

Corporate News

Recovery in Bioethanol segment leads to solid Q3 2022/23 earnings

- Positive trends in Bioethanol segment in Q3 2022/23 compared to Q2 2022/23
- Falsely labelled biodiesel imports are burdening the European biodiesel market
- VERBIO builds the foundation for further growth

Leipzig, May 11, 2023 – In the first nine months of the financial year 2022/23 VERBIO generated Group sales revenues of EUR 1,521.3 million (9 M 2021/22: EUR 1,237.5 million). The increase in sales revenues is primarily due to the higher average sales prices of both biodiesel and bioethanol. Comparatively higher procurement prices for raw materials and higher energy costs led to a fall in earnings before interest, taxation, depreciation and amortisation (EBITDA) to EUR 213.5 million for the nine-month period 2022/23 (9 M 2021/22: EUR 314.9 million). In the same period of the previous year VERBIO benefitted from attractive raw material procurement prices.

Q3 2022/23: Positive trend in the Bioethanol segment

VERBIO generated sales revenues of EUR 443.6 million in the third quarter (Q3 2021/22: EUR 428.4 million) and an EBITDA of EUR 43.2 million (Q3 2021/22: EUR 127.7 million), following on from the second quarter in which the Group generated sales revenues of EUR 485.5 million and an EBITDA of EUR 48.9 million. The recovery in the Bioethanol segment largely offset the decline in the Biodiesel segment, highlighting the advantages of VERBIO's product portfolio.

In the Biodiesel segment VERBIO generated sales revenues of EUR 308.2 million, a 6 percent increase compared to the same period in the previous year (Q3 2021/22: EUR 292.0 million) and 14 percent lower than in the previous quarter (Q2 2022/23: EUR 357.4 million). This was primarily driven by sharp declines in biodiesel prices due, among other things, to falsely labelled imports of Chinese biodiesel. From January to March alone, market prices fell by approximately EUR 375 per tonne. In the same period the prices paid for rapeseed oil fell by only approximately EUR 130 per tonne, with the time lag between purchasing and selling putting additional pressure on VERBIO's earnings. The attractive pricing of GHG premiums had a stabilising effect on earnings, with the result that it was possible to generate an EBITDA of EUR 24.5 million (Q2 2022/23: EUR 47.0 million; Q3 2021/22: EUR 75.3 million).

In the Bioethanol segment VERBIO recorded a positive trend in sales revenues and earnings compared to the second quarter of the current financial year due to the higher market prices and to the sale of additional GHG quotas for biomethane. VERBIO generated sales revenues of EUR 133.8 million, a 9 percent increase compared to the previous quarter (Q2 2022/23: EUR 123.3 million) and at a comparable level to the same period in the previous year (Q3 2021/22: EUR 133.7 million). EBITDA was EUR 17.5 million, once again significantly higher than in the previous quarter (Q2 2022/23: EUR 1.7 million). In the comparative previous year period (Q3 2021/22: EUR 52.0) VERBIO benefitted from lower grain procurement prices and lower energy costs.

VERBIO prepares the foundation for additional growth in the global decarbonisation market

In the third quarter VERBIO invested EUR 35.8 million in the ongoing expansion to the biorefinery in Nevada, the BioLNG/BioCNG filling station network, and the expansion of its advanced biofuels

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capacity in Germany. In the current quarter (Q4 2022/23) VERBIO announced the acquisition of a bioethanol plant in the USA, which will be modified to convert it into a VERBIO biorefinery. The Inflation Reduction Act aims to encourage investment in climate action and clean energy in the United States and offers provisions that will benefit the project.

Net financial assets at March 31, 2023 totalled EUR 121.3 million (June 30, 2022: EUR 284.1 million) and the Group's equity ratio was 73.8 percent (June 30, 2022: 72.5 percent).

Outlook: Time lag between purchasing and sales initially a burden on earnings; Action is being taken against misuse of certificates in the Biodiesel market

In view of the continued fall in biodiesel prices due, among other things, to falsely labelled imports of Chinese biodiesel combined with raw material purchases made on a rolling basis, the Management Board amended the EBITDA forecast on April 27 to approximately EUR 240 million. According to industry reports, EU-wide and national solutions are currently being developed to combat the misuse of certificates. "We welcome the fact that the certification body ISCC has also reacted with surprise integrity checks and has already withdrawn five certificates in recent weeks. Mineral oil companies must now also react and should not use falsely classified biodiesel based on palm oil. This is the only way to ensure that the transport sector is decarbonised using sustainable biofuels," said Claus Sauter, Chief Executive Officer of VERBIO AG.

VERBIO key figures

(EUR millions)	9 M 21/22	9 M 22/23	yoy	Q3 21/22	Q3 22/23	yoy
Production						
Biodiesel (tonnes)	444,180	456,242	3 %	138,988	153,149	10 %
Bioethanol (tonnes)	194,904	208,249	7 %	67,684	65,566	-3 %
Biomethane (MWh)	651,901	793,604	22 %	237,183	271,476	14 %
Sales	1,237.5	1,521.3	23 %	428.4	443.6	4 %
Segment Biodiesel	877.7	1,101.0	25 %	292.0	308.2	6 %
Segment Bioethanol	351.4	409.9	17 %	133.7	133.8	0 %
EBITDA	314.9	213.5	-32 %	127.7	43.2	-66 %
EBITDA margin (percent)	25.4 %	14.0 %	-11pp	29.8 %	9.7 %	-20pp
Segment Biodiesel	193.6	163.0	-16 %	75.3	24.5	-67 %
EBITDA margin (percent)	22.1 %	14.8 %	-7pp	25.8 %	7.9 %	-18pp
Segment Bioethanol	119.3	48.1	-60 %	52.0	17.5	-66 %
EBITDA margin (percent)	33.9 %	11.7 %	-22pp	38.9 %	13.1 %	-26pp

(EUR millions)	30.06.2022	31.03.2023	+/-
Net financial assets	284.1	121.3	-57 %
Equity ratio (percent)	72.5 %	73.8 %	+1pp

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Detailed information on business developments in the first nine months of the 2022/23 financial year is provided in the quarterly statement for the period ended March 31, 2023, which can be viewed from 8.30 a.m. CET on VERBIO's website at <https://www.verbio.de/financial-reports>.

Information about VERBIO Vereinigte BioEnergie AG (VERBIO)

VERBIO 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 1,000 employees at its locations in Saxony, Saxony-Anhalt and Brandenburg as well as at its foreign subsidiaries in India, the USA, Canada, Poland and Hungary. VERBIO concentrates on the use of internally developed innovative technologies and efficient energy-saving production processes. VERBIO's biofuels achieve CO₂ savings of up to 90 percent compared to petrol or diesel. The Group's annual production capacity amounts to approximately 660,000 tonnes of biodiesel, 300,000 tonnes of bioethanol and 1,300 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.

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.

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