

Corporate News

Verbio achieves forecast earnings in FY 2023/24 and marks important milestones

- EBITDA of EUR 121.6 million for FY 2023/24, within the forecast range
- Significant improvement in earnings in Q4 2023/24
- Verbio welcomes advances in the fight against climate fraud
- Proposed dividend of EUR 0.20 per share

Leipzig, September 26, 2024 – Verbio has been able to achieve a good result in the financial year 2023/24 against a backdrop of challenging market conditions caused by massive questionable imports of advanced biodiesel from Asia. At EUR 121.6 million for the financial year 2023/24 (2022/23: EUR 240.3 million), EBITDA was at the lower end of the most recent forecast earnings range of EUR 120 million to EUR 150 million. In addition to the fall in GHG quota prices, results were also burdened by the ramp-up costs of Verbio's growth projects in the USA, which have not yet generated significant corresponding earnings.

In the financial year 2023/24 Verbio's production was at record levels with production of biodiesel and bioethanol exceeding one million tonnes for the first time, and biomethane production totalling 1,100 GWh. Both these figures exceeded the previous years' totals of 0.9 million tonnes and 1,078 GWh respectively. The CO₂ savings potential generated by manufactured and traded products increased by 1.0 million tonnes to 4.4 million tonnes of CO₂ (2022/23: 3.4 million tonnes).

Operating cash flows increased significantly to EUR 116.8 million (2022/23: EUR 26.1 million) thanks to lower levels of cash tied up in inventories and lower tax payments. As expected, net financial debt of EUR 32.9 million was higher than in the previous year (June 30, 2023: net financial assets of EUR 57.4 million) due to the lower earnings and to the investments made in our strategic projects, but nevertheless the figure remained below the most recent forecast level. The equity ratio was 67.4 percent (June 30, 2023: 70.3 percent).

Significant improvement in earnings in Q4 2023/24

In the fourth quarter of the financial year 2023/24 Verbio generated revenues of EUR 339.9 million (Q4 2022/23: EUR 447.0 million) and an EBITDA of EUR 39.5 million (Q4 2022/23: EUR 26.8 million). Accordingly, as expected Verbio generated an impressive improvement in results on a quarter-to-quarter basis (Q3 2023/24: EUR 7.3 million), as well as a significant improvement compared to the

Verbio SE

Ritterstraße 23, 04109 Leipzig, Germany

Alina Köhler
Investor Relations
Tel.: +49 341 308530-299
Email: ir@verbio.de

Ulrike Kurze
Global Marketing & Communications
Tel.: +49 176 13085404
Email: ulrike.kurze@verbio.de

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same period in the previous year. These improvements are primarily due to the widening of biodiesel spreads. The bioethanol spreads in Europe and North America also contributed to the positive trend compared to the previous quarter.

In the fourth quarter, for the first time account was taken of the fact that no revenue and cost of materials are to be reported in the trading area, even if the trading contracts are settled by means of physical delivery. This affected both segments and led to a correction in revenues and cost of materials (with no effect on EBITDA) of EUR 73.7 million and EUR 71.8 million respectively for the nine-month period 2023/24. The amounts stated for trading activities are now presented on a net basis within the result from commodity forward contracts.

Accordingly, in the Biodiesel segment Verbio generated revenue of EUR 196.8 million (Q4 2022/23: EUR 266.4 million) with stable sales volumes. There was a significant improvement in EBITDA to EUR 28.5 million (Q4 2022/23: EUR -10.3 million) thanks to higher sales prices for biodiesel in Europe accompanied by advantageous rapeseed oil procurement. The partial hedging of biodiesel processes in previous periods limited results on the upside. Lower GHG quota prices and premiums had a negative impact on earnings in comparison with the same quarter in the previous year.

In the Bioethanol/Biomethane segment, the decline in ethanol and GHG quota prices compared to the same quarter of the previous year was almost offset by the higher sales volumes. Despite this Verbio recorded a decline in revenues due to the correction described above (Q4 2023/24: EUR 139.9 million; Q4 2022/23: EUR 180.6 million). EBITDA fell on a year-on-year basis, from EUR 36.2 million to EUR 9.9 million, as better ethanol spreads were not able to offset the fall in GHG quota prices and premiums and the ramp-up costs in the USA. However, in comparison with the previous quarter (Q3 2023/24: EUR -5.2 million) there was a notable effect in particular from the attractive margin situation in Europe and North America, as well as the overall lower level of repair and maintenance costs. As a result the Bioethanol/Biomethane segment generated the best segment result of the financial year 2023/24 in the fourth quarter.

Verbio invested EUR 50.3 million in property, plant and equipment in the fourth quarter (Q4 2022/23: EUR 120.5 million, including the acquisition of the South Bend ethanol plant). The investments were primarily made in the US plants, the expansion of production plants and the filling station network in Germany, and, to a lesser extent, in the new production process for manufacturing speciality chemicals from rapeseed oil methyl ester (biodiesel).

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Investor Relations
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Important strategic milestones achieved

In the previous financial year Verbio was able to make significant progress, and in doing so it implemented the most significant elements of the strategy presented at the Capital Markets Day in September 2023. Following the implementation of measures to increase the availability and efficiency of ethanol production in South Bend (Indiana, USA) last year, Verbio has been able to stabilise production at the ethanol plant in 2024. In addition, Verbio commenced the commercial manufacturing of ethanol from corn in Nevada (Iowa, USA) in summer 2024. The biomethane production line was successfully commissioned back in March and has now been converted to operate using stillage, a waste stream from bioethanol production. Further, a trading unit was established in Geneva (Switzerland) in the financial year 2023/24 in order to map global flows of goods more efficiently and react more quickly to market changes. In Germany, construction of the ethenolysis plant to manufacture bio-based speciality chemicals has commenced. The state of Saxony-Anhalt is making a contribution of up to EUR 15 million towards the construction cost of the plant.

Outlook: Consistent implementation of our strategy

Verbio will continue to focus on these core projects in the new financial year 2024/25. Accordingly, the Management and Supervisory Boards will make a proposal to the annual general meeting to be held in December 2024 for the payment of an unchanged dividend of EUR 0.20 per qualifying share. The remaining financial resources will be retained and targeted for use in funding the investments planned.

Earnings in the USA, which are expected to make a positive contribution to EBITDA in the financial year 2024/25 for the first time since entering the market, will have a decisive effect on the Group's earnings in the year to come. In Europe, the development of GHG quota prices in particular plays a role, together with the development of product and raw material prices. In the first half of the financial year 2023/24 Verbio was still able to benefit from attractive contractually fixed prices, meaning that the starting point for comparison is at a relatively high level.

As communicated in the ad hoc announcement of September 10, 2024, the Management Board expects to achieve an EBITDA for the financial year 2024/25 in the range between EUR 120 million and EUR 160 million. Net debt is expected to increase to a maximum of EUR 190 million at the end

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Investor Relations
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of the financial year as a result of the investments planned in expanding production capacities in Europe and North America as well as in bio-based speciality chemicals, the Group's future growth business.

Claus Sauter, Chief Executive Officer of Verbio SE, said, "It is clear that the market for GHG quotas must recover, because increasing quota prices are needed to ensure that investment in climate protection in the transport sector is economically feasible. We are actively working with more than 70 other partners in the "Stop the climate fraud" initiative (Initiative Klimabetrug Stoppen – IKS) in order to combat fake climate protection projects and the resulting market distortions. We regard it as a success that the German Parliament, according to its press release dated September 11, 2024, wants to take action and reverse fraudulent climate protection projects. Also, the proposal made by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (Bundesministerium für Umwelt, Naturschutz, nukleare Sicherheit und Verbraucherschutz – BMUV) on September 20, 2024 to put a moratorium in place on quotas from the past being carried forward into 2025 and 2026 should stabilise the GHG quota market in those years. However, both measures can only have their intended effect if there are controls in place and an effective barrier against products being incorrectly declared." He added, "Our flexible, robust business model continues to be the foundation for our success, even in challenging times. At the same time we monitor costs and liquidity very carefully in order to remain efficient and competitive, while concentrating fully on implementing our pioneering projects in North America and entering the market for bio-based specialty chemicals."

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Verbio key figures

(EUR millions)	FY 22/23	FY 23/24	yoy	Q4 22/23	Q4 23/24	yoy
Production						
Biodiesel (tonnes)	610,509	637,283	4.4%	154,267	154,165	-0.1%
Bioethanol (tonnes)	317,613	521,407	64.2%	109,364	142,863	30.6%
Biomethane (MWh)	1,078,053	1,100,184	2.1%	284,449	300,048	5.5%
Revenue	1,968.3	1,658.0	-15.8%	447.0	339.9	-24.0%
Biodiesel	1,367.4	987.5	-27.8%	266.4	196.8	-26.1%
Bioethanol/Biomethane	590.5	656.5	11.2%	180.6	139.9	-22.5%
EBITDA	240.3	121.6	-49.4%	26.8	39.5	47.2%
EBITDA margin	12.2%	7.3%	-4.8pp	6.0%	11.6%	+5.6pp
Biodiesel	152.7	114.1	-25.3%	-10.3	28.5	n.a.
EBITDA margin	11.2%	11.6%	+0.4pp	-3.9%	14.5%	+18.3pp
Bioethanol/Biomethane	84.3	2.5	-97.1%	36.2	9.9	-72.8%
EBITDA margin	14.3%	0.4%	-13.9pp	20.1%	7.0%	-13.0%

(EUR millions)	30.06.2023	30.06.2024	+/-
Net debt	-57.4	32.9	n.a.
Equity ratio (percent)	70.3%	67.4%	-2.9pp

Detailed information on business developments in the 2023/24 financial year is provided in Verbio's annual report for the period ended June 30, 2024, which can be viewed from 8.30 a.m. CEST on Verbio's website at <https://www.verbio.de/en/financial-reports/>.

About Verbio

At Verbio we make more from biomass. In our biorefineries we convert raw materials and residues from regional agriculture into climate-friendly fuels, green energy and renewable products for chemicals and agriculture. In addition, we create high-value components from sustainably-generated biomass for the animal feed and food industries. We employ approximately 1,400 people at our locations in Europe, Asia and North America. Our motto "Pioneering green solutions" sums up what drives our international team; with innovative technologies and green solutions, we are shaping the social and industrial transformation toward climate neutrality and ecological production. We contribute to preserving natural resources and to leaving the Earth in a habitable state for the generations that will follow us. In doing so we combine global growth with economic success, social responsibility and security of supply. Verbio shares (ISIN DE000A0JL9W6/WKN A0JL9W) have been listed in the prime standard segment of the Frankfurt Stock Exchange since October 2006. Our headquarters are in Zörbig, Germany.

www.verbio.de | www.arbeiten-fuers-klima.de | www.verbiogas.de | www.strohklug.de

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Email: ulrike.kurze@verbio.de

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Facebook & Instagram: @verbio.se | LinkedIn: @verbio-se | LinkedIn & X (Twitter): @claussauter

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