flow statement

for the period July 1, 2022 to June 30, 2023

EUR (thousands)	01.07.2022– 30.06.2023	01.07.2021– 30.06.2022	Notes
Net result for the period	132,156	315,826	
Income taxes expense	67,087	143,207	6.12
Interest result	– 494	2,983	6.11/10.4
Depreciation and amortisation	41,570	32,541	5.6/7.1.1/ 7.1.2/7.1.3
Non-cash expenses for share-based remuneration	1,666	3,767	7.3
Non-cash expenses and income from impairment write-downs and reversals of impairment write-downs	0	8,767	7.1
Other non-cash income and expenses	3,355	3,889	
Gains on disposal of property, plant and equipment and derecognition of investment grants and subsidies	– 129	– 146	
Release of deferred investment grants and subsidies	– 826	– 851	7.4.4
Non-cash changes in derivative financial instruments	4,968	– 14,836	7.2.3/10.3
Increase in inventories	– 80,129	– 67,871	3.7/7.2.1
Decrease (previous year: increase) in trade receivables	31,112	– 42,669	3.8/7.2.2
Increase in other assets and other current financial assets	– 34,811	– 53,320	7.2.4/7.2.5
Decrease in provisions	– 1,290	– 8,214	7.4.3/7.5.6
Increase in trade payables	5,558	43,667	7.5.2
Increase in other financial and non-financial liabilities	17,205	21,923	7.4.5/7.5.4/ 7.5.5/7.5.7
Interest paid	– 1,262	– 895	
Interest received	2,360	255	
Income taxes paid	– 162,002	– 62,992	
Cash flows from operating activities	26,094	325,031	

Continued on next page

EUR (thousands)	01.07.2022– 30.06.2023	01.07.2021– 30.06.2022	Notes
Acquisition of intangible assets	– 360	– 458	
Acquisition of property, plant and equipment	– 202,855	– 114,419	
Proceeds from disposals of property, plant and equipment	1,089	841	
Proceeds from the disposal of non-current assets	0	39	
Cash outflow for other investments	– 671	0	
Cash outflow from acquisition of subsidiary, less net cash acquired	– 64,011	0	
Proceeds from the repayment of loans	380	380	
Cash flows from investing activities	– 266,428	– 113,617	
Payments of dividends	– 12,680	– 12,637	
Cash outflows for the repayment of financial liabilities	– 95,000	0	
Cash inflows from drawdowns of financial liabilities	227,000	0	
Payment of lease liabilities	– 7,106	– 5,844	
Cash flows from financing activities	112,214	– 18,481	
Net change in cash funds	– 128,120	192,933	
Change in cash funds due to the effects of exchange rates	– 1,186	1,654	
Cash funds at beginning of the period	299,612	105,025	
Cash funds at end of the period	170,306	299,612	

Consolidated statement of changes in equity

for the period July 1, 2022 to June 30, 2023

EUR (thousands)	Notes	Share capital	Additional paid-in capital	Retained earnings	Reserve for cash flow hedges	Reserve for currency translation adjustments	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
July 1, 2021		63,184	495,692	- 81,727	33,680	- 2,980	507,849	2,023	509,872
Currency translation adjustments	2.4/7.3.5	0	0	0	0	21,721	21,721	0	21,721
Fair value remeasurement of cash flow hedges	7.3.4/10.3.3	0	0	0	- 18,901	0	- 18,901	0	- 18,901
Deferred taxes on cash flow hedges		0	0	0	- 1,341	0	- 1,341	0	- 1,341
Income and expenses recognised directly in equity		0	0	0	- 20,242	21,721	1,479	0	1,479
Net result for the period		0	0	315,625	0	0	315,625	201	315,826
Comprehensive result for the period		0	0	315,625	- 20,242	21,721	317,104	201	317,305
Dividend payments	7.3.3	0	0	- 12,637	0	0	- 12,637	0	- 12,637
Capital increase from contribution in kind	7.3.1/7.3.2	214	3,701	0	0	0	3,915	0	3,915
June 30, 2022		63,398	499,393	221,261	13,438	18,741	816,231	2,224	818,455

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EUR (thousands)	Notes	Share capital	Additional paid-in capital	Retained earnings	Reserve for cash flow hedges	Reserve for currency translation adjustments	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
July 1, 2022		63,398	499,393	221,261	13,438	18,741	816,231	2,224	818,455
Currency translation adjustments	2.4/7.3.5	0	0	0	0	-13,340	-13,340	0	-13,340
Fair value remeasurement of cash flow hedges	7.3.4/10.3.3	0	0	0	-24,031	0	-24,031	0	-24,031
Deferred taxes on cash flow hedges		0	0	0	9,001	0	9,001	0	9,001
Income and expenses recognised directly in equity		0	0	0	-15,030	-13,340	-28,370	0	-28,370
Net result for the period		0	0	132,024	0	0	132,024	132	132,156
Comprehensive result for the period		0	0	132,024	-15,030	-13,340	103,654	132	103,786
Dividend payments	7.3.3	0	0	-12,680	0	0	-12,680	0	-12,680
Capital increase from contribution in kind	7.3.1/7.3.2	119	2,147	0	0	0	2,266	0	2,266
June 30, 2023		63,517	501,540	340,605	-1,592	5,401	909,471	2,356	911,827

Notes to the consolidated financial statements

for the financial year from July 1, 2022 to June 30, 2023

1 Information about the Company

VERBIO Vereinigte BioEnergie AG (hereinafter also "VERBIO AG" or "the Company") is a listed corporation. The VERBIO Group (hereinafter also "VERBIO" or "the VERBIO Group"), consisting of VERBIO AG (the parent) and its consolidated subsidiaries (see note 2.2, "Companies included in the consolidation"), is engaged in the production and distribution of fuels and finished products manufactured using organic raw materials.

VERBIO AG is registered in the commercial register of the district court in Stendal under the number HRB 6435. The Company's registered office is at 06780 Zörbig, Thura Mark 18. The Company maintains business facilities at 04109 Leipzig, Ritterstraße 23 (Oelßner's Hof). These consolidated financial statements, which provide an exemption in accordance with § 315e HGB, are published in the German Federal Gazette (Bundesanzeiger) and on the Company's website ([verbio.de](https://www.verbio.de)).

2 Consolidated financial statements

2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS/IAS), as well as with the Interpretations of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC), as adopted with mandatory effect in the European Union (EU) as of the balance sheet date. The consolidated financial statements are presented in euro (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.

In accordance with IAS 1, the statement of comprehensive income has been prepared using the total cost method; the balance sheet is presented based on maturities. In order to improve the clarity of the presentation of the financial statements, certain items in the statement of comprehensive income and in the balance sheet have been combined; these are explained in the notes.

The consolidated financial statements were prepared on the basis of amortised acquisition and manufacturing/construction costs or net realisable value, where appropriate, with the exception of derivative financial instruments which are measured at fair value.

The consolidated financial statements have been prepared under the assumption that the business is a going concern.

Knowledge and events through to September 22, 2023 were taken into account in the preparation of the consolidated financial statements. This concerns, in particular, macroeconomic trends and the consequences of the war waged by Russia. In addition, the consequences of climate change have also been taken into account.

There was an increase in the rate of inflation in 2022 and 2023, as a result of which there has been a very significant increase in interest rates. In addition, there was massive volatility in currency exchange rates. These did not have a major effect on earnings in the current period as a large majority of VERBIO deliveries are invoiced in the local national currencies and in currencies which are subject to low levels of volatility. Significant currency translation effects affect the net investments in foreign

operations, and are recorded directly in equity. As VERBIO was almost entirely financed from its own equity resources during the financial year the increase in interest rates has very little effect on earnings. A new promissory note was entered into at the end of the financial year, and accordingly earnings in future periods may be negatively affected by increases in interest rates.

VERBIO has no direct supplier relationships with Russia, Belarus or Ukraine. A significant consequence of the war waged by Russia has been the significant increases in grain prices, which have, in part, directly affected the raw materials used by VERBIO and accordingly VERBIO's procurement costs. The cost increases are reflected in increased levels of material costs. The effects of the cost increases and volatility on the derivatives held are considered to be comparatively low. This is due to the fact that the derivatives held by VERBIO have comparatively short maturity periods. Further, there have been significant increases in energy costs, which is also reflected in

significant increases in material costs. Another major impact is the sanctions against Russia, as a result of which imports of raw materials from Russia are now almost non-existent in Germany. This has had significant consequences for the supplies available to an important VERBIO customer at the Schwedt/Oder location. The customer was able to make use of other procurement sources and use other production technologies, and as a result it was possible to reduce the effects on VERBIO's operations to a minimum; with the effect that this issue has had no further effects on the current financial statements. However, a deterioration in the earnings and associated risks of write-downs cannot be ruled out in future periods.

VERBIO has performed an analysis of the impact of climate change on the consolidated financial statements. VERBIO's business model is based on manufacturing climate-friendly and low-CO₂ fuels. In doing so VERBIO makes an important contribution to avoiding the use of

fuels that have a damaging effect on the climate, and to addressing the need for the economy and society to modify their behaviour. Nevertheless, climate change also presents VERBIO with associated challenges, such as increased risks associated with extreme weather events which could have a damaging effect on our property, plant and equipment and on our procurement sources.

2.2 Consolidation status

In addition to VERBIO AG, the parent Company, the following companies which represent VERBIO AG's material shareholdings at June 30, 2023 were included in the consolidated financial statements:

Name of company	Location	Share of capital	Consolidation method
VERBIO Bitterfeld GmbH (VEB)	Bitterfeld-Wolfen/OT Greppin	100.00%	Fully consolidated
VERBIO Zörbig GmbH (VEZ)	Zörbig	100.00%	Fully consolidated
VERBIO Schwedt GmbH (VES)	Schwedt/Oder	100.00%	Fully consolidated
VERBIO Protein GmbH (VProt)	Zörbig	100.00%	Fully consolidated
VERBIO India GmbH	Zörbig	100.00%	Fully consolidated
VERBIO Finance GmbH (VFinance)	Zörbig	100.00%	Fully consolidated
Lüneburger Lager- und Agrarhandelsgesellschaft mbH*	Lüneburg	94.67%	Fully consolidated
VERBIO Agrar GmbH (VAgrar)	Zörbig	89.35%	Fully consolidated
VERBIO Logistik GmbH** (VLogistik)	Zörbig	89.35%	Fully consolidated
VERBIO Polska Sp. z o.o. (VPL)	Stettin, Poland	100.00%	Fully consolidated
VERBIO Hungary Trading Kft.	Budapest, Hungary	100.00%	Fully consolidated
VERBIO India Private Limited (VEI)	Chandigarh, India	100.00%	Fully consolidated
VERBIO Pinnow GmbH (VEP)	Pinnow	100.00%	Fully consolidated
VERBIO Renewables GmbH (VRenew)	Zörbig	100.00%	Fully consolidated
VERBIO Poland GmbH (vormals VERBIO Leuna GmbH)	Zörbig	100.00%	Fully consolidated
XIMO Kft. (XiMo)	Budapest, Hungary	100.00%	Fully consolidated
VERBIO Nevada LLC (VEN)	Nevada/Iowa, USA	100.00%	Fully consolidated
VERBIO North America Holdings Corp. (VNAH)	Stamford/Connecticut, USA	100.00%	Fully consolidated
VERBIO North America LLC (VNA) (vormals: VERBIO North America Corp.)	Stamford/Connecticut, USA	100.00%	Fully consolidated
VERBIO Diesel Canada Corp. (VDC)	Toronto/Ontario, Canada	100.00%	Fully consolidated
VERBIO Agriculture LLC (VEA) (vormals VERBIO Farm Services LLC)	Nevada/Iowa, USA	100.00%	Fully consolidated
VERBIO Retail GmbH (VRetail)	Zörbig	100.00%	Fully consolidated
VERBIO Brazil GmbH (VBrazil)	Zörbig	100.00%	Fully consolidated
VERBIO Baltic Sp. z o. o. (VBaltic)	Zörbig	100.00%	Fully consolidated
VERBIO 1 GmbH	Zörbig	100.00%	Fully consolidated
VERBIO Schkopau GmbH	Zörbig	100.00%	Fully consolidated
South Bend Ethanol LLC (SBE)	South Bend/Indiana, USA	100.00%	Fully consolidated

* 44,67 % held indirectly bei VERBIO Agrar GmbH.

** Indirectly held by VERBIO Agrar GmbH; VERBIO AG's effective percentage holding.

The following new companies were formed as wholly-owned subsidiaries of VERBIO AG in the financial year 2022/2023:

- VERBIO Retail GmbH
- VERBIO Brazil GmbH
- VERBIO 1 GmbH
- VERBIO Schkopau GmbH

VERBIO Leuna GmbH was reconstituted as VERBIO Poland GmbH in the financial year 2022/2023, and in turn formed VERBIO Baltic Sp. z o.o., a wholly-owned subsidiary.

In the financial year 2022/2023 VERBIO AG acquired a 33.3 percent shareholding in Tacoss GmbH and, indirectly via VERBIO North America Holdings Corp., the entire share capital of South Bend Ethanol LLC (SBE). Further information is provided on the acquisition of SBE in note 5.

There have been no other changes to the companies included in the consolidation. VERBIO Brazil GmbH, VERBIO 1 GmbH, VERBIO Schkopau GmbH and VERBIO Baltic Sp. z o.o. have no active business operations; these companies are shelf companies or companies in a start-up phase. Two further wholly-owned group companies were not included in the consolidated financial statements on materiality grounds at June 30, 2023 (June 30, 2022: two further immaterial companies).

All companies included in the consolidated financial statements are hereinafter referred to as "VERBIO" or "the VERBIO Group".

2.3 Consolidation principles

The financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements are prepared using uniform accounting and measurement policies. The capital consolidation is performed using the acquisition method, under which the acquisition costs at the time of purchase of the investment are compared to the fair value of the (proportionally) acquired assets, liabilities and contingent liabilities. Expenses and income, as well as receivables and payables between consolidated companies are eliminated. Gains and losses on inter-company transactions are eliminated on consolidation. Deferred taxes are determined in accordance with the balance-sheet-oriented approach in accordance with IAS 12.

Investments in associated companies were accounted for under the equity method. These investments are initially recorded at their acquisition cost, including the associated transaction costs. Subsequent to initial recognition an amount representing the Group's share of the total comprehensive income of the investee is included in the consolidated financial statements in accordance with the equity method.

2.4 Foreign currency translation

The consolidated financial statements are presented in euro (EUR), the functional currency of VERBIO AG.

Transactions denominated in foreign currencies are translated into the functional currency of the respective entity at the spot rate applicable on the date of initial recognition. Monetary assets and liabilities denominated

in foreign currencies are remeasured into the functional currency of the respective company at each balance sheet date at the spot rate. All differences arising from the translation of monetary items are recognised in profit or loss.

The assets and liabilities of companies with a functional currency other than the euro are translated into euros for consolidation purposes at the rate applicable at the balance sheet date. Equity transactions are converted at the historical exchange rate at the date of the transaction. Income and expenses are converted at average rates for the period. Income and expenses resulting from translation differences arising on consolidation are recognised directly in equity in the reserve for translation adjustments.

The following currency exchange rates have been used in the preparation of these consolidated financial statements:

1 EUR	Closing rate		Average rate	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
USD	0.9203	0.9627	0.955	0.8866
PLN	0.2253	0.2132	0.2136	0.2167
INR	0.0112	0.0122	0.0117	0.0118
HUF	0.0027	0.0025	0.0025	0.0027

3 Summary of accounting policies

3.1 Changes in accounting policies

The accounting policies applied are consistent with those applied in the previous year, with the exception of the changes described below.

The following new and amended standards and interpretations were required to be applied by the Group for the first time with effect from July 1, 2022:

- Amendments to IAS 16 "Property, plant and equipment" – Proceeds before Intended Use
- Amendments to IAS 37 "Provisions" – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 3 "Business Combinations" – Reference to the Conceptual Framework
- Annual Improvements to IFRSs 2018–2020 Cycle

The implementation of new standards and interpretations and amendments to existing accounting standards and interpretations applicable to the Group for the first time from July 1, 2022 have had no effect on VERBIO's financial statements. The Group had no transactions at June 30, 2022 or June 30, 2023 in which the reference base rate of interest was replaced by an alternative base rate.

3.2 Intangible assets

Intangible assets purchased by the VERBIO Group are measured at acquisition cost less accumulated scheduled amortisation and any accumulated impairment losses.

Scheduled amortisation is recorded in the income statement under the heading "Depreciation and amortisation" on a straight-line basis over the expected useful lives of the respective assets. The expected useful lives for other intangible assets range from three to five years.

3.3 Property, plant and equipment

Property, plant and equipment are measured at acquisition or construction costs less accumulated scheduled depreciation and, where applicable, accumulated impairment losses. Capitalised production costs for internally generated property, plant and equipment include all costs directly attributable to the construction process, as well as an appropriate portion of production-related overheads. Production-related overheads include manufacturing-related depreciation and an appropriate portion of administrative expenses. In addition, acquisition or construction costs include the expected cost for the retirement of those assets for which there is an asset retirement obligation.

In accordance with IAS 23, borrowing costs have not been included in determining acquisition and construction costs as there were no borrowing costs which were directly attributable to the production of a qualifying asset.

Scheduled depreciation is recorded in the income statement on a straight-line basis over expected useful lives. The expected useful lives were as follows:

Useful lives of property, plant and equipment	June 30, 2023
Buildings	33–50 years
Technical equipment and machinery	8–18 years
Office furniture and equipment	3–12 years

Newly constructed plants reach their full capacity utilisation only after a prolonged ramp-up phase. However, scheduled depreciation is recorded on a straight-line basis immediately from the date on which saleable products are manufactured.

In addition, certain spare parts are recorded within property, plant and equipment. No depreciation is recorded on these spare parts until they are placed into service. The spare parts are recorded as other operating expenses at the date on which the parts are installed, unless they represent separate components of the respective assets.

3.4 Leasing arrangements

On initial implementation of IFRS 16 VERBIO applied the modified retrospective approach and, accordingly, continued the previous accounting for lease contracts entered into prior to July 1, 2019. The carrying values of the right-of-use assets are amortised over the periods up until the end of the respective lease contracts; the lease liability is measured at amortised cost in accordance with the effective interest method.

At the date when a contract is entered into an assessment is made of whether the contract is, or contains, a leasing arrangement. This is the case when the contract includes the right to control the use of an identified

asset for a specific period of time in exchange for payment. In assessing whether a contract contains the right to control an identified asset, VERBIO applies the definition of a leasing arrangement set out in IFRS 16. At the beginning of the leasing arrangement an assessment is made of whether any purchase, extension or termination options included in the arrangement will be exercised.

VERBIO is only a party to lease contracts as lessee. At the commencement of the lease VERBIO records an asset for the right-of-use asset and a lease liability. The right-of-use asset is initially recognised at acquisition cost, which is identical to the initial measurement of the lease liability. Subsequently the right-of-use asset is depreciated on a straight-line basis from the commencement of the lease until the end of the lease term. In addition, the right-of-use asset is subject to impairment allowances, if necessary, and to adjustments in some specific circumstances on recognition of re-evaluations of the lease liability.

The lease liability is recognised at the present value of the agreed lease payments, discounted at the rate implicit in the lease arrangement, or, if the implicit rate cannot be determined readily, using VERBIO's incremental borrowing rate of interest. In most cases VERBIO uses this incremental borrowing rate of interest for discounting purposes. To determine its incremental borrowing rate of interest VERBIO obtains interest rates from various external sources of financing, and adjusts these for various factors to reflect the terms of the lease, the specific payment terms for the lease asset, and the nature of the leased asset.

The lease liability is measured at amortised cost in accordance with the effective interest method. It is remeasured when the future lease payments change by

reference to an index or as a result of a change in (interest) rates, when VERBIO changes its estimates of future payments of a residual value guarantee, or when VERBIO changes its assumptions concerning the exercise of a purchase, extension or termination option. An adjustment to the carrying value of the right-of-use asset is made to reflect the change in the lease liability on remeasurement.

VERBIO has elected not to record right-of-use assets and lease liabilities for leasing arrangements for low value assets (below EUR 10 thousand) or for short-term (less than one year) leasing arrangements. VERBIO recognises the lease payments under these leasing arrangements as an expense on a straight-line basis over the lifetime of the respective lease arrangements.

3.5 Impairment of non-current assets

Non-current intangible assets, as well as property, plant and equipment, are tested for impairment if there are indications that the assets may be impaired, such as significant deviations from business planning.

An impairment loss is recorded if the carrying value of an asset or a cash-generating unit is higher than the recoverable amount at the balance sheet date. The recoverable amount for this purpose is the higher of the fair value less costs to sell and the value in use, whereby the value in use represents the present value of the future cash flows expected to be derived from the asset or cash-generating unit.

If there are indications that impairment write-downs of assets recognised in prior periods are no longer required or the impairment has decreased in amount, an appropriate write-up is recognised.

3.6 Income taxes

The income tax expense includes current and deferred taxes. Current and deferred taxes are recognised in the income statement with the exception of the tax effects recognised on items recorded directly in equity.

Current tax receivables and payables for the current period are measured at the amount in which a refund from the tax authority or a payment to the tax authority is expected. The calculation of the amount is based on the tax rates and tax law that are in effect at the balance sheet date or which will be applicable shortly thereafter.

Deferred taxes are determined on the basis of the balance sheet orientated liability method. Under this method, deferred taxes are calculated on temporary differences which arise between the IFRS carrying values of assets and liabilities and their tax values. In addition, deferred tax assets are recognised on tax losses carried forward. Deferred taxes are measured at the tax rate that is applicable at the time the temporary differences are expected to reverse and the tax losses are expected to be used, respectively. For this purpose, the tax rates used are those in effect or announced at the balance sheet date.

Deferred tax assets are only recorded to the extent that offsetting deferred tax liabilities are available or it is probable that future taxable income will be available against which the deferred tax asset can be offset.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against income tax liabilities and the deferred taxes relate to taxes of the same taxable entity with the same taxation authority.

If there is uncertainty regarding the treatment of income tax matters, assumptions are made for the purposes of recognising and measuring the tax item – for example, whether an assessment shall be made separately for the issue or in combination with the assessment of other uncertainties, whether a probable or an expected value shall be used for the uncertainty, and whether there has been a change compared to the previous period. The risk of whether the uncertain position will be discovered is not relevant for accounting purposes. The accounting treatment followed is based on the assumption that the tax authorities will examine the issue in question, and that they will be in possession of all information relevant to the matter.

3.7 Inventories

Inventories are measured at the lower of acquisition or production costs and net realisable value. This also applies to GHG quotas. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In the case of impairment of inventories a write-down to the net realisable value is made, and the lower net realisable value is recorded.

Acquisition costs represent the purchase price, less purchase price deductions, plus costs incurred in order to bring the inventories to their present location and condition. Acquisition costs are determined by the weighted average method. Production costs comprise direct costs of materials and direct production costs, as well as overheads that are incurred in order to bring the inventories to their present location and condition. Idle capacity costs are eliminated in determining production costs. In the event that more than one product is created from a single production process, the allocation of the produc-

tion costs to the individual products is carried out according to an allocation formula based on the relationship between the sales prices of the respective end products.

3.8 Financial assets and other assets

Financial assets are held within a business model whose objective is achieved by holding those assets to collect the contractual cash flows associated with the assets. The contractual terms of these financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding payable on specified dates.

Financial assets and other assets are initially recognised at fair value. Subsequent to initial recognition they are recognised at amortised cost using the effective interest method. The amortised costs are reduced by impairment expenses. Interest income, currency gains and losses, impairments and reversals of impairments are recognised in profit or loss. Allowances are recognised on individual balances or for groups of receivables with comparable default risk profiles. Where there is concrete information that indicates that a balance is non-collectable, a write-off of the related receivables and assets is made.

3.9 Derivatives

The VERBIO Group uses derivative financial instruments such as exchange traded futures, options, swaps and OTC contracts to hedge against raw material price risks, interest rate risks and currency risks. These derivative financial instruments are recognised at fair value at the time a contract is entered into, and are remeasured at fair value in subsequent periods. Derivative financial in-

struments are recognised as financial assets if their fair value is positive, and as financial liabilities if their fair value is negative.

We have provided detailed explanations of the derivatives, in particular of the accounting and measurement policies applied, in note 10, "Disclosures on financial instruments".

VERBIO has forward fixed-price supply contracts for the purchase of raw materials for use in production which meet the definition of derivatives (IFRS 9, Appendix A) which are accounted for in accordance with the "own use exemption" (IFRS 9.2.4 and 9.2.5). These contracts are not within the scope of IFRS 9, but rather are handled as pending procurement contracts. Information on hedging transactions and hedging relationships is also provided in note 10, "Disclosures on financial instruments".

3.10 Term deposits

Term deposits are not available for use on a daily basis. They are held until their respective maturity dates. These deposits have an original maturity period (term to maturity when the deposits are made) exceeding three months. The term deposits are measured at their amortised acquisition cost.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash holdings and cash at banks, and are measured at nominal value. Included in cash and cash equivalents are cash holdings and cash at banks that have an original term of three months or less. Currency balances which are restricted as collateral for utilised guaranteed credit lines and for

bank loans granted are also shown under cash and cash equivalents. However, cash and cash equivalents which are held in segregated accounts as collateral security for the initial and variation margin are reported within other financial assets.

3.12 Investment grants and subsidies

In accordance with the accounting option available under IAS 20, investment grants and subsidies are deferred on the liability side of the balance sheet and are released to income over the average useful lives of the assets for which the grants and subsidies have been received. Grants and subsidies are recognised in the balance sheet if there is reasonable assurance that the relevant group company will fulfil the conditions related to the granting of the subsidy, and that the subsidies will be granted.

3.13 Provisions

Provisions are recognised if there is a present obligation to a third party resulting from a past event which is expected to result in a future outflow of economic resources from the entity and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the amount required to fulfil the obligation. Provisions for obligations that will not result in an outflow of resources within the next twelve months are recognised as of the balance sheet date at the discounted settlement amount, taking into account the effect of expected cost increases. The settlement amount is discounted using rates that reflect market rates of interest for liabilities carrying equivalent risk.

3.14 Financial liabilities and other liabilities

Financial liabilities are initially recognised at fair value. The financial liabilities of the VERBIO Group comprise trade payables and other liabilities, overdrafts, loans and derivative financial instruments.

With the exception of derivative financial assets, subsequent to initial recognition financial liabilities are carried at amortised acquisition cost. Further information on derivative financial instruments is provided in note 3.9. The amortised acquisition cost of non-current financial liabilities is determined using the effective interest rate method.

3.15 Sales revenue

The VERBIO Group recognises revenue from the sale of goods as soon as a customer obtains control of the goods in accordance with IFRS 15. The customer obtains control over the goods as soon as the goods are delivered to the specific location as agreed in the sales contract and have been accepted there by the customer, or, as applicable, at the time the customer has collected the goods ex works. At that date invoices are raised, the majority of which are payable within 30 days. If, in individual cases, payment in advance is agreed, the goods are transferred shortly after receipt of payment; in this case the invoice is also issued at the time the customer collects the goods. The sale of biomethane as a fuel is subject to a separate marketing system for the sale of the physical product and the sale of the greenhouse gas savings associated with the biomethane respectively. Here, contracts are entered into with different customers for each of the two components, with the agreed prices for each component recognised as sales revenue.

Sales revenues are reported net of sales reductions where applicable. For standard products, however, no discounts are applied to the contractually agreed prices and no bonus points or customer loyalty programmes are offered.

Sales revenue for services is recognised in the period in which the services are rendered. The services primarily consist of transport services, whereby the individual transport services are invoiced as separate transactions. As a result, it is not necessary to make an allocation of the consideration received.

3.16 Employee benefits

Obligations for short-term benefits payable to employees are recognised as an expense at the time the associated employee service is provided. A liability is recorded for the expected amount payable when the Group has a current legal or de facto need to meet an obligation on the basis of work performed by an employee and the obligation can be estimated reliably.

An expense is recorded for the fair value of share-based remuneration payable to members of the Management Board, with a corresponding increase in equity, over the period of time in which the members of the Management Board acquire a vested right to the shares.

Obligations for contributions to defined contribution plans are recognised as an expense at the time the associated employee service is provided.

3.17 Financial result

Interest income and interest expenses are recorded in the appropriate period in accordance with the effective interest method. In addition to interest income and interest expenses, the financial result also includes write-downs recorded against non-current financial assets and gains on the disposal of such assets.

3.18 Earnings per share

Earnings per share is calculated in accordance with IAS 33. The basic 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. The diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding for the dilution effect of the potential ordinary shares.

3.19 Standards that have been issued but which are not yet mandatory

As of the date of publication of the consolidated financial statements, additional IFRSs and IFRICs have been issued by the IASB, some of which have not yet been endorsed by the EU and are not required to be adopted until a date subsequent to the balance sheet date. We present below only those standards/interpretations that can reasonably be expected to be applicable to VERBIO in future periods. VERBIO intends to apply these standards when their application becomes mandatory. Unless otherwise stated, the application of these standards is mandatory for financial years commencing on or after January 1, 2023.

- Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates
- Amendments to IAS 12 "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The new standards and interpretations noted above are not expected to lead to any significant changes to the VERBIO financial statements. There may be changes made to the disclosure notes as a result of the implementation of some of the new standards and interpretations listed above.

4 Significant judgemental decisions, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires the use of judgement and assumptions and the making of estimates. These affect the carrying amounts of assets and liabilities, the disclosure of contingent liabilities and commitments as of the balance sheet date, and the presentation of expenses and income.

Estimates and assumptions

The most important assumptions made concerning future events as well as other main sources of estimation uncertainty as of the balance sheet date, on the basis of which there is a considerable risk that a significant adjustment of the carrying amounts of assets and liabilities will be required in the next financial year, are explained below.

Derivatives and hedging relationships

There are risks associated with VERBIO's operating business resulting from changes in prices of raw materials which will be purchased under future procurement transactions, as these are subject to significant market price fluctuations. These risks are managed by the use of derivatives. For accounting purposes, VERBIO differentiates between free-standing derivatives and derivatives which are matched in hedging relationships. At the balance sheet date, derivative financial instruments are measured at their respective fair values. Free-standing derivatives are always classified as "at fair value through profit and loss". Changes in the fair values of derivatives which are designated as hedge transactions are recorded in equity without affecting profit or loss for the period of the hedging relationship. The assessment and documentation of the hedging relationship requires the application of estimates and assumptions and, accordingly, has a significant influence on the financial statements.

Estimation matters with less significant effects were as follows:

Inventories/expected losses on sales contracts

Impairment write-downs of EUR 16,939 thousand have been made against the calculated manufacturing cost of inventories of finished goods. These were necessary to reflect the expected net sales proceeds. Provisions include provisions for expected losses on sales contracts amounting to EUR 558 thousand, whereby this reflects sales contracts that cannot be satisfied by supplies made from inventories of finished goods. The estimates and assumptions made which affect finished goods inventories and the expected losses on sales contracts primarily relate to the expected revenue to be earned for biodiesel and bioethanol, and from accepting the quota obligations in connection with the use of biomethane fuel. The latter in turn affects the measurement of inventory of biomethane and biomethane quotas (June 30, 2023: EUR 141,925 thousand). Current estimates of market prices at June 30, 2023 were used at the balance sheet date. Due to the fact that contracts for the quotas for the calendar years 2022 and 2023 will be entered into in periods up to nine months after the respective balance sheet date, and the fact that their prices have proved to be very volatile, actual future revenue received may differ from the amounts estimated.

Default risks of trade receivables

The default risk of trade receivables is primarily affected by the individual characteristics of the respective customers.

Taxes

The assumptions and estimates made relate to the realisation of future tax relief. The amount of recognised deferred taxes on deductible tax losses carried forward is based on estimates that are highly dependent on future levels of income. The estimates made may therefore differ from the actual amounts that will be realised in later periods. Changes in the required assumptions and estimates are recognised at the time they become known. The estimates are based on circumstances existing at the time of the preparation of the consolidated financial statements and the future development of the industry-specific environment as it affects the future business development of the VERBIO Group.

Deferred tax assets on deductible temporary differences and tax losses carried forward are only recognised to the extent that deferred tax liabilities are available against which they can be offset, or where it is probable that future taxable income will be available that can be applied to realise the deferred tax assets.

Identifying impairments and impairment reversals of non-current assets

If there are indications that an impairment may have occurred, we perform an impairment test in accordance with IAS 36. We refer to note 3.5. If there are indications that impairment write-downs of assets recognised in

prior periods are no longer required or the impairment has decreased in amount, an appropriate write-up is recognised. The assumptions and estimates made are based on the cash flow forecasts in the Company's business plans. These take account of the circumstances existing at the time of the preparation of the consolidated financial statements and developments in the industry-specific environment as they affect the future business development of the cash generating units.

5 Acquisition of subsidiary companies

5.1 Acquisition of South Bend Ethanol LLC

A. Transaction arrangement

Under an acquisition agreement dated May 1, 2023 VERBIO North America Corporation acquired the entire share capital of South Bend Ethanol LLC. The purchase price totalled USD 69,903 thousand.

The identifiable assets and liabilities of South Bend Ethanol LLC at the acquisition date included right-of-use assets, technical equipment, factory buildings, inventories, as well as trade receivables and liabilities. In addition, the personnel needed were also transferred. Accordingly, the Group concluded that, taken together and making use of other resources, the inputs and processes acquired contribute significantly to generating income. The Group has concluded that the company acquired is a business.

The acquisition of South Bend Ethanol LLC makes it possible for VERBIO to expand the business activities of South Bend, establishing it as a biorefinery and enabling

the Group to make a significant expansion of its existing production and sales opportunities in the USA, making use of synergies gained from scaling effects.

May 1, 2023, was identified as the acquisition date in accordance with the purchase agreement. The results of South Bend Ethanol LLC are included in the consolidated financial statements of the VERBIO Group from May 1, 2023 to June 30, 2023.

Since the acquisition date South Bend Ethanol LLC has contributed USD 42,602 thousand to Group sales revenue and USD 2,975 thousand to the Group's result before tax. Had the business combination been effected as of the beginning of the financial year the Group's revenues would have been USD 231,813 thousand higher and the result before tax would have been USD 5,754 thousand lower.

No contingent consideration was agreed under the acquisition agreement.

B. Costs incurred in connection with the business combination

The Group incurred costs for legal advice and for due diligence totalling USD 338 thousand. These costs are recognised within other operating expenses.

C. Identifiable assets acquired and liabilities assumed

A summary of the amounts recognised for the acquired assets and liabilities assumed at the acquisition date is presented below:

USD (in thousands)	
Cash and cash equivalents	352
Trade receivables	9,487
Other identifiable assets	70,081
Total identifiable assets	79,920
Other identifiable liabilities	8,827
Total identifiable liabilities	8,827
Identifiable net assets	71,093
Negative goodwill	1,190
Total consideration transferred	69,903

The amounts presented above are preliminary measurements. The valuations needed for this purpose were based on the information available at the date of the acquisition and on management's assessment of appropriate expectations and assumptions. Of the other identified assets, 75 percent consist of property, plant and equipment. The use of judgements, estimates and assumptions for this purpose can have a significant effect on the net assets, financial position and results of operations for the following reasons:

- The fair values that are allocated to the assets subject to systematic amortisation and depreciation have an effect on the amount of systematic amortisation and depreciation that will be recognised in determining earnings in periods subsequent to the acquisition.
- Any subsequent negative changes to the estimated amounts of fair values attributed to the assets could result in additional expenses in the form of impairment write-downs.

D. Negative goodwill

The negative goodwill was calculated as follows:

USD (in thousands)	
I. Acquisition cost	69,903
II. Fair value of identifiable net assets	71,093
Negative goodwill	1,190

As a result of the fact that a negative goodwill arose, a further examination was performed to ensure that all information available at the date of acquisition had been properly taken account of when performing the valuations. The negative goodwill arising from the business combination (EUR 1,190 thousand), which primarily reflects the maintenance work on existing plant and equipment remaining to be performed in 2023/2024, was recorded within "Other operating income" in the consolidated statement of profit or loss.

6 Notes to the individual items in the consolidated statement of comprehensive income

6.1 Sales revenue

Sales revenue wholly comprises revenue from contracts with customers (EUR 1,968,281 thousand; 2021/2022: EUR 1,812,477 thousand).

We refer to the segment reporting (see note 9, "Segment reporting") for an analysis of revenue by category.

As permitted under IFRS 15, no disclosures are made of any remaining outstanding performance obligations at 30 June 2023 or June 30, 2022 since these have an expected maturity of one year or less.

6.2 Own work capitalised

Production costs of own work capitalised amounted to EUR 9,048 thousand (2021/2022: EUR 9,807 thousand) and represent the production costs of technical plant and equipment manufactured internally. We have provided explanations of the nature of these costs in note 3.3, "Property, plant and equipment".

6.3 Other operating income

Other operating income comprises the following items:

EUR (thousands)	2022/2023	2021/2022
Reimbursement of electricity and energy taxes	3,258	3,224
Other out-of-period income	1,692	1,337
Release of investment grants and subsidies	826	851
Release of provisions and other liabilities	3,046	561
Gains on the disposal of property, plant and equipment	365	231
Miscellaneous other operating income	4,592	3,383
Other operating income	13,779	9,587

6.4 Cost of materials

The cost of materials was as follows:

EUR (thousands)	2022/2023	2021/2022
Raw materials and merchandise – biodiesel	1,099,959	866,349
Raw materials and merchandise – bioethanol and biomethane	352,974	261,762
Consumables	34,864	29,864
Additions to provision for expected contract losses	558	1,184
Use of provision for expected contract losses	-1,184	-8,815
Other	85,865	18,864
Total raw material, consumables and supplies and purchased goods	1,573,036	1,169,208
Energy costs	94,348	46,365
Acceptance of quota obligations	0	12,630
Transport services	3,140	3,670
Miscellaneous	11,091	5,463
Expenses for purchased services	108,579	68,128
Total cost of materials	1,681,615	1,237,336

6.5 Personnel expenses

EUR (thousands)	2022/2023	2021/2022
Wages and salaries	59,930	44,263
Variable remuneration and employee bonuses	9,734	9,295
IFRS 2 bonuses for members of the Management Board and other employees	1,666	3,767
Wages and salaries	71,330	57,325
Statutory social security costs	7,873	6,702
Employee's accident insurance association	458	345
Pension expense	1,420	586
Total social security expenses	9,751	7,633
Total personnel expenses	81,081	64,958

Statutory social security costs include the employer's share of statutory pension scheme contributions totalling EUR 3,747 thousand (2021/2022: EUR 3,330 thousand). In addition, Group companies have made contributions of EUR 1,420 thousand (2021/2022: EUR 586 thousand) to defined contribution schemes, including, among others, contributions to pension funds.

As of June 30, 2023 the Group employed 1,180 employees (June 30, 2022: 978 employees) of whom 547 were salaried employees (June 30, 2022: 445), 602 were production employees (June 30, 2022: 489), 21 were apprentices (June 30, 2022: 23), 3 were mini-job employees (June 30, 2022: 1) and 7 were employees on short-term contracts (June 30, 2022: 16).

In the financial year 2022/2023 the Group had an average of 1,125 employees (2021/2022: 930), of whom 497 were salaried employees (2021/2022: 468), 575 were production employees (2021/2022: 424), 24 were trainees and apprentices (2021/2022: 28), 3 were mini-job employees (2021/2022: 1) and 26 were employees on short-term contracts (2021/2022: 9).

6.6 Amortisation and impairment of non-current assets

Depreciation, amortisation and impairment of non-current assets consists of amortisation of intangible assets of EUR 211 thousand (2021/2022: EUR 212 thousand), depreciation of property, plant and equipment of EUR 34,191 thousand (2021/2022: EUR 26,638 thousand) and amortisation of assets under leasing arrangements of EUR 6,973 thousand (2021/2022: EUR 5,690 thousand).

We provide further information on depreciation, amortisation and impairment of non-current assets in note 7.1.1, "Intangible assets", note 7.1.2, "Property, plant and equipment", and note 7.1.3, "Right of use assets under leasing arrangements".

6.7 Reversals of impairment write-downs of non-current assets

No reversals of impairment write-downs against non-current assets were made in the financial year 2022/2023 (2021/2022: EUR 6,702 thousand). Further details on the reversals of impairment in the previous financial year are provided in note 7.1.2, "Property, plant and equipment".

6.8 Other operating expenses

Other operating expenses comprises the following items:

EUR (thousands)	2022/2023	2021/2022
Repairs and maintenance	19,894	16,035
Outgoing freight and other selling expenses	19,251	12,989
Legal and consulting costs	4,824	5,350
Insurances and dues	5,844	5,045
Motor vehicle costs	4,390	2,700
Rents and leases	1,721	969
Other personnel costs	2,570	1,801
IT costs	2,106	1,546
Travel costs	2,250	1,596
Other administration costs	1,604	799
Miscellaneous other operating expenses	13,157	8,467
Other operating expenses	77,611	57,297

6.9 Changes in value of financial assets and liabilities

This item primarily includes losses resulting from changes in value of financial instruments of EUR 7,067 thousand (2021/2022: primarily income of EUR 13,652 thousand). These largely result from the effects of changes in currency exchange rates for receivables in US dollars between the date of initial recognition and the date of their realisation, as well as the foreign currency measurement of financial instruments measured at acquisition cost.

A detailed analysis of impairment losses on financial assets is presented in note 10.4.3, "Disclosure of impairment losses on financial assets".

6.10 Result from commodity forward contracts

The result from the valuation and from the closing-out of forward contracts for which hedge accounting could not be applied totalled EUR 10,387 thousand (2021/2022: EUR -24,555 thousand). In contrast, where hedge accounting is applied, the gains and losses on the forward contracts are initially recognised in equity and subsequently reclassified to sales revenues or cost of materials, as appropriate, on the final realisation of the underlying hedged transactions.

6.11 Financial result

EUR (thousands)	2022/2023	2021/2022
Interest income	2,360	255
Interest expense	-1,866	-3,238
Financial result	494	-2,983

Further information on the composition of interest income and interest expense is provided in note 10.4, "Other disclosures required by IFRS 7".

Interest expenses include an amount of EUR 608 thousand from the interest accrued on lease liabilities recognised in accordance with IFRS 16 (2021/2022: EUR 303 thousand).

6.12 Income taxes

The income tax expense comprises the following:

EUR (thousands)	2022/2023	2021/2022
Current tax expense	-66,179	-133,158
Deferred tax expense	-908	-10,049
Income tax	-67,087	-143,207

Income tax expenses include current tax income of EUR 583 thousand (2021/2022: expenses EUR 33 thousand) which relate to earlier periods. For the calculation of domestic deferred taxes a corporation tax rate of 15.0 percent (2021/2022: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2021/2022: 5.5 percent) and the trade tax rate of 13.34 percent applicable to the parent Company (2021/2022: 13.34 percent) was applied. After considering the solidarity surcharge and the effective trade tax rate, the applicable tax rate is 29.16 percent (2021/2022: 29.16 percent). The trade tax rate relevant for domestic companies ranged from 11.2 percent to 16.1 percent. The tax rate applicable to foreign companies ranged from 9 percent to 27.82 percent.

The material differences between the expected and effective income tax expense for the reporting period and for the comparative period are explained below.

EUR (thousands)	2022/2023	2021/2022
Result before taxes	199,243	459,033
Income tax rate	29.16 %	29.16 %
Expected income tax expense	-58,099	-133,854

The difference between the expected and reported income tax expense was due to the following effects:

EUR (thousands)	2022/2023	2021/2022
Expected income tax expense	-58,099	-133,854
Change in unrecognised deferred taxes	-6,244	-9,082
Difference in tax rates	-844	66
Tax free income and non-deductible expenses	-2,981	-685
Effects relating to prior periods	583	33
Other differences	498	315
Reported income tax expense	-67,087	-143,207

The change in unrecognised deferred taxes is primarily due to non-recognition of deferred tax assets on tax losses generated in the financial year 2022/2023 in the USA and India.

The deferred tax assets and liabilities in the consolidated balance sheet result from tax losses carried forward, and from temporary differences between the carrying values

reported in the IFRS consolidated financial statements and the tax carrying values of the following assets and liabilities, as follows:

EUR (thousands)	Deferred tax assets		Deferred tax liabilities		Total	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Intangibles	232	432	0	0	232	432
Property, plant and equipment	1,312	1,198	4,989	5,042	-3,677	-3,844
Lease	6,796	3,981	9,539	3,893	-2,743	88
Inventories	0	0	4,192	3,394	-4,192	-3,394
Receivables	71	59	88	243	-17	-184
Derivatives	3,641	3,585	2,766	11,944	875	-8,359
Other provisions	377	923	273	13	104	910
Payables	36	45	260	0	-224	45
Tax losses carried forward	6,401	3,201	0	0	6,401	3,201
	18,866	13,424	22,107	24,529	-3,241	-11,105
Netting	-15,654	-12,617	-15,654	-12,617	0	0
Net deferred taxes	3,212	807	6,453	11,912	-3,241	-11,105

The change in the recognised deferred tax balances results from changes affecting profit or loss totalling EUR -905 thousand (2021/2022: EUR -10,036 thousand) and changes recognised directly in equity of EUR 8,771 thousand (2021/2022: EUR -1,341 thousand). The changes recognised directly in equity result from changes in the value of derivatives which are recognised only in equity. A deferred tax expense of EUR 4,107 thousand (2021/2022: EUR 9,830 thousand) resulted from the creation and reversal of temporary differences.

As of June 30, 2023 there were unrecognised deferred tax liabilities totalling EUR 215 thousand (2021/2022: EUR 142 thousand) on temporary timing differences of EUR 738 thousand (2021/2022: EUR 488 thousand) in connection with shareholdings in subsidiary companies; these were not recognised because VERBIO AG can control their reversal and their reversal will not take place in the foreseeable future.

No deferred tax assets are recognised on trade tax losses carried forward of EUR 11,219 thousand (2021/2022: EUR 10,287 thousand) and corporation tax losses of EUR 15,606 thousand (2021/2022: EUR 14,802 thousand)

(both in Germany) as their realisation is currently not sufficiently assured. In addition, no deferred tax assets are recognised on tax losses carried forward of EUR 74,257 thousand (2021/2022: EUR 56,907 thousand) in other countries as it is not sufficiently certain that they will be utilised. The deferred tax losses carried forward on which deferred tax assets are not recognised can be carried forward indefinitely.

The recognition of tax losses carried forward which were unrecognised in previous periods resulted in a reduction of deferred tax expenses of EUR 282 thousand.

7 Notes to the individual items in the consolidated balance sheet

7.1 Non-current assets

7.1.1 Intangible assets

The intangible assets primarily include acquired software.

The movements in intangible assets in the financial year 2022/2023 included additions of EUR 331 thousand (2021/2022: EUR 101 thousand), reclassifications of EUR 136 thousand (2021/2022: EUR 114 thousand), the effects of changes in currency exchange rates of EUR -11 thousand (2021/2022: EUR 0) and amortisation of EUR 212 thousand (2021/2022: EUR 286 thousand), resulting in a balance of EUR 846 thousand at June 30, 2023 (June 30, 2022: EUR 602 thousand). The total acquisition cost of other intangible assets at June 30, 2023 amounted to EUR 3,682 thousand (June 30, 2022: EUR 3,226 thousand); their carrying values are reported after deduction of accumulated amortisation totalling EUR 2,836 thousand (June 30, 2022: EUR 2,626 thousand).

Research and development

Research and development expenses of EUR 4,701 thousand are included in the statement of comprehensive income (2021/2022: EUR 6,483 thousand). In the creation of intangible assets the research phase cannot be separated from the development phase, and accordingly the costs of internal projects are treated as if they were wholly incurred in the research phase and are recorded as expenses.

7.1.2 Property, plant and equipment

Property, plant and equipment include properties, property rights, buildings, technical equipment and machinery, other equipment, office furniture and fixtures, and construction in progress.

The changes in property, plant and equipment in the period from July 1, 2022 to June 30, 2023 were as follows:

EUR (thousands)	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Acquisition costs as of July 1, 2022	79,123	507,525	33,074	118,407	738,129
Additions	1,237	4,884	10,419	185,465	202,005
Changes to the consolidated Group	2,064	41,236	10	5,902	49,212
Reclassifications	-19,441	60,884	4,846	-46,289	0
Disposals	113	1,502	1,398	1,110	4,123
Currency effects	-1,390	-4,516	-340	-4,928	-11,174
Acquisition costs as of June 30, 2023	61,480	608,510	46,610	257,449	974,049
Accumulated depreciation as of July 1, 2022	24,700	303,724	18,003	179	346,606
Additions	2,900	24,943	6,448	0	34,1915
Reclassifications	-1,557	882	675	0	0
Disposals	69	209	842	0	1,120
Currency effects	12	494	104	0	610
Accumulated depreciation as of June 30, 2023	25,862	328,846	24,180	179	379,067
Carrying amount as of July 1, 2022	54,423	203,801	15,071	118,228	391,523
Carrying amount as of June 30, 2023	35,618	279,665	22,431	257,268	594,982

The changes in property, plant and equipment in the period from July 1, 2021 to June 30, 2022 were as follows:

EUR (thousands)	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Acquisition costs as of July 1, 2021	69,047	427,939	25,105	81,505	603,596
Additions	4,473	-92	10,320	106,659	121,360
Changes to the consolidated group	0	0	0	0	0
Reclassifications	2,688	73,167	557	-76,548	-136
Disposals	0	35	3,051	1,081	4,167
Currency effects	2,915	6,546	143	7,872	17,476
Acquisition costs as of June 30, 2022	79,123	507,525	33,074	118,407	738,129
Accumulated depreciation as of July 1, 2021	20,005	276,691	16,346	0	313,042
Additions	1,529	21,073	4,036	0	26,638
Impairments	3,115	12,162	13	179	15,469
Reversals of impairment write-downs	0	6,702	0	0	6,702
Disposals	0	20	2,416	0	2,436
Currency effects	51	520	24	0	595
Accumulated depreciation as of June 30, 2022	24,700	303,724	18,003	179	346,606
Carrying amount as of July 1, 2021	49,042	151,248	8,759	81,505	290,554
Carrying amount as of June 30, 2022	54,423	203,801	15,071	118,228	391,523

There were no indicators of impairments of property, plant and equipment in the financial year 2022/2023, and accordingly no impairment tests have been performed. In addition, there were no indicators that impairment write-downs recorded in previous periods are no longer required or that such impairments have decreased.

VERBIO performed an impairment test on the property, plant and equipment of the Biodiesel cash-generating unit in North America in the financial year 2021/2022 as a result of losses incurred and given that the framework conditions have not developed in line with the original assumptions made.

The impairment test for the cash generating unit Biodiesel North America was prepared based on a calculation of the recoverable amount, whereby the recoverable amount was determined on the basis of the value in use of the affected assets.

The cash flow forecasts were based on the business plans for 2022/2023 approved by the Management and Supervisory Boards, together with the business plans approved by the Management Board for the two subsequent financial years 2023/2024 and 2024/2025. For the financial years thereafter the planning is rolled forward, based on assumptions made concerning the trend for significant inputs to the business planning through to the financial year 2031/2032 (the end of the original remaining useful life at the acquisition date). The primary assumption made was that the gross margin will fall over the remaining useful lives of the assets. Re-investments were not assumed in view of trends in the Biodiesel sector in North America. The existing plant was assumed to have a remaining useful life which ends at the end of the financial year 2031/2032. It was assumed that at the end of the remaining useful life net current assets would be sold, only insignificant residual values would be generated from property, plant and equipment, and certain winding-up costs would be incurred.

The cash flows were estimated net of taxes and interest and discounted using an interest rate that reflects an after-tax risk-adjusted cost of capital. The after-tax interest rate for discounting purposes at June 30, 2022 was 10.74 percent. The underlying assumptions made in determining the interest rate used for discounting purposes were based on many years of experience, taking account of sector-specific comparative figures.

As a result of this examination an impairment was recorded of EUR 15,469 thousand, which represented a write-down of the entire carrying value of property, plant and equipment attributable to the Biodiesel cash-generating unit in North America. Although currently considered unlikely, should actual margins differ in the long-term from those used for planning purposes, the impairment write-down of the Biodiesel cash-generating unit in North America would be reversed. This could be the case, for example, should the regulatory environment in North America be amended to significantly improve the prospects for the use of biodiesel as a CO₂-neutral fuel.

In addition, VERBIO performed an assessment of the property, plant and equipment of the Bioethanol cash-generating unit in Germany in the financial year 2021/2022 as a result of the annual results, the positive forecasts as well as the fact that the framework conditions are better than had originally been assumed. Depreciation in the financial year 2012/2013 included impairment write-downs amounting to EUR 19,800 thousand. The assessment addressed the issue of whether the grounds for the impairment write-down at that time no longer apply.

Testing of reversal of impairment on the Bioethanol cash generating unit in Germany was prepared based on a calculation of the recoverable amount, whereby the recoverable amount was determined on the basis of the value in use of the affected assets.

The cash flow forecasts were based on the business plans for 2022/2023 approved by the Management and Supervisory Boards, together with the business plans approved by the Management Board for the two subsequent financial years 2023/2024 and 2024/2025. For the financial years thereafter the planning was rolled forward based on assumptions made concerning the trends for significant inputs to the business planning through to the financial year 2035/2036, the final year considered for this purpose. In view of the limitations on the use of certain biofuels (first generation biofuels) under European law, for the purposes of the impairment testing relative consistent gross margin trends were assumed, with, however, falls averaging 5 percent. For the purpose of the impairment testing no account was taken of earnings contributions from second generation biofuels (advanced biofuels in the sense of the EU regulation) beyond the period covered by the business planning. While these currently already make a significant value added contribution, their inclusion would only result in a higher result, and accordingly they are not relevant for the purposes of the impairment testing. It was assumed that at the end of their respective expected remaining useful lives only insignificant residual values would be generated from property, plant and equipment, that net current assets would be sold, generating proceeds of approximately EUR 50 million, and that certain insignificant winding-up costs would be incurred.

The cash flows were estimated net of taxes and interest and discounted using an interest rate that reflects an after-tax risk-adjusted cost of capital. The after-tax interest rate for discounting purposes at June 30, 2022 was 8.93 percent. The underlying assumptions made in determining the interest rate used for discounting purposes were based on many years of experience, taking account of sector-specific comparative figures.

As a result of this examination a reversal of impairment write-downs amounting to EUR 6,702 was recognised, representing a reversal of the entire write-down recorded against the Bioethanol Germany cash-generating unit, with the effect that the carrying values are those that would have been recorded had no impairment write-down been made. Even a doubling of the assumed negative growth rate for gross margin would also lead to a reversal of the impairment write-down recorded against the Bioethanol Germany cash generating unit.

7.1.3 Right of use assets under leasing arrangements

VERBIO holds assets under leases. These primarily consist of land, storage facilities, offices (presented as "Right-of-use assets for land, land rights and buildings") and tank wagons and motor vehicles (presented as "Right-of-use assets for other equipment, factory and office equipment").

Expenses of EUR 1,721 thousand have been recorded for short-term lease arrangements and for lease arrangements for low-value assets (2021/2022: EUR 969 thousand). Of this, EUR 1,295 thousand (2021/2022: EUR 477 thousand) were attributable to short-term leases and EUR 426 thousand (2021/2022: EUR 492 thousand) to low-value leasing arrangements.

The movements on right-of-use assets held under leasing arrangements were as follows in the period from July 1, 2022 to June 30, 2023:

EUR (thousands)	Right-of-use assets for land, land rights and buildings	Right-of-use assets for other equipment, factory and office equipment	Total
Acquisition costs as of July 1, 2022	11,436	19,218	30,654
Additions	10,406	5,782	16,188
Changes to the consolidated group	0	964	964
Disposals	681	7,316	7,997
Reclassifications	0	0	0
Currency effects	46	-191	-145
Acquisition costs as of June 30, 2023	21,207	18,457	39,664
Accumulated depreciation as of July 1, 2022	1,689	10,016	11,705
Additions	1,879	5,094	6,973
Disposals	207	6,060	6,267
Reclassifications	0	0	0
Currency effects	2	-99	-97
Accumulated depreciation as of June 30, 2023	3,363	8,951	12,314
Carrying amount as of July 1, 2022	9,747	9,202	18,949
Carrying amount as of June 30, 2023	17,844	9,506	27,350

The movements on right-of-use assets held under leasing arrangements were as follows in the period from July 1, 2021 to June 30, 2022:

EUR (thousands)	Right-of-use assets for land, land rights and buildings	Right-of-use assets for other equipment, factory and office equipment	Total
Acquisition costs as of July 1, 2021	8,122	18,404	26,526
Additions	4,909	5,795	10,704
Disposals	2,315	4,406	6,721
Reclassifications	755	-1,208	-453
Currency effects	-35	633	598
Acquisition costs as of June 30, 2022	11,436	19,218	30,654
Accumulated amortisation as of July 1, 2021	1,340	8,958	10,298
Additions	1,024	4,666	5,690
Disposals	980	3,181	4,161
Reclassifications	298	-751	-453
Currency effects	7	324	331
Accumulated amortisation as of June 30, 2022	1,689	10,016	11,705
Carrying amount as of July 1, 2021	6,782	9,446	16,228
Carrying amount as of June 30, 2022	9,747	9,202	18,949

7.1.4 Non-current financial assets

The non-current financial assets (EUR 1,920 thousand; June 30, 2022: EUR 2,397 thousand) primarily consist of the non-current portion of a loan (EUR 1,920 thousand; June 30, 2022: EUR 2,280 thousand). We refer to note 10.2, "Categories of financial assets and financial liabilities" for information on measurement of this item.

7.1.5 Other assets

Other non-current assets include payments on account for supplies of raw materials. Payments on account totalling USD 56.5 million have been made by VERBIO in connection with a long-term supply agreement for raw materials (June 30, 2022: USD 60 million).

7.2 Current assets

7.2.1 Inventories

EUR (thousands)	30.06.2023	30.06.2022
Raw materials, consumables and supplies, gross	47,330	48,723
Allowances	-1,822	0
Raw materials, consumables and supplies	45,508	48,723
Work in process, gross	9,439	4,666
Allowances	-319	0
Work in process	9,120	4,666
Finished goods, gross	215,935	114,222
Allowances	-14,798	-85
Finished goods	201,137	114,137
Merchandise	4,513	1,809
Inventories	260,278	169,335

Inventories with a carrying value of EUR 85,854 thousand (June 30, 2022: EUR 167,632 thousand) are carried at their acquisition and production cost. Further inventories with a carrying value of EUR 174,424 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 16,939 thousand (June 30, 2022: EUR 85 thousand) were made after the performance of net realisable value tests. The expense to record the allowances against finished and unfinished

goods is reported in the statement of comprehensive income within "Change of finished and unfinished goods", and amounts to EUR 15,117 thousand (2021/2022: EUR 85 thousand); write-downs of raw materials, consumables and supplies are reported within "Cost of materials" and amount to EUR 1,822 thousand (2021/2022: EUR 0 thousand).

7.2.2 Trade receivables

Trade receivables amounted to EUR 89,763 thousand at the balance sheet date (June 30, 2022: EUR 112,234 thousand) and are presented net of valuation allowances of EUR 1,250 thousand (June 30, 2022: EUR 1,078 thousand).

Impairment allowances of EUR 12 thousand were recognised in the financial year (2021/2022: EUR 30 thousand); the expense is included in "Impairment losses on financial assets". Impairment allowances of EUR 19 thousand were utilised (2021/2022: EUR 11 thousand).

All the receivables have a remaining term of up to one year.

7.2.3 Derivatives

Information on the Group's derivative financial assets with a carrying value of EUR 8,839 thousand (June 30, 2022: EUR 40,975 thousand) is provided in Section 10.3, "Derivatives".

7.2.4 Other current financial assets

Other current financial assets comprise the following:

EUR (thousands)	30.06.2023	30.06.2022
Cash on segregated accounts	49,099	14,481
Deferral of realised and unrealised results on forward contracts	1,875	2,087
Creditor accounts with debit balance	384	1,552
Collateral security and security deposits	1,427	1,343
Loans to other companies	480	480
Miscellaneous other financial assets	13,441	885
Other financial assets	66,706	20,828

7.2.5 Other assets

Other non-financial assets comprise the following:

EUR (thousands)	30.06.2023	30.06.2022
Reimbursement of electricity and energy tax	4,948	5,072
Value added tax and other receivables from tax authorities	10,106	3,901
Payments on account	47	1,578
Deferred expenses	6,193	1,339
Miscellaneous other assets	74	1,376
Other non-financial assets	21,368	13,266

7.2.6 Cash and cash equivalents

Cash and cash equivalents include unrestricted cash and cash equivalents of EUR 170,306 thousand (June 30, 2022: EUR 299,612 thousand).

The unrestricted cash and cash equivalents primarily include balances at banks of EUR 169,531 thousand (June 30, 2022: EUR 299,605 thousand).

7.3 Equity

7.3.1 Share capital

The movements in equity in the period are presented in the statement of changes in equity.

The Company's share capital is EUR 63,517,206.00 thousand at the June 30, 2023 balance sheet date (June 30, 2022: EUR 63,397,913.00 thousand) and is divided into 63,517,206 no-par shares registered in the name of the holders. Ownership of the shares entitles the holders to exercise voting rights at the general shareholders' meeting and the right to participate in dividend distributions, provided that a distribution is approved.

Under a shareholders' resolution approved at the annual general meeting of shareholders held on February 4, 2022, the Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital in exchange for cash and/or non-cash contributions on one or more occasions until January 30, 2027 by a total of EUR 31,592 thousand (authorised capital). The previous authorised capital was cancelled under the same resolution.

The Management Board is empowered, subject to the approval of the Supervisory Board, to exclude existing shareholders' subscription rights for shares issued in exchange for contributions in kind of up to an amount of EUR 12,637 thousand. This also includes the use of the authorised capital to fulfil purchase obligations or purchase rights for the Company's shares based on agreements made or to be made with members of the Com-

pany's Management Board under Management Board remuneration agreements. Existing shareholders are entitled to subscription rights when shares are issued in exchange for cash contributions. However, the Management Board is authorised, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights if the issue price is not significantly below the stock market price of shares in the Company of the same class.

The Management Board is also authorised, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in order to issue new shares of up to a proportional amount of EUR 500,000.00 to employees of VERBIO AG or its affiliated companies.

The Management Board is empowered, subject to the approval of the Supervisory Board, to exclude existing shareholders' rights for fractional share amounts.

In addition, subject to the approval of the Supervisory Board, the Management Board may make further specifications concerning share rights and conditions for the issuance of shares.

The Supervisory Board is authorised to revise the wording of Article 4 of the articles of association consistent with the utilisation of the authorised capital, and, in the event that the authorised capital is not or is not completely utilised by January 30, 2027, to make amendments subsequent to its expiry.

The above was registered at the commercial register of the Company on February 15, 2022.

The general shareholders' meeting on February 1, 2019 authorised the Management Board until January 31, 2024 to purchase treasury shares of up to 10 percent of the capital shares at that time, in one or several purchases. The authorisation is not to be used for the purpose of trading in treasury shares. The powers of the Management Board to issue or repurchase shares are comprehensively described and governed in the authorisation resolved by the general shareholders' meeting.

The issue of 183,632 new shares in the financial year 2020/2021, 214,281 new shares in the financial year 2021/2022 and 119,293 new shares in the financial year 2022/2023 was in connection with the payment of long-term bonus awards to the Management Board in which the Supervisory Board had decided that the payment shall be made by the issue of shares instead of by cash settlement. The capital increase 2023 was registered at the commercial register on May 2, 2023.

7.3.2 Additional paid-in capital

The additional paid-in capital primarily resulted from the creation of the VERBIO Group under the 2006 business combination to the extent that acquisition costs were not recorded in share capital. Of this, an amount of EUR 177,803 thousand is subject to restricted use under German company law. It was reduced in 2006 by EUR 49,900 thousand as a result of a share capital increase from the Company's own resources. The excess of the proceeds of the initial public offering over the nominal amount of the capital increase in 2006 was added to the paid-in capital (EUR 175,500 thousand). Set off against this was the cost of the initial public offering,

which was recorded as a reduction of paid-in capital in accordance with IAS 32.37.

In 2010 a further EUR 4,021 thousand was added to paid-in capital. The amount represents the difference between the book value and the fair value of own shares, which were a component of the purchase price paid for the shareholding in VERBIO Agrar in 2010.

An additional amount of EUR 8,012 thousand was added to the capital reserve in the financial year 2020/2021. This represented the excess of the value of the shares allocated, insofar as it exceeded the nominal amounts of the share capital of the shares issued, at the date of the resolution by the Supervisory Board to replace the long-term bonus cash award with the issue of shares.

The capital reserve was increased by EUR 3,701 thousand in the financial year 2021/2022 and by EUR 2,652 thousand in the financial year 2022/2023. These increases represent the excess of the value of the shares allocated in the financial year 2021/2022 and in the financial year 2022/2023 over their respective nominal share capital amounts.

7.3.3 Retained earnings and appropriation of profit

Distributions to the shareholders of VERBIO AG are resolved based on the annual financial statements of VERBIO AG, which are prepared under German commercial law requirements. The Management Board and the Supervisory Board of VERBIO AG will recommend the payment of a dividend of EUR 0.20 per qualifying share at the annual general meeting to be held on February 2, 2024, and that the remaining profit for the period shall be carried forward.

The retained earnings in the consolidated financial statements in the financial year 2022/2023 increased as a result of the positive Group result attributable to owners of the parent Company (EUR 132,024 thousand) less the dividend paid for the previous year (EUR 12,680 thousand, EUR 0.20 per qualifying share). Following all changes in the financial year, retained earnings total EUR 340,605 thousand at June 30, 2023.

7.3.4 Reserve for cash flow hedge

The other reserves include the effective portion of the cumulative change in fair value measurements of forward commodity contracts that qualify as cash flow hedges, to the extent that these transactions had not yet been realised by June 30, 2023.

7.3.5 Reserve for translation adjustments

We refer to note 2.4, "Foreign currency translation".

7.3.6 Earnings per share

VERBIO AG has 63,517,206 no-par shares with an arithmetic nominal value of EUR 1 each. The Group result attributable to the shareholders of the parent company for the financial year 2022/2023 amounts to EUR 132,024 thousand (2021/2022: EUR 315,625 thousand).

The number of shares at the end of the financial year 2022/2023 totalled 63,517,206 (June 30, 2022: 63,397,913). Following the capital increase the weighted average number of shares outstanding during the reporting period was 63,430,269. The basic result per share amounts to EUR 2.08 (2021/2022: EUR 4.99).

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. With 174,070 potentially diluting ordinary shares, the diluted earnings per share amounts to EUR 2.08 per share.

	2022/2023	2021/2022
Outstanding shares on June 30, 2023 and 2022	63,517,206	63,397,913
Number of average shares outstanding as of the balance sheet date	63,430,269	63,236,468
Number of potential shares on June 30, 2023 and 2022	174,070	230,793
Result attributable to owners of the parent company (in EUR thousands)	132,024	315,625
Basic earnings per share in EUR	2.08	4.99
Diluted earnings per share in EUR	2.08	4.97

7.3.7 Non-controlling interests

Non-controlling interests represent interests in VAgar and its subsidiaries. The following table provides information on non-controlling interests (before eliminations arising on consolidation).

EUR (thousands)	2022/2023	2021/2022
Sales revenues (without group eliminations)	33,332	26,935
Net result for the period	1,240	1,891
Result attributable to non-controlling interests	132	201

EUR (thousands)	2022/2023	2021/2022
Current assets	12,982	10,780
Non-current assets	28,318	24,336
Current liabilities	13,654	13,338
Non-current liabilities	702	1,334
Equity	26,944	20,444
Non-controlling interests	2,358	2,224

EUR (thousands)	2022/2023	2021/2022
Cash flows from operating activities	1,635	15,502
Cash flows from investing activities	-3,388	-14,290
Cash flows from financing activities	0	0
Net change in cash funds	-1,753	1,212

7.4 Non-current liabilities**7.4.1 Bank loans and other loans**

Bank loans and other loans totalled EUR 162,018 thousand as of the June 30, 2023 balance sheet date (June 30, 2022: EUR 30,000 thousand). These are classified as follows (current and non-current portions):

EUR (thousands)	Balance 30.06.2023	Due within one year	Non-current	Maturity	Interest rate p.a. in %	Payment modality
Promissory note	17,500	17,500	0	03.07.2023	Euribor + 0.90	Due on maturity
Promissory note	12,500	0	12,500	03.07.2024	0.90	Due on maturity
Promissory note	17,500	0	17,500	27.04.2030	4.75	Due on maturity
Promissory note	12,000	0	12,000	27.04.2028	4.63	Due on maturity
Promissory note	72,500	0	72,500	27.04.2028	Euribor + 1.40	Due on maturity
Other loan	30,000	30,000	0	20.07.2023	Euribor + 0.95	Due on maturity
Other loan	18	18	0	30.06.2024	n. A.	n. A.
Total	162,018	47,518	114,500			

The bank loans and other loans as of June 30, 2022 are presented below in their current and non-current components:

EUR (thousands)	Balance 30.06.2022	Due within one year	Non-current	Maturity	Interest rate p.a. in %	Payment modality
Promissory note	12,500	0	12,500	03.07.2024	0.90	Due on maturity
Promissory note	17,500	0	17,500	03.07.2024	Euribor + 0.90	Due on maturity
Total	30,000	0	30,000			

Details of the risks from changes in interest rates are presented in note 11.2.3, "Market risks".

7.4.2 Lease liabilities

The movements on the long- and short-term lease liabilities in the financial year 2022/2023 and 2021/2022 were as follows:

EUR (thousands)	Lease liabilities for land, land rights and buildings	Lease liabilities for other equipment, factory and office equipment	Total
Present value as of July 1, 2022	10,015	9,371	19,386
Additions	10,406	5,781	16,187
Changes to the consolidated group	0	964	964
Disposals	491	1,390	1,881
Reclassifications	0	0	0
Lease payments	2,041	5,116	7,157
Interest accrued on lease liabilities	422	186	608
Currency effects	-15	-141	-156
Present value as of June 30, 2023	18,296	9,655	27,951

EUR (thousands)	Lease liabilities for land, land rights and buildings	Lease liabilities for other equipment, factory and office equipment	Total
Present value as of July 1, 2021	6,929	9,552	16,481
Additions	4,902	5,839	10,741
Disposals	1,350	1,325	2,675
Reclassifications	463	-463	0
Lease payments	1,107	4,737	5,844
Interest accrued on lease liabilities	188	115	303
Currency effects	-10	390	380
Present value as of June 30, 2022	10,015	9,371	19,386

The lease liabilities mature as follows:

Remaining contractual payments				
EUR (thousands)	Within 1 year	1–5 years	After 5 years	Total
Lease liability at June 30, 2023	7,028	11,920	9,003	27,951

Remaining contractual payments				
EUR (thousands)	Within 1 year	1–5 years	After 5 years	Total
Lease liability at June 30, 2022	4,967	9,170	5,249	19,386

7.4.3 Non-current provisions

Non-current provisions of EUR 167 thousand at June 30, 2023 (June 30, 2022: EUR 131 thousand) wholly represent provisions for archiving costs.

7.4.4 Investment grants and subsidies

The movements on the deferred investment grants and subsidies reserve in the period July 1, 2022 to June 30, 2023 were as follows:

EUR (thousands)	Investment grants
July 1, 2022	2,178
Additions	0
Release in current period	– 825
Disposal	0
June 30, 2023	1,353
Thereof: current	734
Thereof: non-current	619

The movements on the deferred investment grants and subsidies reserve in the period July 1, 2021 to June 30, 2022 were as follows:

EUR (thousands)	Investment grants
July 1, 2021	3,031
Additions	0
Release in current period	– 852
Disposal	0
June 30, 2022	2,179
Thereof: current	837
Thereof: non-current	1,342

The release of the deferred investment grants and subsidies is made through the income statement. Details are provided in Section 6.3, "Other operating income".

7.4.5 Deferred tax liabilities

Information on deferred taxes is provided in note 7.11, "Income taxes".

7.5 Current liabilities

7.5.1 Lease liabilities

Lease liabilities included within current liabilities amounting to EUR 7,028 thousand (June 30, 2022: EUR 4,967 thousand) represent the short-term components of the total amounts due under lease liabilities described in further detail in note 7.4.2. in the disclosures on non-current liabilities.

7.5.2 Trade payables

Trade payables at the balance sheet date amount to EUR 106,538 thousand (June 30, 2022: EUR 95,371 thousand). All of the trade payables are payable within one year.

7.5.3 Derivatives

Information on the Group's derivative financial liabilities with a carrying value of EUR 12,731 thousand at June 30, 2023 (June 30, 2022: EUR 15,867 thousand) is provided in Section 10.3, "Derivatives".

7.5.4 Other current financial liabilities

Other current financial liabilities primarily include current liabilities for amounts payable to employees, account balances with customers with a credit balance, and liabilities arising on forward contracts.

EUR (thousands)	30.06.2023	30.06.2022
Wages and salaries	3,549	2,618
Non-recurring payments to employees	6,926	6,092
Receivable accounts with credit balance	5,419	77
Holiday pay accruals	1,823	1,436
Accrual for outstanding invoices	3,058	713
Deferral of realised losses on forward transactions	4,073	0
Security lending transactions	14,800	0
Miscellaneous other current liabilities	3,070	3,368
Total other current liabilities	42,718	14,304

7.5.5 Income tax liabilities

The tax liabilities in the financial years 2022/2023 and 2021/2022 comprised the following:

EUR (thousands)	01.07.2022	Utilisation	Release	Additions to the consolidated Group	Addition
Trade tax	40,737	40,568	19	556	706
Corporate tax	48,419	47,904	23	785	1,277
Tax liabilities	89,156	88,472	42	1,341	1,983

EUR (thousands)	01.07.2021	Utilisation	Release	Additions to the consolidated Group	Addition
Trade tax	8,624	8,247	2	40,362	40,737
Corporate tax	10,368	9,738	0	47,789	48,419
Tax liabilities	18,992	17,985	2	88,151	89,156

7.5.6 Current provisions

Current provisions at June 30, 2023 and June 30, 2022 included the following:

EUR (thousands)	01.07.2022	Utilisation	Release	Addition	Currency adjustments	30.06.2023
Expected losses on sales and purchase contracts	1,184	1,184	0	558	0	558
Interest	2,214	0	2,197	2,175	17	0
Repayment obligations from energy and electricity price cap arrangements	0	0	0	1,500	0	1,500
Other provisions	257	102	0	117	0	272
Provisions	3,655	1,286	2,197	2,175	17	2,330

EUR (thousands)	01.07.2021	Utilisation	Release	Addition	30.06.2022
Expected losses on sales and purchase contracts	8,815	8,815	0	1,184	1,184
Litigation risks	574	463	111	0	0
Interest	0	0	0	2,214	2,214
Other provisions	267	42	0	32	257
Provisions	9,656	9,320	111	3,430	3,655

7.5.7 Other current liabilities

Other current liabilities comprise the following:

EUR (thousands)	30.06.2023	30.06.2022
Payments received on account	9,217	13,286
Value added tax	7,970	12,668
Wage and church taxes	967	845
Social security	502	403
Energy tax	874	61
Miscellaneous other current liabilities	1,365	716
Total other current liabilities	20,895	27,979

8 Notes to the consolidated cash flow statement

Cash funds as reported in the balance sheet include cash and cash equivalents of EUR 170,306 thousand (2021/2022: EUR 299,612 thousand) and restricted cash and cash equivalents of EUR 0 thousand (2021/2022: EUR 0 thousand).

The cash flow from operating activities for the reporting period totalled EUR 26,094 thousand, significantly lower than in the previous year (2021/2022: EUR 325,031 thousand). This was due to the fact that the net result for the period was EUR 183,670 thousand lower, the lower increase in trade payables (EUR 5,558 thousand; 2021/2022: EUR 43,667 thousand) and taxes paid on income of EUR 162,006 thousand (2021/2022: EUR 62,992 thousand). There were opposite effects on the cash flow from operating activities, in particular as a result of the decrease in trade receivables of EUR 31,112 thousand (2021/2022: an increase of EUR 42,669 thousand) and the increase in amortisation and depreciation of EUR 41,570 thousand (2021/2022: EUR 32,541 thousand).

The cash flow from investing activities of EUR – 266,428 thousand (2021/2022: EUR – 113,617 thousand) is primarily driven by payments made for investments in property, plant and equipment of EUR 202,855 thousand (2021/2022: EUR 114,419 thousand). In addition, cash outflows in the financial year included payments for the acquisition of SBE totalling EUR 64,011 thousand.

The cash flows from financing activities were significantly higher than in the previous year and amounted to EUR 112,214 thousand (2021/2022: EUR – 18,481 thousand). In addition to payments for lease liabilities of EUR 7,106 thousand (2021/2022: EUR 5,844 thousand) and dividend payments, the cash flow from financing activities primarily consisted of drawdowns of new financial liabilities. A dividend payment of EUR 0.20 per share was approved for the financial year 2021/2022 at the annual general meeting held on February 3, 2023 (financial year 2020/2021: EUR 0.20 per share). The payment

of the dividend resulted in a cash outflow from financing activities of EUR 12,680 thousand (2021/2022: EUR 12,637 thousand), with a corresponding reduction in the retained earnings reported in the balance sheet. Cash inflows from the drawdowns of new financial liabilities primarily consisted of the financing raised under the new promissory notes (EUR 102 thousand).

The cash flows of liabilities for financing activities in the financial year 2022/2023 and in the previous year were as follows:

Non-cash changes					
EUR (thousands)	01.07.2022	Cash flow	Additions/ Disposals	Accrued interest	30.06.2023
Non-current financial liabilities	30,000	101,468	0	532	132,000
Current financial liabilities	0	30,000	0	0	30,000
Lease liabilities	19,383	– 7,106	15,065	608	27,950
	49,383	124,362	15,065	1,140	189,950

Non-cash changes					
EUR (thousands)	01.07.2021	Cash flow	Additions/ Disposals	Accrued interest	30.06.2022
Non-current financial liabilities	30,000	– 272	0	272	30,000
Current financial liabilities	0	0	0	0	0
Lease liabilities	16,481	– 5,844	8,443	303	19,383
	46,481	6,116	8,443	575	49,386

9 Segment reporting

The risks and returns of the Group are primarily those of the Group's business segments. The VERBIO Group consists of the segments Biodiesel, Bioethanol and Other, 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.

9.1 Segments according to internal corporate management

For internal management purposes, sales revenue is presented net of energy taxes of EUR 4,169 thousand (2021/2022: EUR 1,020 thousand). The Biodiesel and Bioethanol segments generate revenue from the sale of goods. In the Other segment, sales revenue is generated through the rendering of services. The accounting principles used in the preparation of the segment reporting 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.

Of the total investments in property, plant and equipment amounting to EUR 251,219 thousand in the financial year 2022/2023, a total of EUR 140,755 thousand were made in foreign production locations.

The acquisition costs of segment assets that are expected to be utilised for more than one reporting period amounted to EUR 251,536 thousand in the financial year 2022/2023 (2021/2022: EUR 121,362 thousand).

The VERBIO Group generated sales revenue of EUR 788,864 thousand in the reporting period (2021/2022: EUR 544,462 thousand) from sales of goods and services outside Germany (primarily in Europe and North America).

Sales revenue of EUR 361,575 thousand (2021/2022: EUR 116,342 thousand) was generated in North America. A significant proportion of property, plant and equipment (June 30, 2023: EUR 251,487 thousand; June 30, 2022: EUR 144,457 thousand) is located in North America.

Sales revenue with two (2021/2022: two) external customers amounted to more than 10 percent of total revenue in the reporting period; the sales revenue with these customers totalled EUR 652,830 thousand (2021/2022: two customers totalling EUR 661,863). Of these totals, sales revenue of EUR 454,840 thousand (2021/2022: EUR 438,300 thousand) is attributable to the Biodiesel segment and sales revenue of EUR 197,990 thousand (2021/2022: EUR 223,563 thousand) is attributable to the Bioethanol segment.

**Segment reporting for the period from
July 1, 2022 to June 30, 2023****Segment revenues and results**

EUR (thousands)	Biodiesel		Bioethanol		Other	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
External sales revenues	1,367,354	1,269,711	585,370	530,802	15,557	11,964
Sales revenues with other segments	25	3	5,141	464	11,087	9,386
Change in finished and unfinished goods	22,866	8,866	63,217	33,111	0	0
Own work capitalised	1,226	1,156	7,713	8,415	109	236
Other operating income	5,429	11,725	8,207	15,953	450	668
Cost of materials	-1,184,000	-900,561	-493,295	-328,597	-12,275	-10,339
Personnel expenses	-26,965	-21,893	-46,172	-36,748	-7,944	-6,317
Other operating expenses	-31,948	-27,471	-50,459	-39,710	-3,695	-2,885
Changes in value of financial assets and liabilities	-1,677	0	-5,375	0	-16	0
Result from forward contracts	411	-43,200	9,976	18,645	0	0
Segment EBITDA	152,721	298,336	84,323	202,335	3,273	2,713
Amortisation, depreciation and impairments	-10,640	-25,634	-27,907	-20,103	-3,023	-2,274
Reversal of impairment writedown	0	0	0	6,702	0	0
Segment EBIT	142,081	272,702	56,416	188,934	250	439
Interest Income	1,124	75	1,236	180	0	1
Interest expense	-905	-2,639	-960	-592	-1	-7
Result before taxes	142,300	270,138	56,692	188,522	249	433

Reconciliation of segment revenues and results

EUR (thousands)	Segment totals		Inter-segment sales revenues, expenses and other adjustments		Group	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
External sales revenues	1,968,281	1,812,477	0	0	1,968,281	1,812,477
Sales revenues with other segments	16,253	9,853	-16,253	-9,853	0	0
Change in finished and unfinished goods	86,083	41,977	0	0	86,083	41,977
Own work capitalised	9,048	9,807	0	0	9,048	9,807
Other operating income	14,086	28,346	-307	-353	13,779	27,993
Cost of materials	-1,689,570	-1,239,497	8,071	2,161	-1,681,499	-1,237,336
Personnel expenses	-81,081	-64,958	0	0	-81,081	-64,958
Other operating expenses	-86,102	-70,066	8,491	7,986	-77,611	-62,080
Changes in value of financial assets and liabilities	-7,068	0	0	0	-7,068	0
Result from forward contracts	10,387	-24,555	0	0	10,387	-24,555
Segment EBITDA	240,317	503,384	2	-59	240,319	503,325
Amortisation, depreciation and impairments	-41,570	-48,011	0	0	-41,570	-48,011
Reversal of impairment writedown	0	6,702	0	0	0	6,702
Segment EBIT	198,747	462,075	2	-59	198,749	462,016
Interest Income	2,360	255	0	0	2,360	255
Interest expense	-1,866	-3,238	0	0	-1,866	-3,238
Result before taxes	199,241	459,092	2	-59	199,243	459,033

Segment assets

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Intangible assets	428	389	511	455	1	2	940	846
Right-of-use assets held under lease arrangements	11,884	9,630	15,443	9,234	23	86	27,350	18,950
Property, plant and equipment	78,376	66,439	503,115	317,045	13,491	8,039	594,982	391,523
Inventories	69,256	59,757	190,766	109,341	256	237	260,278	169,335
Trade receivables	50,636	70,825	38,028	40,178	1,099	1,231	89,763	112,234
Other assets and other financial assets	59,759	44,631	72,068	49,439	196	183	132,023	94,253
Derivatives	7,501	39,608	1,338	1,367	0	0	8,839	40,975
Total segment equivalents	277,840	291,279	821,269	527,059	15,066	9,778	1,114,175	828,116

Segment liabilities

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Lease liabilities	12,136	9,852	15,789	9,449	26	85	27,951	19,386
Deferred investment grants and subsidies	174	219	1,089	1,870	90	90	1,353	2,179
Non-current provisions	46	46	116	80	5	5	167	131
Trade payables and other current provisions	47,903	53,200	59,617	44,979	1,347	847	108,867	99,026
Other current financial liabilities and other current liabilities	22,894	21,180	39,593	20,108	1,126	995	63,613	42,283
Derivatives	9,462	14,766	3,269	1,101	0	0	12,731	15,867
Total segment liabilities	92,615	99,263	119,473	77,587	2,594	2,022	214,682	178,872

Reconciliation of segments assets and segment liabilities

EUR (thousands)	Group	
	30.06.2023	30.06.2022
Total segment assets	1,114,175	828,116
Deferred tax assets	3,212	807
Income tax refunds	9,494	84
Cash and cash equivalents	170,306	299,612
Term deposits	0	0
Total assets	1,297,187	1,128,619
Total segment liabilities	214,682	178,872
Bank loans and other loans	162,018	30,000
Other tax liabilities	1,983	89,156
Other non-current liabilities	224	224
Deferred taxes	6,453	11,912
Total liabilities	385,360	310,164

Investments

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Investments (excluding leasing)	18,932	4,983	222,779	108,926	9,825	7,784	251,536	121,693

10 Disclosures on financial instruments

10.1 General information

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. The financial instruments of the Group can be differentiated between financial instruments originated by the Group and derivative financial instruments.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model of the Company used to manage financial assets and on the contractual cash flow characteristics of the instruments.

Financial instruments originated by the Group that are classified as assets are primarily trade receivables, other financial assets and cash and cash equivalents, and are classified as "at amortised cost". The so-called "simplified approach" (IFRS 9.5.5.15) is used to measure trade receivables. Other financial assets are measured using what is known as the "general approach" (IFRS 9.5.5.1).

Instruments originated by the Group classified as liabilities are primarily the reported amounts of financial liabilities, trade payables and other financial liabilities. The financial instruments on the equity and liabilities side of the balance sheet are also classified as "at amortised cost".

Included in derivative financial instruments are instruments used to hedge price risks relating to procurement and sales transactions. Derivative financial instruments are recognised and measured at their fair value upon acquisition on the trading date. Subsequent to initial recognition they are remeasured to fair value. Forward commodity contracts used to hedge purchasing prices on the procurement market (see Section 10.3.1) qualify as cash flow hedges, and accordingly they have been classified as "Derivatives within hedging relationships".

The subsequent remeasurement of derivatives within a hedging relationship used to hedge cash flows (cash flow hedges) are recorded at "fair value through other comprehensive income" directly in equity (within other reserves). This reserve is released with profit and loss effect as soon as the hedged raw material purchases are recorded in the income statement or, if applicable, when the cash flows of the underlying transaction are no longer highly probable.

Derivatives which are not or were not used for hedging relationship purposes (see notes 10.3.2) are free-standing derivatives, and as a result are always classified as at "fair value through profit or loss". Accordingly, gains or losses resulting from their subsequent remeasurement will be, or have been, respectively, recognised with profit or loss effect in the consolidated statement of comprehensive income under the heading "Result from commodity forward contracts".

10.2 Categories of financial assets and financial liabilities

The fair values and carrying amounts of financial instruments are presented below by class of financial instruments as defined by IFRS 7. The carrying amounts represent their fair values.

Assets

Valuation	At amortised cost		At fair value				Total	
Measurement category			FVTPL		FVOCI			
EUR (thousands)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	89,763	89,763	0	0	0	0	89,763	89,763
Other non-current and current financial assets	68,626	68,626	0	0	0	0	68,626	68,626
Derivatives ¹⁾	0	0	1,338	1,338	7,501	7,501	8,839	8,839
Cash and cash equivalents	170,306	170,306	0	0	0	0	170,306	170,306
Total (June 30, 2023)	328,695	328,695	1,338	1,338	7,501	7,501	337,534	337,534
Trade receivables	112,234	112,234	0	0	0	0	112,234	112,234
Other non-current and current financial assets	23,225	23,225	0	0	0	0	23,225	23,225
Derivatives ¹⁾	0	0	1,380	1,380	39,596	39,596	40,976	40,976
Cash and cash equivalents	299,612	299,612	0	0	0	0	299,612	299,612
Total (June 30, 2022)	435,071	435,071	1,380	1,380	39,596	39,596	476,047	476,047

¹⁾ Derivative financial instruments used in hedge accounting are recognised directly in equity but do not represent a separate category of financial assets and liabilities.

Liabilities

Valuation	At amortised cost		At fair value				Total	
Measurement category			FVTPL		FVOCI			
EUR (thousands)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities to banks and other loans	162,018	162,018	0	0	0	0	162,018	162,018
Trade payables	106,538	106,538	0	0	0	0	106,538	106,538
Other financial liabilities	42,942	42,942	0	0	0	0	42,942	42,942
Derivatives ¹⁾	0	0	3,196	3,196	9,535	9,535	12,731	12,731
Total (June 30, 2023)	311,498	311,498	3,196	3,196	9,535	9,535	324,229	324,229
Liabilities to banks and other loans	30,000	30,049	0	0	0	0	30,000	30,049
Trade payables	95,371	95,371	0	0	0	0	95,371	95,371
Other financial liabilities	14,528	14,528	0	0	0	0	14,528	14,528
Derivatives ¹⁾	0	0	3,402	3,402	9,535	9,535	12,937	12,937
Total (June 30, 2022)	139,899	139,948	3,402	3,402	9,535	9,535	152,836	152,885

¹⁾ Derivative financial instruments used in hedge accounting are recognised directly in equity but do not represent a separate category of financial assets and liabilities.

10.2.1 Measurement in the individual measurement categories

- a. The fair values of derivatives in the measurement categories "Held for trading financial instruments" and "Derivatives within hedging relationships" were determined using the mark-to-market method based on prices quoted on an exchange or market prices.
- b. The fair values of the "loans and receivables" and "other financial liabilities" measured at amortised acquisition cost are as follows:
- ba. The fair values of trade receivables and other current and non-current financial assets are equal to the respective nominal values of the assets after deduction of any necessary allowances; these balances include no non-interest-bearing or low-interest loans or receivables with a remaining term of more than one year.
- bb. The fair value of cash and cash equivalents is equal to their nominal values.
- bc. The fair values of all liabilities included in the measurement category "other financial liabilities" are equal to their repayment amounts; these balances include no non-interest-bearing or low-interest liabilities with a remaining term of more than one year.

10.2.2 Reconciliation to balance sheet headings

The categories of financial instruments as defined in IFRS 7 are consistent with the headings reported in the consolidated balance sheet.

10.3 Derivatives

The fair values and of derivative assets and liabilities and the underlying nominal volumes were as follows at the June 30, 2023 and June 30, 2022 balance sheet dates:

EUR (thousands)	Nominal volume	Derivative assets = positive market value	Derivative assets = negative market value
Stand-alone derivatives			
Purchase transactions	19,077 t	475	322
Sale transactions	4,632 t	863	2,874
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future vegetable oil	26,371 t	7,501	9,535
Derivatives at June 30, 2023		8,839	12,731

EUR (thousands)	Nominal volume	Derivative assets = positive market value	Derivative assets = negative market value
Stand-alone derivatives			
Purchase transactions	16,000 t	347	0
Sale transactions	3,156 t	1,032	1,679
Gas swap	375 GWh	0	1,101
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future vegetable oil	81,363 t	39,596	13,087
Derivatives at June 30, 2022		40,975	15,867

t = metric tonnes

The fair values of the derivatives are based on the mark-to-market method. All of the derivative assets (EUR 8,839 thousand; June 30, 2022: EUR 40,975 thousand) and liabilities (EUR 12,731 thousand; June 30, 2022: EUR 15,867 thousand) at June 30, 2023 and June 30, 2022 are measured at fair value using valuations determined using level 2 valuations in the fair value hierarchy.

- Level 1: Quoted prices on an active market (not adjusted) for identical assets or liabilities
- Level 2: Directly observable (as price) or indirect (derived from price) inputs for the asset or liability, other than quoted Level 1 price inputs
- Level 3: Inputs applied to the asset or liability that are not based on observable market data (non-observable input data)

As in the previous year, there were no reclassifications between the individual hierarchy levels used to classify fair value measurements in the financial year 2022/2023. Should a fair value measurement require reclassification, the reclassification would be effected at the end of the financial year.

10.3.1 Description of significant derivatives held and used as hedging instruments at the balance sheet date

Forward contracts for vegetable oil (assets: EUR 7,501 thousand; liabilities: EUR 9,353 thousand).

Under the responsibility of risk management personnel, derivatives in the form of purchased forward contracts (forwards) are used to hedge the price of rapeseed oil, a

raw material. The underlying hedged transactions are the purchases and, respectively, highly probable purchases of vegetable oil; the hedging instrument is the purchase of forward contracts; and the risk being hedged is the risk of price increases that could result in a negative effect on the profit margin. The objective is to hedge the price of at least 75 percent of the vegetable oil purchases needed for production purposes approximately three months prior to delivery. For production in North America, prices of vegetable oil are fixed for certain periods and for up to 100 percent of the volumes required. The effectiveness of the cash flow hedges for vegetable oils using forward contracts is measured prospectively using the critical term match method. A 100 percent effectiveness can be assumed as the hedging instrument and the underlying transactions are entered into with identical parameters. Accordingly, with the exception of a default risk premium, no ineffectiveness is expected, and there are no amounts which need to be recognised immediately in profit or loss to reflect hedging ineffectiveness.

In the month of purchase, which is the scheduled or unscheduled occurrence of the underlying transaction, the results of the hedging transaction recognised in equity are recognised initially as a basis adjustment in inventories and thereafter offset within cost of materials on consumption. The amount transferred from equity to profit or loss in connection with cash flow hedge accounting in the reporting period amounted to EUR 7,579 thousand (2021/2022: EUR 97,211 thousand) and is shown in the income statement under "Cost of materials". There were no ineffective portions requiring recognition at the balance sheet date.

10.3.2 Description of the Group's significant free-standing derivatives

Free-standing derivatives from sales and procurement transactions

In addition to the derivatives designated as hedging instruments, use is made of derivatives to hedge sales revenue from sales contracts that are linked to the quoted market price of bioethanol (Ethanol Future). At the June 30, 2023 balance sheet date the Group had derivatives with a positive market value of EUR 863 thousand and derivatives with a negative market value of EUR 2,874 thousand (June 30, 2022: derivatives with a positive market value of EUR 1,032 thousand).

In addition, at the June 30, 2022 balance sheet date the Group held derivatives to hedge income from sales contracts linked to quoted market prices of biodiesel with negative market values totalling EUR 1,679 thousand (biodiesel swaps).

At the June 30, 2023 balance sheet date the Group had derivatives for hedging raw material purchases with a positive market value of EUR 475 thousand and derivatives with a negative market value of EUR 322 thousand (June 30, 2022: derivatives with a positive market value of EUR 347 thousand).

10.3.3 Change in equity

The effects on equity of the hedging transactions entered into in the financial year 2022/2023 and the previous year are presented below:

EUR (thousands)	Forward purchase agreements vegetable oil	Biodiesel swaps	Total
July 1, 2022	21,888	0	21,888
Recognition in profit and loss (cost of materials)	7,579	0	7,579
Amounts according to IFRS 9.6.5.12 a	- 110	0	- 110
Change in fair value measurement	- 31,500	0	- 31,500
Balance (June 30, 2023)	- 2,143	0	- 2,143
Add: deferred taxes			550
			- 1,593

EUR (thousands)	Crude oil swaps	Biodiesel swaps	Total
July 1, 2021	41,652	- 863	40,789
Recognition in profit and loss (cost of materials)	- 97,211	0	- 97,211
Recognition in profit and loss (sales revenue)	0	1,134	1,134
Amounts according to IFRS 9.6.5.12a	- 4,670	0	- 4,670
Change in fair value measurement	82,117	- 271	81,846
Balance (June 30, 2022)	21,888	0	21,888
Add: deferred taxes			- 8,450
			13,438

In the financial year 2022/2023, in analogy to the previous year, the reclassification to cost of materials of hedge transactions to hedge the purchase of vegetable oils was preceded by the recording of a basis adjustment to inventories as recycling of gains and losses initially recognised in other comprehensive income (OCI).

10.3.4 Realisation of the underlying and hedging transactions

The following table shows when the cash flow hedges will affect cash flows and when they are expected to impact profit or loss.

EUR (thousands)	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months
June 30, 2023				
Realisation of the underlying and hedging transactions				
Commodity forward contracts				
cash outflows for vegetable oil purchases		112,841	86,369	26,472
Effect on profit or loss				
Commodity forward contracts				
Asset	7,501	7,501	5,324	2,177
Liability	9,535	9,535	9,177	358

EUR (thousands)	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months
June 30, 2022				
Realisation of the underlying and hedging transactions				
Commodity forward contracts				
cash outflow for vegetable oil purchases		251,521	213,890	37,631
Effect on profit or loss				
Commodity forward contracts				
Asset	39,596	39,596	35,401	4,195
Liability	13,087	13,087	11,591	1,496

10.4 Other disclosures required by IFRS 7**10.4.1 Information on income and expense positions**

The following table shows the net result of financial assets and financial liabilities summarised by valuation category:

EUR (thousands)	Interest result		Subsequent measurement				Total
	Interest income	Interest expense	Value increases (changes in the value of financial assets and liabilities)	Value decreases (changes in the value of financial assets and liabilities)	Currency gains and losses (changes in the value of financial assets and liabilities)	Use of derivatives (result from forward contracts)	
2022/2023							
Financial assets measured at amortised cost	2,360	0	213	-30	-7,068	0	-4,525
Financial assets measured at fair value							
Financial instruments held for trading purposes	0	0	0	0	0	37,079	37,079
Financial liabilities measured at fair value							
Financial instruments held for trading purposes	0	0	0	0	0	-26,692	-26,692
Other current and non-current financial liabilities	0	-1,866	0	0	0	0	-1,866
Total	2,360	-1,866	213	-30	-7,068	10,387	3,996

EUR (thousands)	Interest result		Subsequent measurement				Total
	Interest income	Interest expense	Value increases (changes in the value of financial assets and liabilities)	Value decreases (changes in the value of financial assets and liabilities)	Currency gains and losses (changes in the value of financial assets and liabilities)	Use of derivatives (result from forward contracts)	
2021/2022							
Financial assets measured at amortised cost	255	0	125	-30	13,527	0	13,877
Financial assets measured at fair value							
Financial instruments held for trading purposes	0	0	0	0	0	33,345	33,345
Financial liabilities measured at fair value							
Financial instruments held for trading purposes	0	0	0	0	0	-57,900	-57,900
Other current and non-current financial liabilities	0	-3,238	0	0	0	0	-3,238
Total	255	-3,238	125	-30	13,527	-24,555	-13,916

The reversal of write-downs of loans and receivables of EUR 213 thousand (June 30, 2022: EUR 125 thousand) primarily consisted of the release of specific allowances recorded against other financial assets.

Allowances against and impairment write-down of loans and receivables totalling EUR 30 thousand (June 30, 2022: EUR 30 thousand) primarily relate to write-downs made to reflect non-collectable trade receivables.

10.4.2 Information on collateral

The other financial assets include cash and cash equivalents held in segregated accounts with a carrying value of EUR 49,099 thousand (June 30, 2022: EUR 14,480 thousand) which are committed for initial and variation margins for forward derivative contracts entered into by the Group.

10.4.3 Information regarding allowances for credit losses on financial assets

VERBIO generally measures the impairment allowances recorded against trade receivables in accordance with IFRS 9 at an amount equal to the lifetime expected credit losses. The so-called "simplified approach" (IFRS 9.5.5.15) is applied. VERBIO uses this approach in order to measure the default risks, and calculates the expected credit loss (ECL) as the total amount of all possible default events over the expected lifetime of the receivables.

For the purposes of measuring trade receivables the Group calculates, as a first step, an impairment matrix at each balance sheet date which is based on the historical default rate and calculates the future probability of default (so-called "stage 2"). In doing so account is taken of expected differences between various different VERBIO customer groups.

The following table shows the actual credit losses over time in relation to the total amount of trade receivables:

EUR (thousands)	Historical loss rate	Gross carrying amount 30.06.2023	Limited creditworthiness
Oil companies	0.00	36,094	No
Processing and trading companies	0.00	41,246	No
Energy utilities	0.00	1,141	No
Farmers	0.00	654	No
Transport businesses	0.11	501	No
Other	0.00	10,127	No
		89,763	

In cases where there are objective indications of a potential impairment, an examination is performed to determine whether an impairment has occurred (so-called "stage 3"). An impairment allowance is recorded to reduce the net book value of a trade receivable when the Group does not have a justified expectation that the receivable will be collected in full, or expects that it will only be partially recovered. In doing so, the classification of a receivable as overdue does not necessarily mean that an impairment allowance will be recorded.

The allowances made relate to the risk of credit losses on trade receivables and other current assets. The movements on the allowances in the financial year 2022/2023 were as follows:

EUR (thousands)	01.07.2022	Additions	Releases	Utilisation	Currency effects	30.06.2023
Valuation allowances						
Trade receivables	1,078	12	0	19	179	1,250
Other current assets	1,795	0	200	0	0	1,595
Valuation allowances	2,873	12	200	19	179	2,845

EUR (thousands)	01.07.2021	Additions	Releases	Utilisation	Currency effects	30.06.2022
Valuation allowances						
Trade receivables	1,099	30	0	11	-40	1,078
Other current assets	1,897	0	102	0	0	1,795
Valuation allowances	2,996	30	102	11	-40	2,873

Receivables are derecognised at the time that their collection has become unlikely.

11 Financial risks and risk management, capital management

11.1 Organisation

In addition to its operating risks, the VERBIO Group sees itself exposed to credit risks, liquidity risks and market risks that arise from the use of financial instruments within the course of its normal operating activities. The Company has established a clear functional organisation for the risk control process.

Accordingly, as part of a risk-oriented and future-directed management approach, VERBIO AG has developed and installed a risk management system for the Group. The implementation of a functional risk management system is seen as part of the general responsibility of the Company's management. Individual risks defined in advance are monitored on a continuous basis using early warning indicators, and are included in half-yearly reporting to the risk manager by management of the subsidiaries. In accordance with the Company's two-year cycle, a comprehensive inventory of risks was performed in the financial year 2022/2023. No changes were made to the assessment of the risk evaluations compared to the previous year. A detailed risk handbook is available.

Responsibilities are clearly assigned to the organisational units that form part of the risk management process as follows:

Management Board

The risk management process starts with the Management Board, which, in the course of overall management based on risk-bearing capacity, provides a clear definition of the strategy, the types of transactions and the acceptable and unacceptable risks, as well as the allowable total risk.

Risk management

Risk management is responsible for the active management and supervision of risks. Risk is reduced via risk limitation measures and is controlled by compliance with limits.

Risk controlling

Through risk controlling, the Group-wide identification, measurement and evaluation of all risks is carried out in a uniform manner. Risk controlling monitors the compliance of internal limits by measuring the risks and the utilisation of limits.

Supervisory Board

The Supervisory Board carries out a control function relating to all measures dealing with risk limitation and risk management within the Company.

For further information on the Group-wide risk management system, please refer to the information provided in the Group management report under "Opportunity and risk report".

11.2 Risk groups

In addition to operating risks, in conducting its business operations the VERBIO Group is subject to a number of financial risks such as credit risks, liquidity risks and market risks, which are described below.

11.2.1 Credit risks

Credit risk results from the deterioration of the economic situation of customers or other contracting parties of the Company. As a result, there is a risk of partial or complete loss of contractually agreed payments or services, and additionally a decrease in the value of financial instruments due to a deterioration of creditworthiness.

There are default risks associated with all financial instruments recorded as assets; the carrying amount of the financial assets represents the maximum risk of default. Allowances are recorded to the extent that there are indications of individual risks on individual financial instruments. There is no potential for offsetting of derivatives.

Maximum risk of default

The maximum risk of default associated with financial assets, without considering possible collateral security received or other credit enhancements (e.g. netting agreements), is as follows:

EUR (thousands)	30.06.2023	30.06.2022
Trade receivables	89,763	112,234
Other non-current and current assets	68,626	23,225
Derivatives	8,839	40,976
Cash and cash equivalents	170,306	299,612
Total	337,534	476,047

In order to reduce credit and default risks, credit risk assessments are made and individual internal ratings are made for new and existing customers at the beginning of the business relationship and at regular intervals thereafter. Credit risk assessments, internal ratings and forward-looking information is used to determine credit limits for supplies to individual customers; these may only be exceeded for good reason and provided that the excess is approved.

In order to minimise the risk of non-collection of trade receivables further, certain receivables are insured using trade credit insurance. At the balance sheet date the Group had trade credit insurance policies whereby the insurer guarantees a maximum sum of at least EUR 10.5 million (June 30, 2022: EUR 10.5 million) for all damages in each insurance year. Large customers are excluded from this agreement.

Trade receivables amounting to EUR 33,241 thousand (June 30, 2022: EUR 21,394 thousand) were insured under these policies at June 30, 2023.

In addition, the General Terms and Conditions include reservation-of-title clauses for all products sold.

Concentration of credit risks

Credit risks relating to trade receivables are primarily attributable to the following customer groups and regions (the respective carrying amounts represent the respective credit risk):

Concentration by customer groups

EUR (thousands)	30.06.2023	30.06.2022
Oil companies	36,094	87,222
Processing industries (in particular oil mills and pharmaceutical companies) and trading companies	41,246	18,981
Electric utilities	1,141	488
Farmers	654	471
Transport businesses	501	194
LNG/CNG filling stations	1,963	0
Other	8,164	4,878
Total	89,763	112,234

Concentration by region

EUR (thousands)	30.06.2023	30.06.2022
Inland	23,827	31,334
Europe	51,724	72,355
North America	11,885	7,660
Other foreign	2,327	885
Total	89,763	112,234

Of receivables in Europe, amounts totalling EUR 33,425 thousand are primarily in the Netherlands, Poland, Denmark, the Czech Republic and Switzerland.

The Company monitors its concentration of credit risk by industry sectors as well as by region.

Ageing analysis

The following table provides an overview of the age structure of unimpaired assets measured at amortised cost as of the June 30, 2023 and June 30, 2022 balance sheet dates based on their maturity dates:

EUR (thousands)	Carrying amount	Thereof at the balance sheet date						
		Not impaired and not overdue	Not impaired and overdue in the following aging categories (in days)					
			Less than 30	Between 31 and 60	Between 61 and 90	Between 91 and 180	Between 181 and 360	More than 360
June 30, 2023								
Trade receivables	89,763	84,110	4,341	380	32	13	312	575
Other long-term and short-term financial assets	68,626	68,626	0	0		0	0	0
	158,389	152,736	4,341	380	32	13	312	575
June 30, 2022								
Trade receivables	112,234	79,584	30,810	846	29	365	182	418
Other long-term and short-term financial assets	23,225	23,225	0	0	0	0	0	0
	135,459	102,809	30,810	846	29	365	182	418

Based on the many years of experience with the Group's customers, the credit-worthiness examinations performed on a rotating cycle, and taking into account the trade credit insurance cover, the default risk associated with balances which are in excess of 30 days overdue is not assumed to be significantly heightened.

11.2.2 Liquidity risks

Liquidity risk, in a narrow sense, is the risk that the Company could find itself in a position where it does not have adequate funds to settle its ongoing payment obligations. Payment obligations result primarily from investment activities, trade payables for goods and services, interest payments and loan repayments, margin calls in connection with futures contracts, and tax liabilities.

The Group's liquidity is managed by use of weekly, monthly and medium-term planning forecasts generated to ensure that adequate funds are available at any time to settle its liabilities as they fall due, and to ensure that potential risks are identified as early as possible.

The central treasury department (three employees) has primary responsibility for the management of liquidity.

The aim of liquidity management is to ensure that the VERBIO Group has the ability to meet its liabilities at all times and to optimise interest income.

The central treasury department receives the required information from subsidiaries via the weekly reporting procedure, enabling it to generate a liquidity profile. All financial assets, financial liabilities and expected cash flows from planned transactions are included.

The Company uses the yearly and weekly liquidity planning as well as sensitivity analyses to manage its liquidity risk.

A large portion of the liquidity required by the business is ensured by working capital management.

The available instruments ensure the liquidity of the business at all times and are suitable to fulfil additional future liquidity needs, taking account of the requirements identified in the business plan.

The following table presents an analysis of the remaining maturities of all contractually agreed financial liabilities as of June 30, 2023 and June 30, 2022:

EUR (thousands)	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
June 30, 2023						
Non-derivative financial liabilities ¹⁾						
Liabilities to banks and other loans	162,018	47,518	0	0	97,000	17,500
Trade payables	106,538	101,958	4,448	132	0	0
Lease liabilities	27,951	588	1,176	5,264	11,920	9,003
Other financial liabilities	42,942	42,942	0	0	0	0
	339,449	193,006	5,624	5,396	108,920	26,503
Derivative financial liabilities ¹⁾						
Derivatives used in hedging relationships	9,535	4,562	3,076	1,897	0	0
"Held for trading" derivatives	3,196	439	933	1,824	0	0
	12,731	5,001	4,009	3,721	0	0
Financial liabilities	352,180	198,007	9,633	9,117	108,920	26,503

¹⁾ Incl. future interest payments

EUR (thousands)	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
June 30, 2022						
Non-derivative financial liabilities						
Liabilities to banks and other loans	30,000	0	0	0	30,000	0
Trade payables	95,371	91,946	3,392	33	0	0
Lease liabilities	19,386	414	828	3,725	9,170	5,249
Other financial liabilities	14,528	14,528	0	0	0	0
	159,285	106,888	4,220	3,758	39,170	5,249
Derivative financial liabilities						
Derivatives used in hedging relationships	13,087	2,065	5,006	6,016	0	0
"Held for trading" derivatives	2,780	820	859	672	429	0
	15,867	2,885	5,865	6,688	429	0
Financial liabilities	175,152	109,773	10,085	10,446	39,599	5,249

¹⁾ Incl. future interest payments

Information on financial liability ratios

There are no indications of any matters that would indicate a payment delay or contract violation in respect of the financial liabilities totalling EUR 352,180 thousand at June 30, 2023 (June 30, 2022: EUR 175,152 thousand). Interest and loan repayment obligations on all non-derivative financial liabilities totalling EUR 339,449 thousand (June 30, 2022: EUR 159,285 thousand) have been serviced according to schedule.

11.2.3 Market risks

Market risks arise from potential changes in risk factors that lead to a lowering of the market value of transactions containing these risk factors. General risk factors

relevant for the Company are currency risks, interest rate risks and commodity price risks.

Currency risks

The VERBIO Group is exposed to currency risks associated with procurement and price hedging for its purchasing and sales. The currency risk is minimised with the help of an ongoing review of exchange rate expectations and the use of appropriate financial instruments. In the financial year under report this was primarily achieved by netting of foreign currency receipts and disbursements.

The VERBIO Group is primarily exposed to currency risks in US dollars (USD), Indian rupees (INR), Polish zloty (PLN) and, to a small extent, in Hungarian Forint (HUF). Given

the long-term nature of the investments made in the USA, Canada and India the currency risks of associated with those investments are not considered not relevant at the current time. The currency risks in the Polish Zloty are regarded as not significant for operating activities.

In the financial year 2022/2023 sales invoices denominated in foreign currencies (in US dollars) were issued in the Eurozone with an amount equivalent to EUR 115,606 thousand (2021/2022: EUR 107,231 thousand). Payments against these invoices are made into a bank account denominated in US dollars. Trade receivables denominated in foreign currencies in the Eurozone totalled EUR 19,322 thousand (in US dollars) at June 30, 2023 (June 30, 2022: EUR 20,472 thousand).

Interest rate risks

The Company is primarily financed by equity. The external loans are based on fixed interest rate agreements, so that there is only a small risk associated with changes in interest rates. Interest rate risks result only from instruments with variable interest rates. There are variable interest rates on the asset side of the balance sheet for balances at banks; on the liabilities side of the balance sheet there are only insignificant interest rate risks.

There were no loans denominated in foreign currencies as of the balance sheet date.

Commodity price risks

Derivatives are entered into to manage price risks in procurement and sales and to hedge/optimize margins in the biofuels production business.

Risks of price changes arise primarily through the procurement of raw materials and the sale of end products. Price risks are hedged using appropriate financial instruments based on reviews of market price expectations performed on a continuous basis. In the reporting year, futures and swaps were utilised as hedging instruments.

The sensitivity of the valuations of derivatives is discussed below.

- Sensitivity of the value of the derivatives in hedging relationships to changes in the price of rapeseed oil
A decrease (increase) in the market price of EUR 25/tonne at the June 30, 2023 balance sheet date would result in an improvement (deterioration) of the equity total of EUR 623 thousand. This analysis has been performed using a consistent approach to that used in the previous year. The sensitivity represents the effect

on equity on the assumption that all other conditions remain unchanged.

- Sensitivity of the value of derivatives in hedging relationships to changes in the price of soya oil
A decrease (increase) in the market price of EUR 25/tonne at the June 30, 2023 balance sheet date would result in an improvement (deterioration) of the equity total of EUR 37 thousand.
- Sensitivity of the value of derivatives not used in hedging relationships to changes in the price of ethanol
A decrease (increase) in the market price of EUR 25/tonne at the June 30, 2023 balance sheet date would result in an improvement (deterioration) of both the result for the period and the equity total amounting to EUR 116 thousand.
- Sensitivity of the value of the derivatives which are not used in hedging relationships to changes in the price of wheat
A decrease (increase) in the market price of EUR 25/tonne at the June 30, 2023 balance sheet date would result in an improvement (deterioration) of both the result for the period and the equity total amounting to EUR 750 thousand.
- Sensitivity of the value of derivatives which are not used in hedging relationships to changes in the price of maize
A decrease (increase) in the market price of EUR 25/tonne at the June 30, 2023 balance sheet date would result in an improvement (deterioration) of both the result for the period and the equity total amounting to EUR 273 thousand.

11.2.4 Other risks

The VERBIO Group has safeguards against the usual types of hazards.

In addition, in considering the overall presentation of risks, the regulatory and political environment should be noted. A change in the current climate protection goals of the EU and the (German) Federal Government as well as the underlying regulatory implementation, especially the Biomass Sustainability Regulation (Biomasse-Nachhaltigkeitsverordnung (BioNachV)), could have a significant effect on VERBIO's results.

11.3 Capital management

VERBIO's capital management is primarily aimed at ensuring the sustained financial flexibility of the Group. VERBIO AG develops guidelines for effective capital management based on the strategic objectives of the business. The focus is on a long-term increase in the value of the business in the interests of investors, customers and employees.

The objective is to increase the profitability of the VERBIO Group through efficiency increases in production and procurement, as well as on the sales side. In order to achieve this, management focusses on the operating and financial risks and also on the Group's financial flexibility. This also applies to cash flow generation.

A further goal for the VERBIO Group is to maintain a strong capital base, in order to finance future growth when the political environment regarding biofuels allows competitive growth. VERBIO's equity (which equals managed capital in the sense of IAS 1.135) as of June 30, 2023 amounts to EUR 911,827 thousand (June 30, 2022:

EUR 818,455 thousand), which represents an equity ratio of 70.3 percent (June 30, 2022: 72.5 percent). Debt capital amounted to EUR 385,360 thousand (June 30, 2022: EUR 310,164 thousand). In order to maintain the strong capital base a significant portion of the profit for the financial year will not be distributed.

VERBIO AG is not subject to any minimum capital requirements.

VERBIO AG is not subject to any capital requirements under its articles of association.

12 Other disclosures

12.1 Contingent liabilities and future payment obligations

12.1.2 Other contingent liabilities

There are contingent liabilities in connection with a trust agreement with Sauter Verpachtung concerning derivatives managed under the trustee arrangements at June 30, 2023 totalling EUR 24,811 thousand (June 30, 2022: EUR 1,761 thousand). VERBIO generated income of EUR 354 thousand from the management of the assets held under trust in the financial year 2022/2023 (2020/2021: EUR 137 thousand). No provisions are recorded in view of the creditworthiness and the collateral security provided.

12.1.3 Guarantee credits and other collateral arrangements

VERBIO entered into (and subsequently amended) a security deposit insurance contract dated May 11, 2015 with an insurance company. Under this agreement a EUR 25,000 thousand credit line for customs duties was made available to VERBIO. An amount of EUR 23,873 thousand has been drawn down under this credit line as of June 30, 2023 (June 30, 2022: EUR 17,456 thousand).

VEI entered into a guarantee line of credit dated May 2, 2019 with an Indian bank. The facility, available for general guarantee purposes, was reduced from INR 75,000 thousand (EUR 915 thousand) to INR 25,000 thousand (EUR 305 thousand) on October 29, 2021. An amount of INR 3,000 thousand (EUR 34 thousand) has been drawn down under this facility as of June 30, 2023 (June 30, 2022: INR 6,350 thousand; EUR 77 thousand).

12.1.4 Litigation

There are no open litigation issues that present a significant risk to VERBIO at June 30, 2023.

12.1.5 Purchase commitments

Commitments under open purchase orders are those typical for normal operations.

12.1.6 Purchase commitments for investments in property, plant and equipment

The VERBIO Group has commitments under open purchase orders for investments in property, plant and equipment totalling EUR 48,242 thousand at June 30, 2023 (June 30, 2022: EUR 102,304 thousand).

12.2 Disclosures concerning related persons and entities

12.2.1 Overview of related persons and entities

The following persons, groups of persons and entities are related parties of VERBIO in the reporting period:

- a. Shareholders of VERBIO AG who are members of a pool based on contractual agreements (ultimate controlling party within the definition of IAS 24.13)
- b. Persons holding key management positions:
 - Claus Sauter (member of the Management Board of VERBIO AG)
 - Bernd Sauter (member of the Management Board of VERBIO AG)
 - Prof. Dr. Oliver Lüdtke (member of the Management Board of VERBIO AG)
 - Theodor Niesmann (member of the Management Board of VERBIO AG)
 - Stefan Schreiber (member of the Management Board of VERBIO AG)
 - Olaf Tröber (member of the Management Board of VERBIO AG)
 - Alexander von Witzleben (member of the Supervisory Board of VERBIO AG)
 - Ulrike Krämer (member of the Supervisory Board of VERBIO AG)

- Dr. Klaus Niemann (member of the Supervisory Board of VERBIO AG)

c. Related companies:

Related companies are companies which can be controlled by natural persons who are members of the share pooling arrangement or by persons holding key management positions. In addition, Tacoss Software GmbH, a company consolidated using the equity method, is a related company.

12.2.2 Presentation of the relationships with key management personnel

The members of the Management Board received remuneration from VERBIO AG totalling EUR 5,869 thousand in the financial year 2022/2023 (2021/2022: EUR 4,920 thousand). This included fixed remuneration of EUR 3,568 thousand (2021/2022: EUR 3,168 thousand), variable remuneration of EUR 2,245 thousand (2021/2022: EUR 1,700 thousand) and other remuneration of EUR 56 thousand (2021/2022: EUR 52 thousand). Of the total remuneration EUR 3,608 thousand (2021/2022: EUR 3,004 thousand) represents short-term payable remuneration and EUR 2,268 thousand is in the form of share-based remuneration (2021/2022: EUR 1,916 thousand).

In the financial year 2022/2023 loan agreements were entered into with some members of the Management Board of VERBIO AG, namely Claus Sauter, Prof. Dr. Oliver Lüdtkke, Theodor Niesmann and Bernd Sauter, totalling EUR 3,600 thousand, with VERBIO AG as lender and the members of the Management Board as borrowers. These loans were entered into to co-finance the payroll tax expense arising on awards made in the form of VERBIO shares.

The loans were entered into for the period July 28, 2022 to December 20, 2022. Interest at 1 percent p.a. was agreed. The loans were repaid to VERBIO AG in the financial year 2022/2023 by the members of the Management Board on a timely basis.

The members of the Supervisory Board received ongoing remuneration of EUR 202.5 thousand for their Supervisory Board activities in the financial year 2022/2023 (2021/2022: EUR 202.5 thousand; rounded: EUR 203 thousand), as well as compensation for expenses of EUR 6.1 thousand (2021/2022: EUR 30.2 thousand). This wholly consists of short-term payable remuneration.

12.2.3 Presentation of relationships with companies in which pool members and key management members have a participating interest

Rental contracts

A rental agreement for commercial property was entered into between VERBIO AG and Oelßner's Hof GmbH & Co. KG with effect from November 1, 2014. Under this agreement, together with the five amendments thereto, VERBIO AG has rented office space from Oelßner's Hof GmbH & Co. KG. The rental agreement ends on November 30, 2024 and continues for a further year at the end of the fixed rental period unless cancelled by either party with a notice period of six months prior to expiry. A rental charge of EUR 23 thousand was agreed until October 2021. Following further contract amendments, among other things for an increase in the rented floor-space, the monthly amounts payable were EUR 28 thousand for the period November 2021 to April 2022 and EUR 30 thousand from May 2022, with additional amounts payable for overhead and heating costs. The rental expenses (excluding operating expenses) incurred

by VERBIO AG under this arrangement in the financial year 2022/2023 totalled EUR 360 thousand (2021/2022: EUR 320 thousand).

Service contracts

Contract for the administration of hedging arrangements (trust agreement) with Sauter Verpachtung GmbH

On May 5, 2015 Sauter Verpachtungsgesellschaft mbH and VERBIO AG entered into a contract for the administration of forward contracts on commodity exchanges. For this purpose, VERBIO AG acts as trustee and is obliged to enter into and administer hedging transactions for the raw material inventories and raw material purchases and sales on behalf of Sauter Verpachtungsgesellschaft.

It was agreed that Sauter Verpachtungsgesellschaft shall recompense VERBIO AG for all internal and external costs resulting from its activities as trustee. The internal costs are based on the trading volume by transaction, and are charged at EUR 0.10 per tonne.

The contract commenced on September 1, 2014 and was extended until December 31, 2024 in the course of a series of subsequent contract amendments. The management remuneration, including bonuses, accruing to Claus Sauter due to his work as member of the Management Board is provided as security for all VERBIO AG's costs arising under this contract.

12.2.4 Summary of business relationships with related-party companies

The following table summarises revenues and expenses from transactions with related-party companies of the VERBIO Group:

EUR (thousands)		Revenue/Income		Expense (transaction volume)	
Contract partner	Transaction	2022/2023	2021/2022	2022/2023	2021/2022
Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG	Other deliveries and services	0	0	5	3
Sauter Verpachtungsgesellschaft mbH	Grain sales/purchases	0	0	4,626	5,026
	Transport services	0	56	2,323	0
	Other deliveries and services	1,541	1,423	27	168
Landwirtschaftsgesellschaft mbH „Neukammer“	Other deliveries and services	27	22	0	0
Farma Redlo Sp. z o.o.	Grain sales/purchases	0	0	69,342	35,566
	Other deliveries and services	63	63	0	0
Oelßner's Hof GmbH & Co. KG	Office rental	0	0	444	396
Farma Serwis Sp. z o.o.	Transport services	0	0	0	21
	Other deliveries and services	1,240	272	7	17
Farma Polska	Grain sales/purchases	0	0	460	509
Farma Baltyk	Grain sales/purchases	0	0	501	1,533
Farma Kantreck	Grain sales/purchases	0	0	27	1,699
Farma Smolecin	Grain sales/purchases	0	0	781	617
Farma Grzezno	Grain sales/purchases	0	0	166	0
Farma Poblocie	Grain sales/purchases	0	0	87	0
Farma Konarzewo	Grain sales/purchases	0	0	518	0
Spelta Duo	Grain sales/purchases	0	0	718	0
Spelta Unos	Grain sales/purchases	0	0	580	0

12.2.5 Summary presentation of receivables and payables of all VERBIO Group companies with companies in which pool members or key management members hold shares

The following table shows the receivables and payables balances recorded by Group companies resulting from transactions with related-party companies as of June 30, 2023 and June 30, 2022:

	Farma Serwis Sp. z o.o.		Landwirtschafts- gesellschaft mbH „Neukammer“		Sauter Verpachtungs- gesellschaft mbH		Farma Redlo Sp. z o.o.		Farma Charnowo		Agrorol Sp. z o.o.		Farma Smolecin	
EUR (thousands)	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
VERBIO AG														
Receivables	0	0	0	0	4,042	542	0	0	0	0	0	0	0	0
Payables	0	0	0	0	214	3,352	0	0	0	0	0	0	0	0
VES														
Receivables	0	0	0	0	5	7	0	0	0	0	0	0	0	0
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VEZ														
Receivables	0	0	0	0	3	4	0	0	0	0	0	0	0	0
Payables	0	0	0	0	0	1	0	0	0	0	0	0	0	0
VLogistik														
Receivables	21	16	0	2	0	16	5	5	0	0	0	0	0	0
Payables	0	0	0	0	1	0	0	0	0	0	0	0	0	0
VAgar														
Receivables	0	0	5	0	0	0	0	0	0	0	0	0	0	0
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VPL														
Receivables	0	6	0	0	0	0	0	12	350	0	350	0	0	0
Payables	0	0	0	0	0	0	1,973	1,344	0	0	0	0	0	84
Total														
Receivables	21	22	5	2	4,050	569	5	17	350	0	350	0	0	0
Payables	0	0	0	0	215	3,353	1,973	1,344	0	0	0	0	0	84

12.3 Audit fees

The audit fees that will be charged by Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, as auditor of the consolidated financial statements in the financial year 2022/2023 (2021/2022: fees for Grant Thornton AG Wirtschaftsprüfungsgesellschaft), are expected to total EUR 426 thousand (2021/2022: EUR 241 thousand) with fees for other attestation services amounting to EUR 50 thousand (2021/2022: EUR 34 thousand); these amounts have been charged to expenses.

The audit services provided primarily consist of audit work to perform the audit of the annual and consolidated financial statements of VERBIO AG. In addition, other audit services amounting to EUR 18 thousand (2021/2022: EUR 18 thousand) and services provided in connection with voluntary audits amounting to EUR 54 thousand (2021/2022: EUR 24 thousand) representing non-statutory non-audit services are included.

The other assurance services include the provision of attestations in connection with capital increases, attestations required in connection with statutory energy requirements, audits in accordance with § 162 (3) AktG and attestations in connection with the German Professional Drivers' Qualification Regulation for Heavy Goods Transport (Berufszugangsverordnung für den Güterkraftverkehr – GBZuGV) and accordingly represent statutory non-audit services. Also included are the audit fees for the limited assurance audit of the non-financial Group report, a non-statutory non-audit service (EUR 33 thousand; 2021/2022: EUR 23 thousand).

12.4 Members of the Company's executive bodies

Disclosures of the remuneration paid to the members of the Management and Supervisory Boards and a description of the remuneration system are presented in a remuneration report which is published as a separate document in accordance with § 162 AktG.

Members of the Management Board of VERBIO AG in the financial year 2022/2023 were:

- Claus Sauter, CEO, Chairman, Leipzig
- Prof. Dr. Oliver Lüdtke, CTO Bioethanol/Biomethane, Vice-Chairman of the Management Board, Markkleeberg
- Bernd Sauter, COO Europe, Leipzig
- Theodor Niesmann, CTO Biodiesel, Plant Construction and Personnel, Leipzig
- Stefan Schreiber, COO North America, Mühlthal-Trautheim
- Olaf Tröber, CFO, Leipzig

Members of the Supervisory Board of VERBIO AG in the financial year 2022/2023 were:

- Alexander von Witzleben, Dipl.-Kaufmann, Erlenbach, Schweiz (Chairman of the Supervisory Board)
- Executive President of the Board of Directors, Arbonia AG, Arbon, Switzerland
- President of the Board of Directors, Feintool International Holding AG, Lyss, Switzerland
- Member of the Board of Directors, Artemis Holding AG, Hergiswil, Switzerland
- Member of the Supervisory Board, Siegwerk Druckfarben AG & Co. KGaA, Siegburg
- Chairman of the Supervisory Board, PVA TePla AG, Wetztenberg
- Member of the Board of Directors, KAEFER Management SE, Bremen
- Ulrike Krämer, Certified Auditor and Certified Tax Advisor, Ludwigsburg (Vice-Chair of the Supervisory Board, Chair of the Supervisory Board's audit committee)
- Dr. rer. nat. Klaus Niemann, Dipl.-Chemiker, Obenhausen (member of the Supervisory Board)

12.5 Disclosures in accordance with IFRS 2 on share-based remuneration

The variable remuneration partially concerns long-term bonus awards for members of the Management Board generally consisting of cash-settled bonus payments based on fictional shares. However, the Supervisory Board may, for each year, decide to replace monetary payments and instead issue shares to the members of the Management Board corresponding to the monetary payment (share-based remuneration with a fulfilment option for the Company). For the first time, in September 2020 the Supervisory Board decided that the long-term bonus 2015/2016 and 2016/2017 (fictional shares FY 2015/2016 and 2016/2017) shall be settled by issuing shares. 183,632 new shares were issued in the financial year 2020/2021. Based on decisions made by the Supervisory Board to issue new shares in 2021/2022 and 2022/2023 to meet obligations under the long-term bonus arrangements (fictive shares FY 2017/2018 and

2018/2019), 159,309 new shares were issued in the financial year 2021/2022 and 119,293 shares were issued in the financial year 2022/2023. In all three financial years a corresponding increase in capital was recorded.

Due to the awards being settled in the form of a share issue instead of by making cash payment, the long-term bonus has been classified as a so-called "equity-settled-plan" from the date of the initial decision to make the payment in the form of shares. The fictional shares FY 2019/2020 to 2022/2023 have been measured using a Black-Scholes option price model, and the resulting expense has been recognised directly in equity. An expense of EUR 1,068 thousand for the fictional shares FY 2022/2023 which relate to the financial year 2022/2023 (2021/2022: fictive shares FY 2021/2022: EUR 716 thousand) has been recognised directly in equity.

The valuation inputs used to measure the long-term bonus are shown in the table below:

Shareholding in VERBIO AG in %	Fictional shares FY 2019/2020 07/2019- 06/2023	Fictional shares FY 2020/2021 07/2020- 06/2024	Fictional shares FY 2021/2022 07/2021- 06/2025	Fictional shares FY 2022/2023 07/2022- 06/2026
Average share price in EUR on award date	8.90	40.08	59.81	36.56
Number of potential shares	84,271	24,551	16,453	32,383
Volatility	50.48%	50.16%	61.43%	58.70%
Interest rate	-0.395	-0.400	1.538	3.596
Fair value of the fictional share when recognised in equity	15.44	40.42	39.50 to 44.22	28.54 to 33.57
Share issue date	October 15, 2023	October 15, 2024	October 15, 2025	October 15, 2026

The fair values of the financial instruments were determined using level 2 measurements. The historical volatility of the VERBIO share was used as a measurement input for valuation purposes. No account was taken of dividends as, based on past experience, these do not have a significant influence on the measurements. However, contractually agreed upper-limits for the amounts of cash awards were taken into account.

In addition, a loyalty bonus was awarded to "old" members of the Management Board totalling EUR 1,200 thousand in the financial year 2022/2023. Half of the loyalty bonus will be paid in the form of shares. The expense for this half of the loyalty bonus, amounting to EUR 600 thousand, was recognised in equity. For the other half of the loyalty bonus the "old" members of the Management Board have a fulfilment option (share-based remuneration with fulfilment option for the counterparty). For this share of the bonus payment a liability has been assumed for the nominal amount of the award. Accordingly the expense of EUR 600 thousand is presented within other current financial liabilities at June 30, 2023. An actuarial process is not applied in measuring the fair value of this remuneration programme in view of its short-term nature. 20,064 new shares were issued in the financial year 2022/2023 in respect of the share-based component of the loyalty bonus for the previous year.

The share-based remuneration for members of the Management Board recognised with profit or loss effect as an expense in comprehensive income (personnel expense) in the financial year amounted to EUR 1,666 thousand (2021/2022: EUR 3,767 thousand).

**12.6 Shareholdings in VERBIO AG, reportable under
§ 33 (1) of the Securities Trading Act (WpHG)**

VERBIO AG was not informed of any shareholdings reportable under § 33 (1) of the Securities Trading Act (WpHG) in the reporting period 2022/2023.

**12.7 Declaration of conformity in accordance with § 161
of the German Stock Corporation Act (AktG)**

The declaration on the German Corporate Governance Code as required by § 161 AktG was amended intra-year on July 31, 2023, submitted to the German Federal Financial Supervisory Authority (BaFin) and published on the Company's website ([verbio.de](https://www.verbio.de)) and thereby made accessible on a permanent basis.

12.8 Events subsequent to the balance sheet date

The extraordinary general shareholders' meeting convened for August 25, 2023 approved a resolution to convert VERBIO Vereinigte BioEnergie AG into the legal form of an SE (Societas Europae). Once the conversion is entered in the commercial register, which is expected to take place no later than by end of the calendar year 2023, the company will be known as Verbio SE. All rights associated with share ownership will be unaffected by this change.

**12.9 Use of exemptions available under § 264 (3) HGB
and § 264 b HGB**

The following subsidiaries have taken advantage of an option under § 264 (3) and § 264 b HGB (Handelsgesetzbuch – HGB) providing for an exemption from the statutory requirement to prepare, and to have audited and published, annual financial statements and a management report:

- VERBIO Bitterfeld GmbH, Bitterfeld-Wolfen/OT Greppin
- VERBIO Zörbig GmbH, Zörbig
- VERBIO Schwedt GmbH, Schwedt/Oder
- VERBIO Finance GmbH, Zörbig
- VERBIO Pinnow GmbH, Pinnow
- VERBIO Renewables GmbH, Zörbig
- VERBIO Protein GmbH, Zörbig
- VERBIO India GmbH, Zörbig
- VERBIO Poland GmbH, Zörbig

12.10 Approval for publication

The Management Board of VERBIO AG approved these IFRS consolidated financial statements to be submitted to the Supervisory Board on September 22, 2023. The Supervisory Board has the responsibility to review the consolidated financial statements and state whether they are approved by them.

Zörbig, September 22, 2023

Claus Sauter
Chairman of the
management board

Prof. Dr. Oliver Lüdtkke
Vice-chairman of the
management board

Theodor Niesmann
Member of the
management board

Bernd Sauter
Member of the
management board

Stefan Schreiber
Member of the
management board

Olaf Tröber
Member of the
management board

Affirmation of the legal representatives

We affirm that to the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operation of the Group, and that the (combined) Group 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.

Zörbig, September 25, 2023

Claus Sauter
Chairman of the
management board

Prof. Dr. Oliver Lüdtke
Vice-chairman of the
management board

Theodor Niesmann
Member of the
management board

Bernd Sauter
Member of the
management board

Stefan Schreiber
Member of the
management board

Olaf Tröber
Member of the
management board

Reproduction of the independent auditor's report

Independent Auditor's Report

To the VERBIO Vereinigte BioEnergie AG, Zörbig

Report on the audit of the consolidated financial statements and of the Group management report

Audit opinions

We have audited the consolidated financial statements of VERBIO Vereinigte BioEnergie AG, Zörbig and its subsidiaries (the Group), which comprise the consolidated balance sheet as at June 30, 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from July 1, 2022 to June 30, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for VERBIO Vereinigte BioEnergie AG, Zörbig and the Group (hereinafter referred to as the Group management report) for the financial year from July 1, 2022 to June 30, 2023. In accordance with German legal requirements, we have not audited the content of the statement on corporate governance pursuant to section 289f and section 315d HGB [Handelsgesetzbuch: German Commercial Code], the statement on the supervision of the effectiveness of the risk management and

internal control systems, and the separate non-financial Group report pursuant to section 315d HGB, to which reference is made in the section "Other reporting obligations" of the Group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at June 30, 2023, and of its financial performance for the financial year from July 1, 2022 to June 30, 2023, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of the above-mentioned statement on corporate governance, the statement on the supervision of the effectiveness of the risk management and internal control systems, or the separate non-financial Group report.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis

for our audit opinions on the consolidated financial statements and on the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from July 1, 2022 to June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon we do not provide a separate audit opinion on these matters.

We discuss the audit matters which we consider to be of particular importance below. We have structured our presentation of these matters of particular importance as follows:

- 1) The risk for the consolidated financial statements
- 2) Audit approach
- 3) Reference to applicable disclosures

Completeness of the accounting presentation of hedging transactions and the accuracy of derivatives reported in the balance sheet

1) The risk for the consolidated financial statements

The VERBIO Group uses a wide range of derivative financial instruments to hedge risks associated with the prices of the raw materials used in its ordinary operations. The risks associated with the prices of raw materials arise in connection with future procurement transactions, which are subject to market price fluctuations.

For accounting purposes, the VERBIO Group differentiates between free-standing derivatives and derivatives that are matched in hedging relationships.

At the balance sheet date, derivative financial instruments are measured at their respective fair values. Free-standing derivatives are always classified as "at fair value through profit and loss". Changes in the fair values of derivatives that are designated as hedge transactions are recorded in equity without affecting profit or loss for the period of the hedging relationship. In its balance sheet at June 30, 2023 the VERBIO Group presents derivatives (assets) of EUR 9 million and derivatives (liabilities) of EUR 13 million in their respective balance sheet items.

The assessment of hedge effectiveness, and with it the effectiveness of the hedging relationship, is complex and highly dependent on assessments made by the executive directors, and accordingly it is associated with estimation uncertainty. For this reason this matter was of particular importance to our audit.

2) Audit approach

As part of our audit we first obtained an understanding of the system of internal control implemented in the VERBIO Group relevant to derivative financial instruments. We have made an assessment of the process used to determine the effectiveness of hedging relationships and the value of derivatives, and analysed potential risks of error. We have traced the procedure applied to assess the effectiveness of hedging relationships and to determine the value of derivatives. In auditing the fair values we have also examined the calculation methods used on the basis of market data and the input data used, and, among other things, made use of third-party confirmations. In addition we have obtained evidence of the completeness of the derivatives reported in the con-

solidated financial statements by making use of third-party confirmations and other documents. Further, we have obtained evidence of the effectiveness of hedging relationships for a sample of derivative financial instruments using the internal documentation.

3) Reference to applicable disclosures

The disclosures on hedge transactions and derivatives are primarily included in note 10, "Disclosures on financial instruments" in the notes to the consolidated financial statements.

Measurement of greenhouse gas reduction quotas ("GHG quotas") reported within inventories in the consolidated balance sheet

1) The financial statement risk

In its consolidated financial statements the VERBIO Group reports inventories of EUR 260 million at June 30, 2023 of which EUR 86 million is attributable to inventories of GHG quotas. The GHG quotas represent the reductions of greenhouse gases harmful to the climate which will be achieved as a result of manufacturing the products made by the VERBIO Group, compared to the use of fossil fuels. The inventories of GHG quotas represent 33 percent of total inventories. Accordingly, the inventories of GHG quotas are of significant importance to the Group's asset position.

The VERBIO Group measures inventories at their respective acquisition or manufacturing costs. This also applies to the GHG quotas, whereby these are allocated to the by-products manufactured based on relative sales prices. In addition, the net realisable values of all inventories were calculated at the balance sheet date. These are the estimated sales proceeds that can be obtained in the ordinary course of business, less estimated costs of com-

pletion and the estimated costs necessary to make the sale. In cases where an impairment of inventories arises a write-down to the net realisable value is made, and the lower net realisable value is recorded. As a result impairment write-downs totalling EUR 13 million were recorded to reduce the carrying value of GHG quotas to their lower net realisable value.

This matter was of particular importance to our audit in view of the significance of the inventories of GHG quotas to the VERBIO Group.

2) Audit approach

As part of our audit we obtained an understanding of the process used by the VERBIO Group to determine the net realisable values of GHG quotas and analysed potential risks of error.

We examined the calculation of the net realisable values of the inventories of GHG quotas. We satisfied ourselves of the appropriateness of the net realisable values on the basis of (internally generated) market data and a selection of sales contracts entered into.

In addition we made an assessment, based on our own estimates, of whether the inventories of GHG quotas reported in the balance sheet at June 30, 2023 can be sold within a reasonable period of time based on the VERBIO Group's business activities to date.

We have verified the arithmetic and logical calculation of the net realisable value together with the recording of the amounts for bookkeeping purposes.

3) Reference to applicable disclosures

The disclosures on the determination of the net realisable values of inventories of GHG quotas are presented in

the explanatory note on inventories in the notes to the consolidated financial statements.

Other information

The executive directors and the Supervisory Board, respectively, are responsible for the other information. The other information comprises:

- the statement on corporate governance pursuant to section 289f and section 315d HGB,
- the statement on the supervision of the effectiveness of the risk management and internal control systems,
- the separate non-financial Group report pursuant to section 315b HGB,
- the affirmation of the legal representatives in accordance with section 297 (2) sentence 4 HGB and section 315 (1) sentence 5 HGB,
- the report from the Supervisory Board,
- the remaining parts of the annual report 2022/2023,
- but not the consolidated financial statements, not the Group management report information audited for content, and not our audit opinion thereon.

The Supervisory Board is responsible for the report from the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Section 161 AktG [Aktiengesetz: the German Stock Corporation Act] on the German Corporate Governance Code, which forms part of the statement on

corporate governance. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, with the Group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the Group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial

performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements

and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate threats to our independence.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance of electronic rendering of the consolidated financial statements and the Group management report, prepared for publication purposes in accordance with section 317 paragraph 3a HGB

Assurance opinion

We have performed assurance work in accordance with section 317 paragraph 3a HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the electronic file 52990W51PINCFFALS96-2023-06-30-de.zip mit dem Hash-Wert 0f0972caee6be70ebec44b-daa837ec3b5ac65e3ef6ce252427f5c0dec0cc,cb3ea9 prepared by SHA256 and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format, and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the Group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the

accompanying Group management report for the financial year from July 1 2022 to June 30, 2023 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the assurance opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the Group management report, contained in the file identified above, in accordance with section 317 paragraph 3a HGB and the IDW Assurance Standard "Assurance on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with Section 317 Paragraph 3a HGB" (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: "Requirements for quality management in the audit firm" (IDW QS 1).

Legal uncertainty concerning the conformity of the interpretation of the relevant European regulations

Due to the conversion process chosen by the Company for the purposes of rendering the consolidated financial statements in the ESEF format, the information provided in the notes to the consolidated financial statements is not in all cases fully machine-readable in iXBRL-Format ("blocktagging") in a meaningful way. The legal conformity of the interpretation of the executive directors that the meaningful machine-readability of the structured information provided in the blocktagging of the notes to

the consolidated financial statements is not explicitly required by the Delegated Regulation (EU) 2019/815 is subject to a significant legal uncertainty, which accordingly also results in an inherent uncertainty for the purposes of our audit.

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The Company's executive directors are responsible for the preparation of the ESEF documents, including the electronic rendering of the consolidated financial statements and the Group management report, in accordance with Section 328 (1) sentence 4 item 1 HGB, and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited Group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL), in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the annual general meeting on February 3, 2023. We were engaged by the Chair of the Supervisory Board's audit committee on March 3, 2023. We have been the Group auditor of the VERBIO Vereinigte BioEnergie AG, Zörlbig without interruption since the financial year 2021/2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited Group management report as well as the audited ESEF documents. The consolidated financial statements and the Group management report converted to the ESEF format – including the versions to be published in the German company register – are merely electronic renderings of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Niclas Rauscher.

Leipzig, September 25, 2023

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Sebastian Koch
Wirtschaftsprüfer
[German Certified
Public Auditor]

Niclas Rauscher
Wirtschaftsprüfer
[German Certified
Public Auditor]

Further information

Executive bodies of the Company 135

Technical glossary 137

Financial calendar 145

Imprint 146

Executive bodies of the Company

Management Board



Claus Sauter
CEO, Chairman of the
Management Board

Responsible for global business development, global marketing and communication, global human resources, global trading, global risk management and specialities, sustainability



**Prof. Dr. Oliver
Lüdtke**
CTO, Vice-Chairman of
the Management Board

Responsible for technical planning, procurement and construction, research and development, operations excellence



Theodor Niesmann
CTO

Responsible for technical planning, procurement and construction, research and development, operations excellence



Bernd Sauter
COO Europe

Responsible for marketing & communication Europe, agrarmanagement Europe, procurement, trading and sales, VERBIO logistics, finance Europe, governmental and regulatory affairs Europe, quality management Europe, personnel Europe, head of production Europe



Stefan Schreiber
COO North America

Responsible for development of synthetic fuels, government and regulatory affairs North America (NA), human resources (NA), VERBIO Nevada, VERBIO Canada, agrarmanagement (VEA) and VERBIO North America (VNA)



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

Supervisory Board



**Alexander von
Witzleben**
Chairman of the
Supervisory Board

- President of the Board of Directors, Feintool International Holding AG, Lyss, Switzerland
- Executive Chairman, Delegate of the Board of Directors, Arbonia Management AG, Arbon, Switzerland
- Member of the Board of Directors, Artemis Holding AG, Aarburg, Switzerland
- 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 Management SE, Bremen



Ulrike Krämer
Vice Chair
of the Supervisory Board

- German Certified Public Auditor and German Certified Tax Advisor, Ludwigsburg



Dr. Klaus Niemann
Mitglied des
Aufsichtsrats

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

Technical glossary

A

Advanced biofuels

> Second generation biofuels

B

B100

> Biodiesel

BImSchV

The Regulations on the Implementation of the Federal Emissions Protection Act (Verordnungen zur Durchführung des Bundes-Immissionsschutzgesetzes – BImSchV) are legal instruments in the Federal Republic of Germany used primarily to provide protection against environmental damage from air pollution and excessive noise. They are issued on the basis of the Federal Emissions Protection Act by the Federal Ministry for the Environment.

Biodiesel

Biodiesel is a biosynthetic fuel used in a manner similar to mineral diesel fuels. In Europe, it is usually created by the transesterification of rapeseed oil with methanol (rapeseed methyl ester). Biodiesel can be used as a mix with mineral diesel oil, or in modified engines in its pure form, known as B100.

Bioethanol

In chemical terms bioethanol is an alcohol which is manufactured in a fermentation process from plants rich in starch and sucrose. Ethanol-based fuels are now used throughout the world as a source of biogenic energy for internal combustion engines. In Germany, filling stations offer E10 (with up to 10 percent bioethanol) and Super E5 (with 5 percent ethanol).

Biofuels

Liquid or gaseous fuels produced from biomass are known as 'biofuels' – for example, bioethanol, biodiesel, biomethane and vegetable oil. They are primarily used for combustion engines in mobile and stationary applications.

Biofuel quota

From the start of 2015 the energetic quota has been replaced by the net greenhouse gas reduction (GHG) quota for measurement purposes.

> Greenhouse gas reduction quota

BioLNG

> LNG

Biomass

Biomass refers to stored solar energy in the form of energy crops, wood or residues such as straw, biowaste or manure. Electricity, heat and fuel can be obtained from solid, liquid and gaseous biomass.

Biomethane

The term biomethane refers to biogas processed to the standard of natural gas. As part of the process of manufacturing natural gas, the raw gases produced by fermentation and saturated with steam are largely purified from water, CO₂ and hydrogen sulphide before being conditioned and compressed and fed into the natural gas network. The chemical structure of biomethane is identical to natural gas, and in addition to being used to generate electricity and heat it can also be used as a biofuel (CNG) for natural gas-powered vehicles or used in the chemical industry.

Biorefinery

The biorefinery concept developed by VERBIO is based on the closed loop circuits system and the use of whole plants in the biofuel production process. Combining biomethane, bioethanol, animal foodstuff and manure production enables a 40 percent higher energy generation from raw materials used compared to existing bioethanol plants, while the integrated production plants used for this purpose have approximately 40 percent lower energy consumption. Additionally, the use of the biofuels manufactured in this way generate CO₂ savings of up to 90 percent compared to the use of petrol over the entire value-added chain.

BLE The German Federal Agency for Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung – BLE)

The BLE is a German Federal authority. Responsible for implementing national policies, it is supervised by the Federal Ministry of Food and Agriculture (Bundesministerium für Ernährung und Landwirtschaft – BMEL).

By-products

By-products are products which can be marketed and sold but are in fact manufactured as a technical side-effect of a different, primary production process, or which result from the intelligent use of technology by making better use of raw materials. At VERBIO, by-products include feedstock, fertiliser, phytosterols and pharmaceutical glycerine which are generated during the manufacturing of biodiesel and bioethanol/biomethane.

C

Carbon dioxide (CO₂)

CO₂ is produced by the combustion of carbon-based material. It serves as a starter material for the creation of plant biomass using photosynthesis. The combustion of biomass only releases as much CO₂ as was previously captured during the growth cycle. Carbon dioxide is the most significant greenhouse gas.

CBOT

The Chicago Board of Trade (CBOT), founded in 1848, is the oldest futures exchange in the world and part of the CME Group.

Cellulosic RINs

According to the definitions provided in the Clean Air Act a "cellulosic biofuel" is a renewable fuel derived from any cellulose, hemicellulose, or lignin that is derived from renewable biomass and that has lifecycle greenhouse gas emissions that are at least 60 percent less than the baseline lifecycle greenhouse gas emissions.

RINs (Renewable Identification Numbers) are credits that are used to fulfil the RVO requirements and which serve as a "Currency" for the RFS programme. D3RINs, also known as cellulosic RINs, are used as "cellulosic biofuels" These include, for example, biomethane manufactured from straw.

> RFS and RVO

CNG (Compressed Natural Gas)

Natural gas as a fuel, in gas form, is injected into natural gas vehicles under high pressure in special pressure tanks. In comparison with petrol and diesel, natural gas has the advantage of burning more cleanly, a higher octane rating and a higher energy content. The combustion of CNG is almost free of fine particulate matter and nitrogen oxide. In Germany CNG fuel benefits from tax incentives.

CO₂

> Carbon dioxide

D**Decarbonisation**

Decarbonisation refers to shifts in the economy, in particular in the energy sector, which have the goal of reducing CO₂ emissions further. To achieve this actions and processes which emit CO₂ are replaced with processes that minimise or compensate for these emissions. Decarbonisation is a key tool for climate protection and a main pillar of the transition to sustainable energy. The long-term goal is a carbon-neutral economy.

Decarbonisation quota

> Greenhouse gas reduction quota

**Deutscher Corporate Governance Kodex
(DCGK German Corporate Governance Code
(GCGC)**

The German Corporate Governance Code presents essential statutory regulations concerning the management and supervision of German listed companies and contains internationally and nationally recognised standards of good and responsible company management in the form of recommendations and suggestions.

**German Accounting Standards Committee
e.V. (Deutsches Rechnungslegungs Standards
Committee e. V. – DRSC)**

The German Accounting Standards Committee (DRSC) was founded as a standards developing organisation and has since functioned as the supporting organisation for its expert committees. The core tasks of the DRSC are the development of recommendations for the implementation of consolidated accounting standards, advisory activities related to planned changes to accounting legislation at the national and at EU level, preparing interpretations of international accounting standards in accordance with § 315(a) (1) of the German Commercial Code (Handelsgesetzbuch – HGB), and improving the quality of accounting.

E**E10**

E10 is a petrol fuel which contains 10 percent (by volume) bioethanol and 90 percent (by volume) petrol. This fuel has been available at filling stations in Germany since January 1, 2011.

ECOWAS

The Economic Community of West African States (ECOWAS) is an international organisation of currently 15 national states in West Africa and one of the 8 regional economic communities in Africa.

Emissions

The term 'emission' can cover any type of discharge of solid, fluid or gaseous material as well as noise, smells, rays or vibrations in the environment. Mostly this term is used to refer to pollutants (exhaust gases, exhaust fumes, wastewater, solid or fluid waste, electro-smog, radioactivity, etc.) produced by industrial activity.

EPA (Environmental Protection Agency)

The United States Environmental Protection Agency is the state agency responsible for environmental protection in the USA.

ESG

ESG is an abbreviation for environment, social and governance. These areas are described as pillars in ESG frameworks and represent the main topics on which companies are required to report. The objective of ESG is to recognise all non-financial risks and opportunities associated with the daily activities of an enterprise.

Ethanol

Ethanol, also called ethyl alcohol, belongs to the alcohol family and is in a narrow sense a synonym for alcohol. Ethanol is the main product of alcoholic fermentation and the primary component of spirits and potable alcohol. It is used as a fuel additive (bioethanol) and on its own as a fuel, but also in the chemical and pharmaceutical industries.

Ethenolysis

Ethenolysis is a chemical process in which terminal olefins are degraded. In chemical terms it is a cross metathesis.

EURIBOR

The Euro Interbank Offered Rate (EURIBOR) is a reference rate of interest for inter-bank euro-denominated term deposits which has been calculated since January 1, 1999 on banking days for maturity periods of one, two and three weeks as well as for 12-monthly maturities for periods of from one to twelve months.

Euronext

Euronext is an international stock exchange which combines the Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo and Paris stock markets. It has its headquarters in Amsterdam. The shares of the operating company Euronext N.V. are traded on all of the stock markets that it operates.

F

FAME (fatty acid methyl ester)

Fatty acid methyl ester (FAME) is manufactured by transesterification of fats or oils (triglycerides) with methanol. Today, fatty acid methyl ester is primarily used to manufacture biodiesel and can be used in its pure form as fuel or combined in any quantity with conventional diesel fuels. The most common fatty acid methyls used in biodiesel production are soya oil methyl ester (SME; primarily used in North and South America, and imported into Europe), rapeseed methyl ester (RME; primarily in central Europe), palm oil methyl ester (PME) and methyl ester obtained from animal fats (FME).

First generation biofuels

First generation biofuels are all fuels produced from either oilseed or plants containing starch and sucrose. Oilseed plants are processed into diesel fuel, primarily by being pressed and subsequently esterified. Biodiesel is a typical example. Bioethanol is produced from plants containing starch and sucrose, such as grain, sugar beet or sugar cane, using a fermentation process.

Fossil fuels

Fossil energy is obtained from flammable materials which were created from waste products from dead plants and animals in geological prehistoric times. These materials include brown coal, black coal, peat, natural gas and crude oil. Fossil fuels include natural gas/CNG as well as diesel and petrol, which are manufactured from crude oil.

G

Greenhouse gases

In addition to methane, nitrogen dioxide and CFCs, carbon dioxide is the most important anthropogenic greenhouse gas. The rise in the concentration of greenhouse gases in the atmosphere is responsible for climate change. The main cause of CO₂ emissions is industry, followed by the property sector (space heating, electric appliances etc.) and the transport sector.

Greenhouse gas reduction quota (GHG quota)

In addition to methane, nitrogen dioxide and CFCs, carbon dioxide is the most important anthropogenic greenhouse gas. The rise in the concentration of greenhouse gases in the atmosphere is responsible for climate change. The main cause of CO₂ emissions is industry, followed by the property sector (space heating, electric appliances etc.) and the transport sector.

H

HVO = hydrotreated vegetable oil

The term hydrogenated or hydrotreated vegetable oil (HVO) describes vegetable oils which are converted to hydrocarbons by means of a catalytic reaction with hydrogen (hydrogenation). In this process the vegetable oils are processed so that they can be used as fossil fuels (in particular diesel fuels), enabling them to be used as additives or as substitutes for the fuel.

I

ICE

The Intercontinental Currency Exchange (ICE) or for short the Intercontinental Exchange is an operator of stock exchanges which has its headquarters in Atlanta, USA. It is specialised in the electronic trading of options and futures for energy and agricultural raw materials as well as for emissions.

Inflation Reduction Act (IRA)

The Inflation Reduction Act is a USD 738 billion investment programme in the USA, which, in addition to enacting measures to combat climate change and to realign US business towards the use of renewable energies, also provides for comprehensive changes to tax regulations.

L

LNG (Liquefied Natural Gas)

LNG, as is the case with CNG, is a fossil natural gas used to fuel passenger vehicles, heavy goods vehicles, buses and ships using combustion engines designed for CNG technology. For shipping purposes natural gas is converted to liquid form under high pressure and cold temperatures. LNG can be used in particular as a fuel in shipping and heavy-goods vehicle transportation over long distances as converting it into liquid form increases the volume which can be held in tanks, which extends the fuel range of CNG significantly.

M

MATIF

The Marché à Terme International de France (MATIF) is a European futures exchange founded in Paris in 1986. Since then MATIF has become a part of NYSE Euronext. Futures for wheat, maize and rapeseed are traded on the MATIF, among other commodities. Rapeseed meal, rapeseed oil and urea ammonium nitrate solution (UAN), a liquid fertiliser, can also be traded. MATIF is the most important leading exchange and the reference trading platform for German and European farmers.

Metathesis

Metathesis is one of the most important reactions in organic chemistry. With the help of specific catalysts, it makes it possible to synthesise new molecule combinations and, as a result, create new chemical raw materials and active ingredients. The scientists Yves Chauvin, Richard Schrock and Robert Grubbs were awarded Nobel prizes for chemistry for ground breaking discoveries in this subject.

Monte Carlo simulation

The Monte Carlo simulation (also known as the MC simulation or Monte Carlo method) is a process used in stochastic and probability theory that uses repeated random sampling experiments to obtain a numerical distribution.

Multi-feedstock

The term multi-feedstock describes a production facility which can be used with a range of raw materials. The VERBIO plants are multi-feedstock capable when used with the raw materials needed to manufacture bioethanol and biodiesel, using the best priced materials available in the market at the time.

N

National Hydrogen Strategy

The National Hydrogen Strategy combines climate, energy, industry and innovation policy. The objective is to make Germany a leader in green hydrogen, and to achieve and hold on to long-term world leadership in hydrogen technologies.

NER 300 – EU funding programme

The EU's NER-300 programme is the largest funding programme in the world for innovative energy projects with low CO₂ emissions and is furthermore a key element of the EU strategy for combating climate change. The programme aims to fund at least 42 projects in eight different categories of technology (bioenergy, concentrated solar energy, photovoltaics, geothermal energy, wind power, tidal and wave power, hydropower, decentralised management of renewable energy), and each category includes various subcategories. A minimum of one project and not more than three projects are to be funded in each member country.

Net Zero

Net Zero is a climate protection target for enterprises which has the aim of achieving net zero greenhouse gas emissions by a specific date. It is similar to a climate neutrality target, however in some aspects it is more ambitious. Net zero means achieving a balance between the volume of emissions created and the volume of emissions re-absorbed from the atmosphere in order to reduce global warming.

NYMEX

The New York Mercantile Exchange (NYMEX) is the world's largest futures commodities exchange.

O

Over the counter (OTC)

Also known as off-market trading, this refers to transactions between market participants conducted outside of stock or other markets.

P

Paris climate accord

At the Paris climate protection conference (COP21) in December 2015 195 countries entered into an agreement for the first time to commit themselves to a general, legally binding, global climate protection agreement. The agreement provides for a global action plan which should limit the increase in global average temperatures to significantly less than 2° C, in order to counter dangerous changes to the climate.

Pharmaceutical glycerine

Pharmaceutical glycerine refers to a product created by the purification and distillation of raw glycerine. It is used in the chemical and pharmaceutical industries. Glycerine is a by-product of biodiesel production.

Protein isolate

Protein isolate is an isolated protein which is obtained by separating the protein from protein concentrate.

R

Rapeseed methyl ester

Rapeseed methyl ester (also referred to as rapeseed oil methyl ester) is a mixture of methyl esters consisting of saturated and unsaturated fatty acids with 16 to 18 carbon atoms. Due to the chemical application of refined rapeseed oil with methanol rapeseed oil methyl ester is generated as a clear, thin fluid which is combustible and insoluble in water.

RED – Renewable Energy Directive

> Renewable Energy Directive

Renewable energies

Renewable energies such as solar power, wind energy or hydroelectric power are – in contrast to fossil fuels – available in unlimited amounts. The renewable energy available for use is classified into heat, electricity and fuel.

Renewable Energy Directive (RED)

The EU Renewable Energy Directive European Directive 2009/28/EG is part of the political European climate and energy package agreed upon by the European Council in December 2008 following a year of negotiations. The EU member states must prepare a national energy action plan for renewable energy based on an agreed format.

The EU Renewable Energy Directive sets ambitious, obligatory targets for the entire European Union. This directive introduces an overall European regulation in all areas of renewables (electricity, heating/cooling and transport) for the first time.

The most recent amendment to the Renewable Energy Directive, made in April 2015, provided that first generation biofuels shall be limited to 7.0 percent and for the introduction of a non-binding 0.5 percent minimum quota for second generation alternative fuels known as 'advanced biofuels' (biofuels that are created from surplus and waste materials). Member states were required to implement these rules into national law by 2017.

In July 2018 the new version of the Renewable Energy Directive (RED II) was approved covering the period from 2021 to 2030 following a long trilogue procedure between the European Council, the European Parliament and the European Commission. This sets out binding targets for the use of renewable energy for member states in all sectors.

Renewable Fuel Standard (RFS)

The renewable fuel standard is a US American Federal programme in which fuels used for transport purposes sold in the USA must contain a minimum volume from renewable sources.

Renewable Volume Obligation (RVO)

The RVOs are the volume obligations for producers of renewable fuels.

RFS

The Renewable Fuel Standard (RFS) is a national programme in which fuels sold in the USA must contain a minimum volume of renewable fuels. The RFS was created with the Energy Policy Act in 2005 and expanded and prolonged with the Energy Independence and Security Act of 2007 (EISA).

S

Scope 1

Scope 1 emissions are emissions from sources which are directly under the responsibility of an enterprise or controlled by it. These include emissions from energy sources at the premises of the enterprise, such as natural gas, combustible fuels, cooling materials as well as emissions from the use of heating boilers and ovens. They are under the responsibility of an enterprise or controlled by it. Scope 1 emissions also include emissions from an enterprise's vehicle fleet (e.g. Passenger vehicles, delivery vehicles, heavy-goods vehicles, helicopters for hospitals etc.).

Scope 2

Scope 2 emissions are indirect greenhouse gas emissions from energy that is procured by an enterprise, for example, electricity, steam, long-distance heating or cooling which are generated outside the enterprise but are consumed by it. For example, if electricity purchased by a utility is generated by a third-party entity, the resulting emissions are considered indirect emissions.

Second generation biofuels

Second generation biofuels use surplus or waste plants that are not used for food production and are not created by the use of intensive agricultural production methods. In contrast to conventional biofuels, these have the added advantage that no additional agricultural land is required, greenhouse gas emissions are significantly lower compared to conventional biofuels, and they do not compete with the production of foodstuffs.

Sterols

Phytosterols (also phytosterols or sterols) are a group of chemical compounds found in plants which are part of the steroid category. Phytosterols are fat-accompanying substances which, among other uses, are used as dietary supplements and have the effect of reducing cholesterol levels in humans.

Sustainability

The concept of sustainability describes the use of a regenerative system in such a way that the main properties of the system are preserved, and in which stocks are replenished in a natural manner.

Sustainability criteria

Biofuels which are used to achieve the objectives of the Renewable Energy Directive and biofuels benefiting from national support schemes must fulfil certain criteria in order to prove their ecological sustainability. These criteria are described as sustainability criteria. Examples of sustainability criteria are the minimum reduction targets set for greenhouse gases and the protection of areas with high biological diversity. The criteria are catalogued in the Biofuel Sustainability Regulation.

Synthetic methane

Synthetic methane is nearly identical to natural gas but climate-neutral. The fuel, produced from hydrogen and CO₂, can be used in the existing gas infrastructure.

T

Tocopherols

Tocopherols are fat-soluble vitamins (such as Vitamin E and Vitamin E-like substances) consisting of a chromanol ring and an isoprenoid side chain. Tocopherols are used, among other things, in the food industry.

U

UER (Upstream Emission Reduction)

UERs describe the reduction of all emissions throughout the fuel value added production chain including the obtaining of raw materials, processing and transport. The Federal Government issued the UER regulation in January 2018, which permits the accreditation of reductions in upstream greenhouse gas emissions against the volume of fossil fuels supplied to the market in Germany independently of the geographic location of where those savings are made, i.e. where reductions which are relevant to climate change even if those savings are made in a completely different part of the world.

Financial calendar

November 9, 2023	Quarterly statement for the period ended September 30, 2023 (Q1 2023/2024)
February 2, 2024	Annual general meeting 2024
February 8, 2024	Half-yearly interim report for the period ended December 31, 2023 (1 HY 2023/2024)
May 14, 2024	Quarterly statement for the period ended March 31, 2024 (9M 2023/2024)
September 26, 2024	Annual report 2023/2024 for the year ended June 30, 2024 (FY 2023/2024), financial statement press and analysts conference

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green solutions**

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Forward-looking statements

This annual 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 position, may therefore differ significantly from the expressed expectations and assumptions. 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 statement.

This annual 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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