

Corporate News

VERBIO AG: Comment by VERBIO CEO Claus Sauter on current statements about biofuels in Germany by ministers Schulze and Lemke

Leipzig, April 29, 2022 – We are very surprised about the reaction of the capital market to the statements of the two ministers Schulze and Lemke. Since January 1, 2022 German legislation limits usage of foodstuffs as raw materials for biofuel production to about 4 percent. It's not any news. In the EU, this limit is set at maximum 7 per cent. Consequently, restrictions in Germany are 40 per cent stricter than in other EU member states.

For reasons of efficiency and costs, we mainly use grain of inferior quality and no bread grain for bioenergy production. VERBIO attaches great importance to the use of inferior, cheap grain for bioethanol production. Technically, this is not a problem, since in the VERBIO biorefinery we primarily process the stillage into biomethane, which replaces fossil natural gas in various areas of application.

Around 40 per cent of our first-generation biofuels are exported to other European markets.

For years, VERBIO's growth strategy has been based on expanding the production of advanced second-generation biofuels from agricultural residues, such as stillage or straw.

Currently, VERBIO is the world's largest producer in this area with its large-scale biomethane and biorefinery plants. We produce approx. 100 million m³ of waste-based biomethane in natural gas quality per year with over 90 percent CO₂ savings and are thus already replacing part of the Russian natural gas today. In the future, other agricultural residues such as chicken manure offer additional potential for our production.

It was Ms Svenja Schulze who, in her capacity as Federal Environment Minister during the last legislative period, finally created the legal preconditions that have helped in particular advanced second-generation biofuels to achieve a breakthrough. The new legal situation applies from 01.01.2022. The renewed increase in our guidance is largely due to rising demand for these advanced biofuels.

In September 2021, we already announced an investment programme totalling EUR 300 million for the expansion of our production capacities. For years, VERBIO has been demanding German politicians to focus more on renewable energies from residues. These combine climate protection with regional value creation, security of supply and independence from fossil oil and gas without competing with food production.

Unfortunately, this is not the first time that unprofessional communication by the German government has led to uncertainty on the capital market when it comes to the design of the energy transition or the importance of biomass for this transformation.

Based on this experience, VERBIO has already diversified its business, both geographically and in terms of the depth of value creation.

The current situation proves it once again how important it is to expand our activities to North America and Asia. In addition, our high-quality by-products - today: sterols and pharmaceutical glycerine - in the future: basic chemical products such as 9-Dame, 1-Decene as well as synthetic

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fuels from hydrogen and CO₂ - demonstrate that VERBIO is more future-proof and stable than ever before.

Unfortunately, Ms Schulze and Ms Lemke have done a disservice to German energy transition and the security of supply with domestic energy sources with their misguided statements. Investors should think about carefully before further investing in this chaos.

Important notice

This publication contains forward-looking statements that are based on assumptions and estimates made by the management of VERBIO Vereinigte BioEnergie AG. Although the Company's management is of the opinion that these assumptions and estimations are realistic, actual future developments and actual future results may differ significantly from these assumptions and estimates due to a variety of factors. For example, these factors can include changes to the overall economic climate, changes to the legal and regulatory framework in Germany and the EU, and changes in the industry. VERBIO can give no guarantee and accepts no liability as to whether future development and the results actually achieved in future will match the assumptions and estimates made in this publication.

Information about VERBIO Vereinigte BioEnergie AG (VERBIO)

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

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