



# ANNUAL REPORT

# 16

EnviTec **MAGAZINE**  $\frac{16}{17}$

Annual Magazine  
of EnviTec Biogas

# EnviTec **REPORT** 16

## Financials

(Mio. Euro)	2016	2015
<b>Sales</b>	<b>162.9</b>	<b>174.9</b>
Germany	118.8	127.8
Abroad	44.1	47.1
<b>Gross result</b>	<b>67.0</b>	<b>66.5</b>
<b>EBITDA</b>	<b>22.2</b>	<b>21.0</b>
<b>EBIT</b>	<b>4.2</b>	<b>3.5</b>
<b>Net income</b>	<b>1.7</b>	<b>1.4</b>
<b>Earnings per share</b>	<b>0.11</b>	<b>0.10</b>
<b>Employees</b>	<b>439</b>	<b>400</b>
<b>Orders on hand</b>	<b>103.3</b>	<b>77.9</b>
thereof Own Plant Operation	8.5	7.6
thereof abroad	94.8	70.3
<b>Incoming orders</b>	<b>55.8</b>	<b>95.8</b>
<b>Cancellation of orders</b>	<b>1.3</b>	<b>0</b>
<b>Orders completed</b>	<b>29.1</b>	<b>55.2</b>
<b>Capacity installed (MW<sub>el</sub>)</b>	<b>384</b>	<b>372</b>
thereof abroad	112.2	98.4
<b>Capacity under construction (MW<sub>el</sub>)</b>	<b>27.1</b>	<b>13.8</b>
thereof abroad	24.0	13.8



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# FOREWORD OF THE EXECUTIVE BOARD

# DEAR SHAREHOLDERS, DEAR CUSTOMERS, EMPLOYEES AND FRIENDS OF ENVITEC BIOGAS AG,

Over the past years, we have acquired a leading position in the biogas market as an integrated supplier and operator of biogas plants. In the fiscal year 2016, we were able to once again demonstrate our strengths and skills and to close the year with a clearly positive result.

Our sector's exposure to the volatile political environment remains one of the biggest challenges. In 2016, for instance, an amendment of the energy and electricity tax law in Germany made the marketing of regionally produced electricity unattractive and forced us to give up this activity, which had been performed by our Energy segment. The remaining activities of the Energy segment were transferred to the Own Plant Operation segment. The new 2017 EEG amendment will also fail to result in the much hoped-for improvements, although the political will and some positive approaches to revive the German biogas industry have become visible. For instance, existing plants may be eligible for a follow-up tariff, which has improved the long-term conditions for the operation of own plants and may lead to certain new opportunities, e.g. in the flexibilisation of biogas plants. Nevertheless, the international markets offer much more attractive conditions and huge potential, which is why we will push ahead with our internationalisation.

France, the UK and Denmark are currently the most important markets for our Plant Construction segment. Overseas, the USA, China and South East Asia offer the greatest opportunities. We want to strengthen our presence in these markets. In this context, plants for the processing of biomethane and the use of new feedstock materials resulting from the fermentation of waste will play an increasingly important role.

The Service segment clearly gained importance for EnviTec in the past years and is mainly active in Germany, Italy and the Czech Republic as well as in the up-and-coming biogas markets of France and the UK. Growth is being driven by new cooperation agreements signed in Germany and abroad. Moreover, the expansion of our human and technical resources is gradually having a positive effect on revenues and earnings. Revenues from the provision of services for third-party plants are also on the increase.

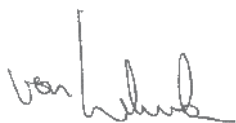


## High utilisation, slightly improved result

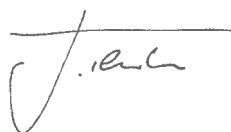
The fiscal year 2016 was characterised by high utilisation in all of the Group's segments. While the Own Plant Operation segment and the Service segment showed a clearly positive trend, the Plant Construction segment was affected by an extraordinary effect in that large-scale projects were started but not finally invoiced in 2016. As a result, consolidated sales revenues declined by 6.9% to EUR 162.9 million in the reporting period. By contrast, total output, which also comprises plants under construction, climbed by a strong 17.3% to EUR 204.9 million. Moreover, the EnviTec Group was able to again close the year with a positive result and to post a slightly higher profit than in the previous year. This was achieved in spite of increased expenses resulting from the expansion of the Service segment and a major maintenance cycle at the Group's own plants. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose from EUR 21.0 million to EUR 22.2 million, primarily because of the good earnings performance of the Service segment. Earnings before interest and taxes (EBIT) amounted to EUR 4.2 million (previous year: EUR 3.5 million). Consolidated earnings after taxes stood at EUR 1.7 million (previous year: EUR 1.4 million).

## Outlook

Based on the regular cash flows generated by the Own Plant Operation segment, we want to increase our international investments in plant construction in the coming years and push ahead with the expansion of the complementary Service segment in Germany and abroad. Biogas will move away from traditional electricity production towards a flexible, multi-variable and climate-friendly energy source that can be fed in via the natural gas grid, be used as a carbon-neutral fuel and serve as a supplier of heat. It will therefore be more important than ever before to continuously develop and refine new business models and products, to explore new applications and processes and to seize market opportunities quickly and efficiently. At the same time, we intend to reduce our dependence on the prevailing subsidy regime. We expect consolidated sales revenues to increase and earnings before interest and taxes (EBIT) to improve moderately in 2017. The achievement of our economic targets in 2017 will primarily depend on the business trend in the key international markets of the Plant Construction segment, which has recorded high capacity utilisation in the year to date. As in the previous year, however, sales revenues will depend on how many projects can be finally invoiced in accordance with the German Commercial Code (HGB) by the end of the year.



Olaf von Lehmden



Jürgen Tenbrink



Jörg Fischer

from left to right

**Jörg Fischer** Finance Director (CFO), Weyhe-Erichshof

**Olaf von Lehmden** Chairman of the Board (CEO), Lohne

**Jürgen Tenbrink** Technical Director (CTO), Steinfurt



# REPORT OF THE SUPERVISORY BOARD

# DEAR SHAREHOLDERS,

Thanks to its broad-based, diversified and flexible business model, EnviTec was again able to successfully master the imponderables of the international biogas markets in the fiscal year 2016.

Especially in Germany, the company was once more challenged to adjust its business activity to fundamental regulatory changes. An amendment of the energy and electricity tax law made the regional marketing of electricity generated by small biogas plants much less attractive for the company's Energy segment. Having anticipated this regulatory change at an early stage, EnviTec's Executive Board and Supervisory Board decided to no longer pursue this business model. The remaining activities of the Energy segment were integrated into the Own Plant Operation segment.

The fifth amendment of the Renewable Energy Sources Act (EEG), which was adopted in 2016 and came into force on 1 January 2017, will bring some improvements; for instance, the introduction of a follow-up tariff for existing plants has resulted in greater investment certainty. Moreover, the prospect of an extended compensation for German plant operators will make the flexibilisation of existing plants, which usually entails a higher capacity, more attractive. On the other hand, no sustainable incentives are provided for the construction of new plants, which further solidifies the standstill in the German biogas market. More than ever before, we will therefore focus on the international biogas markets, which already account for more than 25% of our revenues – and rising. In the Plant Construction segment, international customers account for close to 90% of the current order backlog. Especially in markets such as France, Denmark or China, the general conditions for both the construction of new plants and the expansion of the downstream technical and biological services are much more attractive.

Accordingly, the Service segment continued its growth in the fiscal year 2016 and increased its revenue contribution considerably, not least thanks to its international expansion. The Own Plant Operation segment (incl. Energy) performed better than expected although expenses increased because of an intensive interval in the maintenance cycle. While EnviTec's Plant Construction segment also recorded high utilisation in 2016, the segment performed below plan as only a small number of projects could be invoiced, which means that the respective profits will be generated later. As a result, consolidated sales revenues declined by 6.9% to EUR 162.9 million (previous year: EUR 174.9 million). By contrast, total output, which also comprises plants under construction, increased by a strong 17.3% to EUR 204.9 million. Due to the positive performance of the other segments, earnings before interest and taxes (EBIT) climbed from EUR 3.5 million to EUR 4.2 million.

The good utilisation in the Plant Construction segment, the ongoing expansion of the Service segment and the regular cash flows generated by the Own Plant Operation segment form a good basis for a continued positive performance in the coming years. At the same time, we want to reduce our exposure to the prevailing national subsidy conditions by developing new applications and processes and exploring new markets and to no longer generate up to 30% of our revenues in the subsidised biogas sector in the medium term. The future of our Group will hinge on our ability to demonstrate technological and strategic farsightedness and to translate our skills into a broad, low-risk and profitable product and service portfolio.

## Activity report of the Supervisory Board

In the context of our Supervisory Board activity, we again executed all controlling and advisory tasks imposed on us by law, the statutes and the rules of procedure in 2016. We continuously monitored the Executive Board and provided it with assistance and advice in steering the company. We were directly involved in all decisions that were of fundamental importance for the company at an early stage. To allow us to execute our advisory and supervisory tasks, the Executive Board provided us with written and verbal information on all relevant issues in a regular, timely and comprehensive manner. These include, in particular, planning and budgeting as well as strategic development, the development of new business fields, the business trend and the situation of the Group as well as the risk position, risk management and compliance. After thorough examination, the Supervisory Board approved all business events requiring its approval. The Executive Board and the Supervisory Board liaised regularly also in between the meetings. Due to the detailed reports provided by the Executive Board, we are convinced that the company and the Group are managed lawfully, correctly and efficiently. We saw no need to exercise our audit rights pursuant to section 111 para. 2 of the German Stock Corporation Act. No conflicts of interest of members of the Executive Board or the Supervisory Board that require immediate reporting to the Supervisory Board and must be disclosed to the Annual General Meeting occurred in the past fiscal year.

## Formation of committees

As the Supervisory Board consists of only three members, no committees were formed in 2016. All issues that would have been addressed by committees were discussed by the full Supervisory Board. Moreover, the Supervisory Board is convinced of the efficiency of its work. Pursuant to section 100 para. 5 of the German Stock Corporation Act, at least one independent member of the Supervisory Board must have special accounting or auditing knowledge. This task is performed by our member Hans-Joachim Jung.

## Meetings and main aspects of the consultations

The Supervisory Board held four ordinary meetings on 10 May, 28 June, 21 September and 7 December 2016. All meetings were attended by all members of the Supervisory Board. Topics addressed at all meetings included the business trend, the net worth, financial and earnings position, investment projects as well as the risk situation and risk management of EnviTec Biogas.

In addition, the following topics were on the agenda and addressed and discussed with the Executive Board.

- > Audit for 2015
- > Planning and budgeting for 2017
- > Current market situation in the biogas sector
- > Competitive situation
- > New developments in the electricity marketing sector as well as the business model of EnviTec Energy
- > Overview of the Group's international activities
- > Report on R&D projects / development of new business fields

## Audit of separate and consolidated financial statements

At the Annual General Meeting on 28 June 2016, the shareholders elected Michael Kohl GmbH Wirtschaftsprüfungsgesellschaft, Steinfeld, auditors of the separate and the consolidated financial statements for the fiscal year 2016. After having obtained a declaration of independence from the auditor, the Chairman of the Supervisory Board commissioned the auditor to perform the audit, agreed the audit fee and determined the focal points of the audit. On this basis and including the company's accounts, Michael Kohl GmbH audited the consolidated financial statements of EnviTec Biogas AG prepared by the Executive Board in accordance with the German Commercial Code (HGB) for the period ended 31 December 2016 as well as the Group management report. Given that EnviTec Biogas AG, as an individual entity, did not exceed the size criteria defined in section 267 para. 1 of the German Commercial Code (HGB) for two consecutive fiscal years, EnviTec Biogas AG was, for the first time, able to take advantage of the

disclosure relief for small corporations and to forego an audit of the financial statements of EnviTec Biogas AG. However, the company had the financial statements, consisting of balance sheet, income statement and notes, subjected to a voluntary audit.

As the audits led to no objections, the auditor issued an unqualified audit certificate. The auditor also audited the Executive Board's related party disclosures ("dependency report"), which also received an unqualified audit certificate.

All Supervisory Board members received the management report, the financial statements and the audit reports in good time. These documents were thoroughly reviewed by the Supervisory Board at the meetings on 11 April 2017 and 11 May 2017. The meetings were attended by the Executive Board and the Supervisory Board as well as by the auditors of Michael Kohl GmbH. The auditor explained the main results of the audit and answered additional questions of the Supervisory Board. No objections were raised after our own audit and the talks with the Executive Board and the auditor. The Supervisory Board therefore joined the audit result of Michael Kohl GmbH and approved the separate and consolidated financial statements prepared by the Executive Board for the period ended 31 December 2016 as well

as the management report. The financial statements of EnviTec Biogas AG have thus been endorsed. Having scrutinised the Executive Board's proposal for the allocation of the retained profit, we have endorsed this proposal as well.

We would like to thank all employees and the Executive Board for their great commitment in the fiscal year 2016. The coming year will also be a challenging one, but we have laid the requisite foundations for operating successfully in this market environment.

Lohne, 11 May 2017



Bernard Ellmann  
Chairman of the Supervisory Board

from left to right

**Hans-Joachim Jung** Vice Chairman

**Bernard Ellmann** Chairman

**Michael Böging**



# THE SHARE



## The capital market environment

In 2016 the German stock market was characterised by great volatility and moderate gains. During the first seven months, the DAX was much weaker at times and marked its low of 8,753 points in February. Concern about a slowdown in the world economy and the Brexit vote in Great Britain had an adverse impact. In the second half of the year, the DAX rallied following the surprising outcome of the US elections contrary to what had been expected. Hopes of President Trump adopting a business-friendly policy and the prospect of the loose monetary policy being continued sent the DAX rising to a high of 11,481 points in December. Over the course of the year 2016, the DAX gained 7%.

The German technology index, TecDAX, was unable to repeat the exceptional performance of the previous year (+32%). Following a weak start to the year, the TecDAX declined sharply in sync with the DAX and hit a low of 1,485 points in February. As optimism returned towards mid-2016, the index picked up notably and passed the 1,800 points mark in December, closing the year only a moderate 1% lower.

Most of the global stock markets were also characterised by volatility. The Dow Jones Index lost ground at the beginning of the year and fell below the 16,000 points mark, before picking up as of mid-February to approach the important 20,000 points mark by the end of 2016, closing the year 12% higher. The S&P 500 Index, which covers a broader range of shares, ended the year with a similarly positive performance. The European EuroStoxx 50 and the Japanese Nikkei 225 recorded temporary losses over the course of the year and closed 2016 only marginally higher. The Chinese Hang Seng Index recorded moderate gains in 2016.

By contrast, the DAXsubsector All Renewable Energies Index, which comprises 20 leading enterprises from the renewable energy sector, delivered a clearly negative performance in 2016. Having recorded a high gain in 2015, the DAXsubsector All Renewable Energies Index came under pressure at the beginning of 2016 and – unlike the DAX – was unable to recover as the year progressed and continued to move downwards. At 22.52 points, it closed the year almost 34% lower.

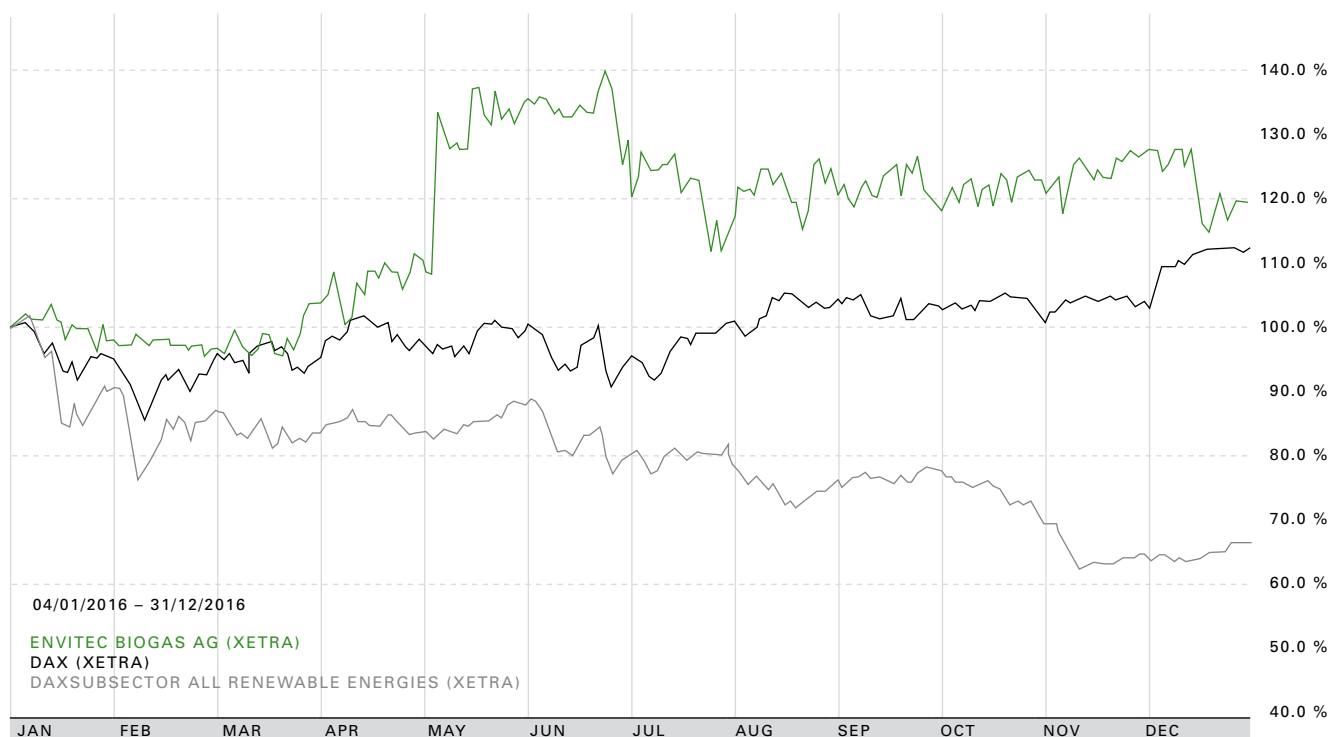
## The EnviTec Biogas share

The EnviTec share delivered a clearly positive performance in 2016. Opening the year at EUR 6.06, the share initially showed some signs of weakness and hit a low of EUR 6.00 on 29 February. Driven by a good business trend, the conversion of an appropriated capital reserve into a free capital reserve for future dividend payments and a dividend of EUR 0.80 per share, the share marked a high of EUR 8.75 on 24 June. The share price then declined slightly and moved between EUR 7.20 and EUR 8.00 for the rest of the year. The EnviTec share closed the year at EUR 7.49 on 30 December, which represented a year-on-year increase of more than 17%. With 15 million shares outstanding, this is equivalent to a market capitalisation of approx. EUR 112 million. The average annual share price stood at EUR 7.24.

## AGM decides dividend of EUR 0.80 per share

The ordinary Annual General Meeting of EnviTec Biogas AG was held in Vechta on 28 June 2016. The main items on the agenda, e.g. the release from liability of the Executive Board and the Supervisory Board, were approved by a large majority of the shareholders. In addition, the shareholders approved the Executive Board's and the Supervisory Board's proposal to use the profit of EUR 15.49 million generated in 2015 to pay out a total amount of approx. EUR 11.88 million, i.e. a dividend of EUR 0.80 per eligible share.





#### Basic information on

ISIN	DE000A0MVLS8
Stock exchange symbol	ETG
Stock exchange segment	Basic Board (former Entry Standard)
Sector	Renewable energy
Annual high	EUR 8.75
Annual low	EUR 6.00
Year-end price	EUR 7.49
Number of shares	15,000,000 shares
Market capitalisation at end of year	EUR 112.35 Mio.
Earnings per share	EUR 0.11
Dividend proposal per share	EUR 0.60

## Investor relations at EnviTec Biogas

In the fiscal year 2016, we again placed great store by continuous, timely and comprehensive communication. We aim to provide the capital market with the best possible information at all times. In addition, we attach

importance to effective dialogue with our shareholders and investors.

Since Deutsche Börse AG reorganised the segments of the Open Markets on 1 March 2017, the EnviTec Biogas AG share has been listed in the Basic Board of the Frankfurt Stock Exchange. The obligations stipu-

lated in the previous Entry Standard segment are not affected by the change and we will continue to exceed the information requirements in order to offer our investors a high degree of transparency.

Under the new Market Abuse Regulation, which came into force on 3 July 2016, OTC issuers such as EnviTec Biogas AG are also obliged to publish ad-hoc announcements and directors' dealings notifications.

Shareholder structure (as at 31/12/2016)		
von Lehmden Beteiligungs GmbH	8,638,817 shares	57.60 %
TS Holding GmbH	3,880,000 shares	25.90 %
Free float	2,331,183 shares	15.50 %
Own shares	150,000 shares	1.00 %
Total number of shares	15,000,000 shares	100 %

# GROUP MANAGEMENT REPORT

of the EnviTec Group  
and EnviTec Biogas AG

Given that EnviTec Biogas AG, as an individual entity, did not exceed the size criteria defined in section 267 para. 1 of the German Commercial Code (HGB) for two consecutive fiscal years, EnviTec Biogas AG, as an individual entity, is classified as a small corporation. Pursuant to section 326 of the German Commercial Code (HGB), EnviTec Biogas AG may take advantage of the relief for small corporations for the fiscal year 2016. The company is therefore no longer obliged to prepare and disclose a management report. Consequently, the consolidated financial statements will no longer include a combined management report of EnviTec Biogas AG and of the Group but only a Group management report.

## Fundamentals of the Group

### General corporate information

The EnviTec Biogas Group, headquartered in Lohne, Germany, is one of the leading manufacturers and operators of biogas and biomethane plants. EnviTec covers the entire value chain for the production of biogas. This includes planning and turnkey construction of biogas plants and biogas upgrading plants as well as their taking into operation. Where required, the company also provides biological and technical services and offers the full range of plant management and plant operation services. In addition, EnviTec operates its own plants, making the company one of the largest biogas producers in Germany.

Our customer-oriented construction has set standards in terms of reliability and profitability. EnviTec plants can produce clean energy from all types of feedstock materials – from organic waste to renewable resources. Established in 2002, the company is today active in 14 countries besides Germany. EnviTec expanded its business activities by establishing EnviTec Energy and EnviTec Stromkontor, the latter's wholly-owned subsidiary, which market upgraded biomethane as well as green and balancing electricity.

Our high quality standards are confirmed not only by satisfied customers and the impressive efficiency of the plants served by us but also by internationally acknowledged certifications. We have implemented our

quality management system to DIN EN ISO 9001:2008 at EnviTec Biogas AG, EnviTec Anlagenbau GmbH & Co. KG and EnviTec Service GmbH & Co. KG. In 2016, the quality management system of the EnviTec Group was changed to the requirements of ISO 9001:2015 and recertified successfully.

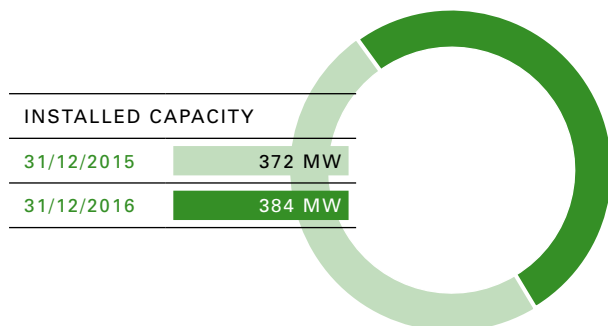
### Corporate structure and business segments

As had been expected, an amendment of the energy and electricity tax law that became effective in the first half of 2016 made the regional marketing of electricity produced by small biogas plants with a rated output of up to 2 MW much less attractive for the company's Energy segment. As a result, EnviTec decided to give up this business model and to transfer the remaining activities of the Energy segment (direct marketing of balancing energy, biomethane and electricity) to its Own Plant Operation segment.

The Group is now structured into three segments, Plant Construction, Own Plant Operation and Service. All segments are closely integrated in strategic, technical and financial terms. The parent company operates as a holding company, which provides services such as controlling, HR management, legal consulting, treasury and marketing for the three business segments. The business purpose of the parent company also includes the holding of equity investments in the Own Plant Operation segment as well as start-up financing of the respective project companies. In 2016, the basis of consolidation comprised 111 fully-consolidated companies, twelve less than in the previous year (123).

#### Plant

The Plant Construction segment builds biogas and biomethane plants for customers such as farmers, industrial enterprises and investors. We plan the plant, build it and start up the production of biogas. Our product portfolio covers the complete value chain of biogas plant engineering for plants from 75 kW. We rely on a modular design approach using standardised elements, which can be combined to meet the respective local requirements. This means that we offer customised solutions and tried-and-tested technology at the same time. The advantages include faster plant start-up,



high operational safety and lower operating costs. We have a highly efficient and innovative technology for the upgrading of biogas named EnviThan. The process increases the share of the energy-rich methane from approx. 50 to over 97 volume percent. Compared to other technologies, it is more environmentally friendly, far more energy and cost-efficient and much more flexible. The upgraded biomethane is delivered to the feed-in stations, where it is either processed by the grid operator or directly fed into the natural gas grid. Alternatively, the high-purity biomethane may be used as an environmentally friendly alternative fuel. Besides large-scale plants, EnviTec also launched a compact plant design in 2014, which is marketed under the name of "EnviFarm Compact". The compact plants in the 75 to 450 kW range are primarily targeted at the German and Italian markets. At the end of 2016,

EnviTec had an installed base of approx. 384 MW (previous year: 372 MW).

### Own Plant Operation

The Own Plant Operation segment handles the generation of electricity, heat and gas in the company's own biogas plants in Germany and abroad. This is usually done in cooperation with local partners from the agricultural or energy sectors. These partnerships are characterised by a clear division of tasks, with every partner concentrating on their respective strengths. The local partner makes available the site, procures the feedstock materials and assumes responsibility for the operation of the plant. EnviTec is in charge of project planning and turnkey plant construction. Once the plant is in operation, we perform all maintenance work, provide biological services and take care of commercial management. The integration of our technological knowledge with the expertise of our regional partners results in high efficiency and attractive margins for EnviTec and its partners. The Own Plant Operation segment ideally complements the Plant Construction segment thanks to its steady cash flows.

In the context of the discontinuation of the regional electricity model of the Energy segment, the remaining business activities (direct marketing of balancing

EnviTec Biogas AG					
PLANT CONSTRUCTION		SERVICE		OWN PLANT OPERATION	
GERMANY	ABROAD	GERMANY	ABROAD	GERMANY	ABROAD
EnviTec Anlagenbau GmbH & Co. KG	EnviTec Nederland BV EnviTec France SARL EnviTec Biogas Italia S.r.l. EnviTec UK Ltd. EnviTec Biogas USA, Inc. EnviTec Central Europe s.r.o. and other sales companies abroad	EnviTec Service GmbH & Co. KG	EnviTec Biogas Service UK Ltd. EnviTec Biogas Service Italy s.r.l. EnviTec Biogas Service s.r.o.	EnviTec Biogas Betriebs GmbH & Co. KG* EnviTec Beteiligungs GmbH & Co. KG* Zweite EnviTec Beteiligungs GmbH & Co. KG* EnviTec Energy GmbH & Co. KG EnviTec Stromkontor GmbH & Co. KG	Second Biogas Operating Holding, S.r.l. Biogas Operating Holding, S.r.l.

\* Various project companies of biogas plants. Details of participation and minimum holding requirement see notes.

energy, biomethane and electricity) were integrated into the Own Plant Operation segment, as these activities are essentially related to the products of the Own Plant Operation segment.

EnviTec Stromkontor also operates under the umbrella of EnviTec Energy. This subsidiary combines the capacity of a large number of biogas plants into a virtual power plant and directly markets the energy generated in combined heat and power (CHP) plants at the electricity exchange on behalf of its customers. The plants can also be placed in the balancing energy market in order to increase the stability of the German power grid. The energy is marketed in cooperation with AXPO Deutschland GmbH, a subsidiary of Swiss electricity company AXPO Holding AG.

### Service

EnviTec's Service segment provides all services related to the operation of biogas plants. Our experts take care of starting up the plant and constantly control the biological processes. In our lab, feedstock materials and fermentation residues are checked for optimum quality so as to make recommendations on boosting the plant's efficiency. Our range of services also includes regular plant inspections and training of the operators and their employees. EnviTec Biogas also offers partial maintenance services, which are charged by actual expense, or full maintenance including assumption of the repair cost risk. Regular maintenance reduces the downtimes and is therefore key to the profitable long-term operation of a biogas plant. Our customers benefit from the expertise of our highly qualified experts, who are available 24/7.

## Strategy and competition

Over the past years, we have attained a leading position in the biogas market and operate plants in as many as 16 countries. Our strategic objective is to achieve sustainable growth and to expand our market position as an integrated supplier and operator of biogas plants. In this context, we attach top priority to the satisfaction of our customers and their involvement in the ongoing development of our plants in accordance with their wishes and requirements. The short to medium-term strategic positioning is strongly influenced by the ongoing discussion about the legal framework in the individual markets. The individual markets are very heterogeneous, which is primarily due to the different subsidisation models. France, Denmark, the UK and Asia (China, South-East Asia) are currently the most attractive markets for EnviTec. We are closely monitoring developments in the individual countries so as to be able to respond in a timely manner to changes in the operating environment. Going forward we want to explore new applications, processes and markets in order to reduce our exposure to the prevailing subsidy conditions and no longer generate up to 30% of our revenues in the subsidised biogas sector in the medium term. We have defined the following cornerstones for sustainable growth:

### International expansion to drive growth

We closely monitor worldwide developments in the biogas sector. As soon as sustainable structures arise in a market, we review them thoroughly and then take a timely decision as to whether or not we should enter this market. When making inroads into new markets, we rely on regional partners; this way, we combine our long-standing experience in plant construction and operation with their knowledge of the regional specifics. EnviTec pushed ahead its internationalisation at an early stage and today has a presence in 14 countries besides Germany through its subsidiaries, sales offices, strategic cooperations and joint ventures. The new German Renewable Energy Sources Act (EEG) 2014 has brought the German market to a standstill, as a result of which EnviTec's international revenues meanwhile exceed domestic revenues by far. The downstream Service Segment is also gaining importance as the international expansion continues. Apart from established markets such as France, the UK and Italy, we see the biggest opportunities in countries

such as Malaysia, Indonesia, China and the USA in the medium term. Except for Malaysia and Indonesia, EnviTec has already erected or is building plants in these markets and now hopes that these reference projects will lead to further successful transactions. The aim is for the Plant Construction segment and the downstream Service segment to operate profitably also in a difficult market environment while maintaining sufficient capacity to seize market opportunities as they arise. In this context, the erection of plants for biomethane upgrading and the use of new feedstock materials resulting from the fermentation of waste will play an increasingly important role.

### Effective expansion of own plant operation

EnviTec Biogas expanded its own plant operation activities in the past years and this segment today makes the biggest contribution to total Group revenues. In 2016, EnviTec divested a biogas park with a total capacity of 2.7 MW, while at the same time acquiring biogas plants with an output of roughly 2.2 MW, which means that the installed capacity of the Own Plant Operation segment declined moderately.

At the end of 2016, EnviTec Biogas operated 72 own biogas plants (previous year: 76) with a total electrical output of 58.7 MW (59.3 MW) in Germany, Belgium, France and Italy. In Germany, EnviTec primarily relies on optimising the existing plants. In addition, the company selectively develops new markets for its own plant operation activities. Generating positive cash flows, the segment ideally complements the plant construction activities for third parties. The purpose of this segment is to stabilise the Group's revenue streams. Going forward, the company plans to expand its capacity only selectively.

Moreover, EnviTec relies on the sale of upgraded biomethane which is fed into the gas grid. Upgraded biomethane may also be used as an environmentally friendly alternative fuel.

### Service segment to expand its offerings

The Service segment has clearly gained importance for EnviTec over the past years and will be expanded further. It is the declared strategic objective to expand the biological and technical services on an international scale and to offer more services also for third-party plants. At the international level, the focus is no longer placed only on Italy and the Czech Republic but also on other advanced biogas markets. The company is gradually building up technical and human resources in growing segments and markets in order to subsequently generate positive revenue and earnings effects.

### Strengthening our innovation leadership

By consistently expanding our technological expertise, we aim to consolidate our leading position in the sector and to increase the ecological and economic attractiveness of our core product, biogas. Our objective is to continuously improve the operation of our plants and to reduce the amount of substrates they require without affecting their performance. We see great development possibilities to increase the cost efficiency of biogas especially at the upstream and downstream stages of the fermentation process. To strengthen our innovation and technological expertise, we also do research into the biobased economy. This concept not only revolves around the efficient use of vegetable matter for the production of biogas. Instead, we pursue an integrated approach aimed at ensuring maximum value creation from input materials through the intelligent combination of different uses (such as food, biogas, and fuel). Another key focus is on testing alternative input materials. We are also working on improvements in the agricultural sector, e.g. optimised harvest times and the development of specific seeds. By stepping up our research and development activities, we intend to explore new applications to expand the product portfolio also beyond the traditional biogas segments.

## Company management

The aim of our corporate activity is to grow profitably. From this basis, we derive our key performance indicators: sales revenues, EBIT and return on equity. The Group is managed operationally and strategically at regular meetings of the Executive Board members. Depending on the issues to be discussed and planned, these fortnightly meetings are usually attended by executive staff. Strategic management issues are discussed and adjustments implemented if necessary. Moreover, the Executive Board regularly receives the results of analyses of sales revenues, orders on hand, costs, liquidity and leverage. In this context, targets and actual results are compared. ERP (Enterprise Resource Planning) software is used throughout the Group for the fast and comprehensive presentation of all processes such as materials handling, finance and accounting, project controlling as well as sales and marketing. Our quality management system was certified to DIN EN ISO 9001:2008 in 2010. In 2016, the quality management system of the EnviTec Group was changed to the requirements of ISO 9001:2015 and recertified successfully. At EnviTec, it covers not only the construction and operation of biogas plants but also the biological and technical services provided by the company. In 2015, the accounting standards for the Group and for EnviTec Biogas AG were changed from International Financial Reporting Standards (IFRS) to German Generally Accepted Accounting Principles (HGB). This change is primarily attributable to financial aspects and reflects the mostly national shareholder structure of EnviTec Biogas AG.

## Research and development

Ongoing development is key to sustainable success. We take this very seriously and continue to improve our technologies in order to increase the gas yield while optimising our quality management and researching potential alternative feedstock materials at the same time. Our R&D activities also focus on process monitoring and the processing of digestates, which ensures even more efficient utilisation of our plants.

The “biobased economy” is another important element of our research activities, i.e. the production of resources from biomass with the aim of generating new sources of income. In this context, we focus on researching new applications and processes and developing new markets. For instance, we are trying to tap as yet unused product potential in the generation of energy in order to expand the biomass value chain by using raw materials repeatedly, more intensively and efficiently.

### Own plants serve as laboratories

As of 31 December 2016, EnviTec Biogas operated 72 own biogas plants with an electrical output of 58.7 MW in Germany, Belgium, France and Italy. These facilities are an important knowledge pool for the further development, improvement and application of new plant technology. New processes and technologies are directly tested in practice in our own plants or in close cooperation with customers. Our own plant operation activities allow us to develop technical innovations at our own plants. Aside from plants wholly owned by EnviTec Biogas, it is possible to operate plants under cooperation agreements in order to actively support research; this possibility is normally used by partners from the agricultural sector or local industry, who operate their plants independently with assistance from EnviTec. The use of our own plants for research purposes has resulted, for instance, in the development of a new kind of hydrogen fermenter facilitating a higher energy yield (through “thermo pressure hydrolysis” for a higher degree of degradation), and in the reduction of fermentation residues with the help of EnviTec’s proprietary EnviStrip process.

Another research project was the development of a “Highgester”, a new type of fermenter. The first Highgester was taken into operation in December 2015



and has since exceeded the original expectations. The operator of the research plant in Bakum, in the district of Vechta, is currently saving over 10% of the input costs. Operating costs are also much lower than those of the conventional fermenter, as this technology requires less heat and electricity, although the system has a higher performance and achieves a higher methane content. Besides lower operating and input costs, the Highgester offers impressively reduced maintenance costs. Until early 2018, EnviTec Biogas will receive subsidies from the Federal Ministry for Economic Affairs and Energy for the development of this technology. In the context of a "ZIM Project", Highgester setup undergoes a comprehensive trial programme, which is expected to result in a system that has been optimised for various types of operation. The data collected in the process are used for an economic evaluation so that the subsequent utilisation possibilities can be disclosed to the Ministry.

In the area of gas upgrading, we are exploring and testing new membrane types in cooperation with a manufacturer in order to increase the efficiency of this technology.

EnviTec focuses on practice-oriented research and development. Besides Executive Board member Jürgen Tenbrink, the R&D Department has two permanent employees, who are supported primarily by colleagues from the Service segment. In addition, we cooperate with universities, also with a view to promoting young talent. We work closely with students and faculty, both in the context of research projects and the writing of Bachelor and Master's theses. Total investments in research and development in the fiscal year amounted to approx. EUR 1 million. EnviTec is receiving additional financial support in several subsidised projects.

## Economic report

### Economic environment

#### Macroeconomic conditions

According to the latest figures of the International Monetary Fund (IMF) dated April 2017, the world economy expanded by 3.1% in 2016. Growing by 4.1%, the emerging and developing countries again made the biggest contribution to global economic growth as in the previous years. The industrialised countries recorded moderate growth of 1.7% in 2016, according to the IMF. Growth momentum in the USA declined notably from 2.6% in the previous year to 1.6%. At 1.8%, the UK's gross domestic product expanded at a slightly above-average rate, although it had been feared that the prospect of Britain's exit from the European Union (Brexit) would weaken the economy. The eurozone economy grew by 1.7%, while the IMF estimates that the French economy expanded by only 1.2%. At 1.8%, growth in the German economy was relatively dynamic.

High inventories keep the global agricultural markets under strong price pressure. In Germany, the agricultural commodities index of Agrarmarkt Informations-GmbH (AMI), which shows the price trend of the 13 most important agricultural products produced in Germany, hit the lowest level since early 2010 in April 2016 but was able to stabilise at a low level in the subsequent months. On balance, EnviTec thus benefited from moderate prices of the agricultural raw materials used as feedstocks and achieved a comfortable raw materials supply again in 2016.

#### The biogas market

The legal frameworks play a very important role for manufacturers and operators of biogas plants. In Germany, the Renewable Energy Sources Act (EEG) constitutes the relevant basis for the biogas sector. In addition, the feeding of refined biogas into the natural gas grid is governed by the German Gas Grid Access Directive. Since the feed-in tariff was reduced significantly in the context of the fourth EEG amendment of 2014, plant construction activity in Germany has come to a virtual standstill. Another reform of the EEG was adopted by the federal government on 8 July 2016. The final

amendment came into force on 1 January 2017. On the positive side, a follow-up regulation for existing plants has been introduced for the time after the expiry of the current EEG tariff, which will result in greater investment certainty, albeit at lower tariffs than before. Under the amended 2017 EEG, operators can apply for a follow-up subsidy of 16.9 cents/kWh for another ten years once the previous fixed tariff expires. EnviTec considers the EEG 2017 to be a positive political signal. The new follow-up subsidy indicates the political will to ensure that biogas will play a role in the energy mix in Germany also in the future. The prospect of receiving compensation for an extended time will make it more attractive for operators to flexibilise their plants; the amended act offers rewards for operators who can balance out the fluctuating contributions from wind and solar power. The flexibilisation usually takes the form of a capacity increase of a combined heat and power (CHP) unit, the installation of a new CHP unit or the replacement of an old CHP unit against a new one with a higher capacity as well as the creation of additional gas storage volume.

By contrast, the reform of the EEG tariff will not provide any incentive to build new plants. The maximum tariff of 14.88 cents/kWh for new plants (up to 500 MW) is simply not attractive enough to open up new market opportunities for biogas plant construction in Germany. The limits of 150 MW p.a. and 200 MW p.a. introduced for the construction of new biogas plants from 2017 to 2019 and from 2020 to 2022, respectively, are therefore irrelevant.

According to a preliminary forecast by the German Biogas Association, some 150 new biogas plants were erected in Germany in 2016 (2015: 150). Most of the new plants, however, were small plants running on liquid manure with a maximum capacity of 75 KW. Together with the plant extensions and flexibilisations, total capacity increased by close to 150 megawatts (MW). As only 10 MW of this is relevant performance, the plant shutdowns that happened at the same time are believed to have neutralised the increase almost entirely. At the end of 2016, a total of about 9,000 biogas plants with an installed capacity (incl. electricity feed-in from biomethane) of 4,200 MW were in operation in Germany. This is equivalent to an electricity output of 29.41 billion kWh or 8.4 million households supplied with biogas. According to Arbeitsgemeinschaft für Energiebilanzen (Working

Group on Energy Balances), biomass accounted for 7.0% of the total gross electricity generated in Germany in 2016 (2015: 6,9 %).

EnviTec began to internationalise and flexibilise its business activity at an early stage. In particular, the company made its plant construction operations fit for the future early on and is today able to respond quickly and efficiently to changing market conditions and customer requirements.

Besides the generation of electricity from biogas, the generation and upgrading of biomethane for feeding into the natural gas grid and use as a carbon-neutral fuel are playing an increasingly important role in Germany and abroad. EnviTec's EnviThan solution is a highly efficient and flexible gas upgrading technology, which is already being used in various markets and with different feedstock materials. Customers are also showing growing interest in solutions for the generation of climate-friendly heat that is produced in CHP units during the generation of electricity.

Within the European market, France, Great Britain and Denmark are currently the most attractive countries for the construction of new biogas plants. In France, the energy transition act adopted in July 2015 has already had the first positive effects on the biogas industry. Moreover, agricultural biogas plants have benefited from permanent tax exemption since the beginning of 2016. In its multi-year programme plan for the expansion of renewable energy, the French government has defined particularly ambitious targets for feeding biomethane into the gas grid. By 2030, non-fossil resources are to cover 10% of the French gas supply. According to the Anaerobic Digestion and Bioresources Association (ADBA), the number of biomass plants in Great Britain increased by 116 to 540 plants with a total capacity of 708 MW in 2016. This includes some 90 biomethane plants that feed gas into the national grid. In the medium term, potential regulatory amendments in Great Britain may prevent growth from continuing at the level of the past years. At the same time, the British Biomass Association assumes that the installation of up to 250 MW may be possible in the next two years provided that the government grants adequate support. Denmark plans to achieve full independence from fossil fuels by 2050, with renewable energy expected to account for a good 35% already in 2020. Half of this will be produced

from biomass. Biogas plants have benefited from higher financial subsidies already since 2012 and the number of investment projects has increased significantly ever since. In Denmark, too, a large number of plants are designed for the feeding of biomethane into the natural gas grid.

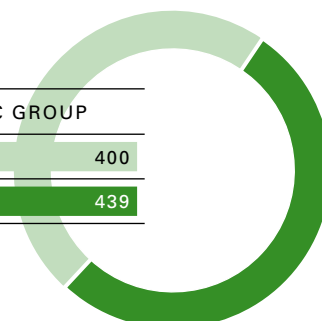
Outside Europe, the generation of energy from biogas is gaining importance especially in the Asian markets. The Indonesian government, for instance, plans to cover up to 23% of its national energy consumption with renewable energy by 2025 (2014: 6%). As residues from agricultural and plantation production have so far mostly remained unused, energy produced from biogas is expected to make an important contribution to achieving these targets in the future.

The Chinese bioenergy sector is growing particularly quickly. According to forecasts by Cologne-based consulting firm ecoprog, China will become the most important growth market for bioenergy thanks to a favourable political environment, the expectation of attractive feed-in tariffs and low investment costs per megawatt. This is not least reflected in an installation target of 15,000 MW by 2020 defined in November 2016.

The US market was characterised by very slow growth in the past years. According to the US Energy Department, the number of new biogas plants increased by only 3.4% per year between 2005 and 2015. Industry experts expect growing business opportunities for the coming years, though. Based on the 2,200 biogas plants that currently exist in the USA, the US Biogas Association sees potential for new projects at over 13,000 sites.

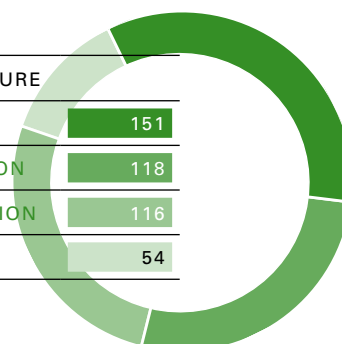
## Employees

EMPLOYEES ENVITEC GROUP	
31/12/2015	400
31/12/2016	439



By respecting our employees and developing their skills and potentials, we open up future perspectives for each individual and increase the value of the Group as a whole. Well trained, motivated employees are the most important asset and the basis for the success of the EnviTec Biogas Group. In the past fiscal year 2016, the number of employees increased sharply from 400 to 439 on 31 December 2016. This growth is essentially attributable to the expansion of the business activity of the Service segment, which entailed an increase in human resources. As a result, the number of employees in the Service segment climbed to 151 (previous year: 127). EnviTec's Plant Construction segment employed 118 people as of the balance sheet date (previous year: 109), while 116 people worked in the Own Plant Operation segment (previous year: 114). Most employees (349) again worked in Germany (previous year: 310). As in the previous year, 90 people were employed at the foreign locations of EnviTec Biogas.

EMPLOYEES STRUCTURE	
SERVICE	151
PLANT CONSTRUCTION	118
OWN PLANT OPERATION	116
GROUP	54

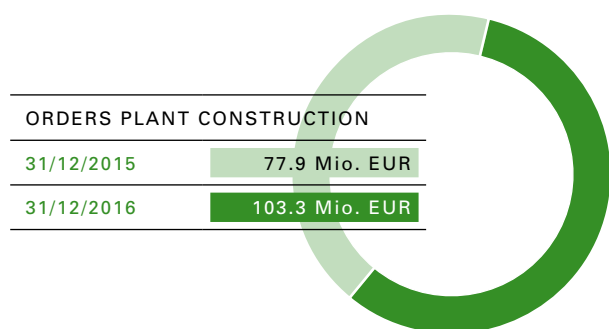


We continue to attach top priority to sustainable human resources development and want to give young graduates the opportunity to start their career in an interesting industry of the future. Due to the rapidly changing environment in which we operate, we need flexible employees who are willing to work abroad, to embrace

other cultures and to represent the company appropriately. The human resources policy of EnviTec aims to not only meet our own requirements but to also cater to the interests and potential of our employees. This includes monetary incentive systems in some areas, e.g. performance-based additional compensation. Our internal training and further education measures give employees opportunities for ongoing development and aim to retain them in the long term. These job-oriented measures are complemented by activities fostering the team spirit and communicating our corporate culture, which is characterised by reliability and fairness.

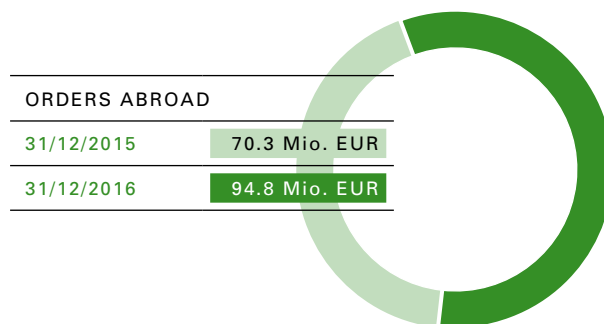
The Executive Board and the Supervisory Board expressly thank all employees of the EnviTec Group. Thanks to their commitment, the company reached most of the economic targets it had set itself for the past fiscal year and will embrace the future challenges from a stronger position.

## Order situation in the Plant Construction segment



At the end of the fiscal year 2016, EnviTec Biogas' Plant Construction segment had an order backlog of EUR 103.3 million (previous year: EUR 77.9 million). Of this total, orders worth EUR 77.4 million are already being processed. The increase is primarily attributable to the positive trend in the UK and Denmark. As of the balance sheet date, the number of projects with foreign customers increased sharply from EUR 70.3 million to EUR 94.8 million. The UK, France and Denmark account for most of the orders placed by foreign customers. Other important markets include China and the USA. EnviTec Biogas has a very broad customer base, which means that the company is not dependent on individual customers. 68.0% of the orders were placed by customers from

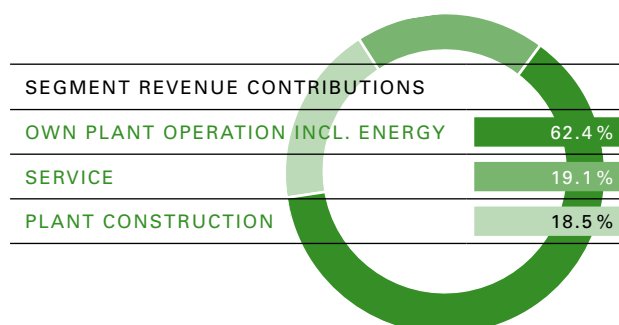
the agricultural sector (previous year: 75.9%). Industrial customers accounted for approx. 31.8% (previous year: 23.7%). The remaining orders were placed by project developers and the Own Plant Operation segment.



## Segment performance

The EnviTec Group operates in three segments, Plant Construction, Own Plant Operation and Service. As the regional electricity model was given up, the Energy segment was discontinued and the remaining activities were integrated into the Own Plant Operation segment. Consequently, the results of the Own Plant Operation segment stated in the 2015 annual report cannot be compared with the performance shown in this report, as the prior year figures stated here include the revenues of the former Energy segment.

In the reporting period, the Own Plant Operation segment (incl. Energy) made the biggest contribution to Group sales, at 62.4% (previous year: 55.8%). The Plant Construction segment's share declined from 29.3% to 18.5%, while the relative contribution made by the Service segment rose to 19.1% (previous year: 14.9%). The figures and developments presented in this paragraph have been adjusted for intra-Group transactions.



## Plant Construction

The EnviTec Group's Plant Construction segment recorded high demand in the international biogas markets in the fiscal year 2016. This is primarily true of Great Britain and France, which were also among the most important markets in 2015. In autumn 2016, EnviTec's sixth biogas plant was taken into operation in France and construction of two new plants started. In China, the company signed the contract for its sixth project in this important market of the future. Two plants are currently under construction in the USA. In addition, the company has projects in countries such as Denmark and the growing South East Asian markets. Several plant flexibilisation projects were executed in Germany.

The Plant Construction segment is special in that, according to the German Commercial Code (HGB), sales revenues are recognised only after completion. In fiscal 2016, a lower number of invoiced plants under construction sent revenues (incl. holding company) dropping sharply from EUR 51.3 million to EUR 30.2 million. However, good capacity utilisation and the high share of plants under construction led to an EUR 28 million increase in inventories (previous year: EUR -12.3 million). This sent total output rising sharply from EUR -5.1 million to EUR -2.8 million. Due to the low number of invoiced plants and the resulting delayed profit generation, the original target of a balanced segment result was not reached, however.

EnviTec is currently recording high utilisation and expects the segment's earnings to improve in 2017. In view of the unattractive conditions in the German market, EnviTec increasingly focuses on opportunities in foreign markets. The success of this strategy is reflected in the high share of international revenues of 27.1%. In 2016, the UK, France, Denmark as well as the USA and China were the most important foreign markets for EnviTec, with South-East Asia also gaining importance. The aim is for the Plant Construction segment to operate profitably in a challenging market.

## Own Plant Operation (incl. Energy)

The Own Plant Operation segment makes the highest contribution to the Group's revenues. As several old plants were sold in 2016, the number of plants operated by EnviTec declined from 76 to 72. Given that several more productive plants were acquired at the same time, however, the total capacity of the Group's own plants, at 58.7 MW, was only slightly below the previous year's 59.3 MW.

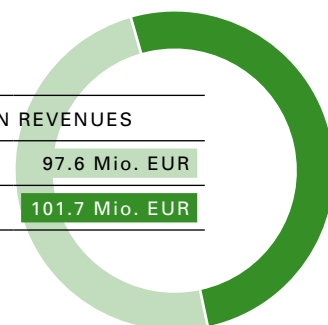
Plants with a capacity of 34.4 MW were fully consolidated (previous year: 35.0 MW) and 24.3 MW accounted for using the equity method (previous year: 24,3 MW).

Nine plants with a capacity of 10.7 MW are operated outside Germany, in Italy, Belgium and France. Revenues increased by 4.2% to EUR 101.7 million due to the higher percentage of fully consolidated plants in the portfolio.

High maintenance expenses were incurred as planned in the first half of 2016, in particular. As a result of the increased costs, earnings before interest and taxes (EBIT) declined moderately from EUR 10.8 million in the previous year to EUR 10.5 million in the reporting period. The increased costs include losses from the sale of four fully consolidated entities. The EBIT margin declined from 11.1% to approx. 10.4%. EnviTec expects additional revenue and earnings potential to result for this segment from the selective expansion of the plant portfolio and the optimisation of existing plants in Germany and abroad. Following their successful integration in 2016, the former Energy activities are expected to make positive revenue and earnings contributions again in the current fiscal year.

### OWN PLANT OPERATION REVENUES

31/12/2015	97.6 Mio. EUR
31/12/2016	101.7 Mio. EUR



## Service

The Service segment provides services related to the operation of biogas plants - from the start-up and ongoing control of plant operation and the biological processes to regular plant inspections and the training of plant operators and their employees. Growth in this segment continued in the fiscal year, with revenues climbing 19.4% to EUR 31.0 million.

This is primarily attributable to the growing number of serviced biogas plants and the expansion of the tasks in the field of repowering/flexibilisation and small plant extensions.

At the end of 2016, the Service segment provided biological services for plants with a total electrical output of 80 MW (previous year: 77 MW) and technical services for plants with an electrical output totalling 240 MW (previous year: 230 MW) in Germany.

Outside Germany, the EnviTec Group provided services for plants with a total electrical output of 98 MW (previous year: 88 MW), which break down into technical services for 61 MW (previous year: 50 MW) and biological services for 37 MW (previous year: 37 MW).

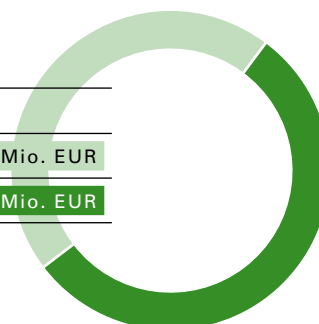
Growth in the Service segment will additionally be driven by the second EnviTec laboratory, which was opened at the company's headquarters in Lohne in February 2017. Just like the first lab, which was successfully taken into operation in Verona, Italy, in 2015, the new lab will offer a full biological service from a single source.

In early January 2017, EnviTec announced the signing of a comprehensive service agreement with Dutch company MAN Rollo BV for the Czech and Slovakian markets. MAN Rollo is an importer of diesel and gas engines, e.g. for combined heat and power units. As an exclusive partner, EnviTec will offer service for existing devices, revisions or replacements as well as the sale of spare parts. The agreement is a milestone in EnviTec Biogas' efforts to provide expert services also outside the traditional biogas segment.

Other important target markets include Great Britain, France and Denmark, where the company clearly expanded its resources in 2016 in response to growing demand.

The segment's operating result (EBIT) amounted to EUR -3.5 million in the reporting period (previous year: EUR -2.4 million). The EBIT margin stood at -11.3% (previous year: -9.1%). As in the previous periods, the negative segment result is primarily attributable to the fact that transactions with own plant operation companies are deducted from revenues in consolidation at Group level. On a stand-alone basis, the Service segment again generated a positive operating result. At the same time, the operating result was clearly adversely affected by a strong 35.7% rise in the cost of materials, which was due to the planned material increase in repair and maintenance expenses for the biogas plants operated by the company. Moreover, personnel expenses rose by 19.4% as additional service resources were built up, primarily in Great Britain. A notable reduction in the cost of materials suggests that profitability and sales revenues will pick up again in the current fiscal year.

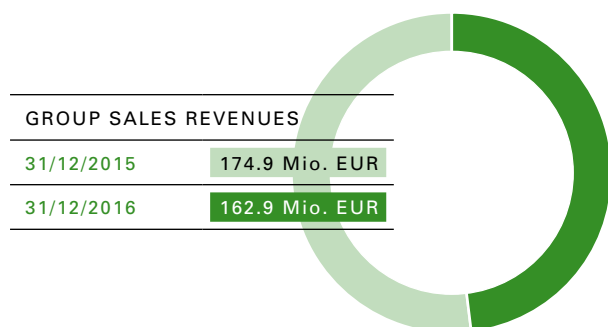
SERVICE REVENUES	
31/12/2015	26.0 Mio. EUR
31/12/2016	31.0 Mio. EUR





## Earnings, financial and net worth position

### Sales revenues



The EnviTec Biogas Group recorded a satisfactory business trend in 2016. While sales revenues declined by 6.9% to EUR 162.9 million (previous year: EUR 174.9 million) and the forecast of moderately growing Group revenues announced in the 2015 annual report for the full year 2016 was missed, the decline is essentially attributable to the lower number of projects invoiced by the Plant Construction segment. As a precise completion date is difficult to project, especially for larger projects, total output should be considered as well, as it also comprises the value of plants under construction. In 2016, total output increased by an impressive 17.3% to EUR 204.9 million.

Other operating income, which are included in total output, declined moderately from EUR 12.0 million to EUR 11.2 million.

While the Plant Construction's sales revenues dropped by 41.2% to EUR 30.2 million and total output increased notably, the other two segments of the Group recorded a positive revenue trend. The Group's largest segment, Own Plant Operation, increased its revenues by 4.2% to EUR 101.7 million. The Service segment recorded high double-digit growth for the second consecutive year and boosted its revenues by 19.4% to EUR 31.0 million.

Domestic revenues amounted to EUR 118.8 million in 2016 (previous year: EUR 127.8 million). Revenues generated outside Germany declined from EUR 47.1 million in the previous year to EUR 44.1 million in fiscal 2016. The reduction is attributable to the international projects

that were not invoiced in 2016. At EUR 8.3 million and EUR 19.9 million, respectively, the UK and Italy made the biggest contributions to international revenues in the reporting period.

### Expenses

The cost of materials is the main expense item of the EnviTec Biogas Group. In fiscal 2016, the cost of materials rose sharply by 27.6% to EUR 137.8 million (previous year: EUR 108.1 million). On the one hand, this is due to high capacity utilisation in the Plant Construction segment and the large number of plants under construction. In addition, the biogas plants operated by the company underwent a scheduled maintenance cycle, which was labour and cost-intensive and also led to a notable increase in the cost of materials of the Service and Own Plant Operation segments. As total output increased sharply at the same time, the gross result nevertheless rose by a moderate 0.7% to EUR 67.0 million.

Personnel expenses were up by 5.1% on the previous year to EUR 19.8 million due to the increased maintenance requirements and the expansion of the Service segment. Personnel expenses as a percentage of sales revenues climbed from 10.8% to 12.2%. Depreciation/amortisation, primarily caused by the Own Plant Operation segment, rose by a moderate 2.6% to EUR 18.0 million. Other operating expenses, which comprise operating, administrative and selling expenses, declined by 6.3% from EUR 26.7 million in the previous year to EUR 25.0 million.

### Earnings

In spite of the difficult and volatile conditions in the international biogas markets, the EnviTec Group again closed the fiscal year 2016 with a positive result. While the delayed generation of profits from current projects meant that the Plant Construction segment missed its earnings targets, the Service and Own Plant Operation segments showed an extremely positive performance in spite of increased expenses. Total earnings before interest, taxes, depreciation and amortisation (EBITDA) climbed from EUR 21.0 million to EUR 22.2 million. Earnings before interest and taxes (EBIT) amounted to EUR 4.2 million in the reporting period, compared to EUR

3.5 million in the previous year. The EnviTec Group thus achieved the slightly improved operating result (EBIT) announced for the fiscal year 2016. The EBIT margin picked up notably from 2.0% to 2.6%. Given the industry environment, EnviTec's profitability is solid and should continue to grow this year, when maintenance expenses will decline.

Interest expenses were reduced by another 15.2% to EUR 2.8 million in the reporting period (previous year: EUR 3.3 million). As interest income declined as well, the financial result stood at EUR -1.3 million (previous year: EUR -0.9 million). Tax expenses rose sharply from EUR 1.0 million to EUR 1.9 million. Consolidated net income after taxes amounted to EUR 1.7 million (previous year: EUR 1.4 million). Earnings per share for the year 2016 reached EUR 0.11 (previous year: EUR 0.10).

## Net worth position

As of 31 December 2016, the EnviTec Group's total assets were down by 2.9% to EUR 284.4 million. On the assets side, non-current assets declined by 6.7% from EUR 176.6 million to EUR 164.8 million. This was primarily due to the sharp drop in property, plant and equipment from EUR 132.8 million to EUR 119.3 million, which in turn, is attributable to systematic depreciation and the sale of old plants. By contrast, loans to investments increased by 62.1% to EUR 13.1 million to finance subsequent investments and feedstock purchases. Current assets climbed from EUR 106.2 million on the prior year reporting date to EUR 110.7 million on 31 December 2016. While inventories increased by 32.7% to EUR 55.8 million due to high capacity utilisation in the Plant Construction segment, receivables decreased by 14.5% to EUR 38.3 million. Trade receivables (-14.3% to EUR 24.9 million) and receivables from investments (-53.1% to EUR 1.9 million) were reduced particularly strongly.

## Financial position

### Capital structure

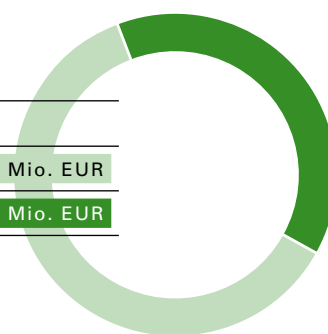
On the liabilities side, equity capital was down by EUR 10.9 million or 6.5% on the previous year's EUR 168.2 million as of the balance sheet date 31 December 2016. The decline is essentially attributable to the fact that the dividend payment of EUR 11.9 million in 2016 led to an accumulated loss of EUR 8.1 million. An equity ratio of 55.3% (previous year: 57.4%) again reflects EnviTec's very solid capital structure which forms the basis for seizing growth opportunities in the international biogas markets.

Provisions declined slightly from EUR 11.5 million to EUR 11.0 million. The Group's liabilities were up by 4.0% to EUR 113.7 million as of the balance sheet date. Trade liabilities (+26.1% to EUR 18.4 million) and liabilities to investments (+50.2% to EUR 3.5 million) increased particularly strongly.

At EUR 75.2 million, liabilities to banks were more or less on a par with the previous year. At the same time, part of the Group's liabilities were refinanced to take advantage of more favourable conditions. Current liabilities rose by EUR 16.5 million to EUR 67.7 million. Non-current liabilities amounted to roughly EUR 46.0 million, of which EUR 44.3 million related to long-term loans (previous year: EUR 58.1 million).

### Investments

GROUP INVESTMENTS	
31/12/2015	14.1 Mio. EUR
31/12/2016	9.0 Mio. EUR



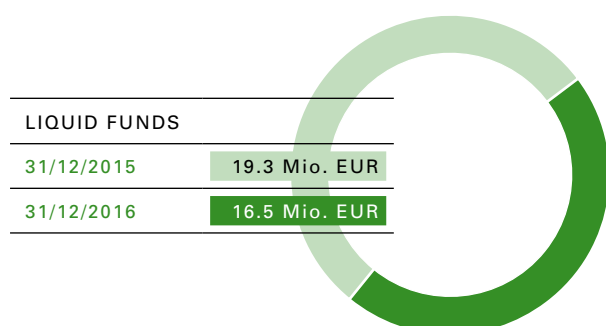
The Group's investments in 2016 totalled EUR 9.0 million, compared to EUR 14.1 million in 2015. At EUR 7.0 million, the biggest portion of the company's investments again related to the Own Plant Operation



segment incl. Energy (previous year: EUR 12.3 million) and resulted from the takeover of the total assets of an existing biogas plant in the amount of EUR 2.4 million and the acquisition of shares in Second Biogas Operating Holding s.r.l., Verona/Italy, an intermediate holding company. As a result, goodwill increased by EUR 1.3 million. Investments in the Own Plant Operation segment also related to comprehensive extensions and repowering measures. On the other hand, a total capacity of 2.1 MW was divested. Other investments in the amount of EUR 0.9 million (previous year: EUR 1.0 million) and EUR 1.1 million (previous year: EUR 0.7 million) were made by the Plant Construction segment and the Service segment, respectively. EnviTec expects investments in 2017 to be at the prior year level.

## Cash position

EnviTec Biogas has a very stable financial foundation. At the end of the year 2016, the company's cash position was very solid. Cash and cash equivalents totalled EUR 16.5 million (previous year: EUR 19.3 million) and other current assets amounted to EUR 11.6 million (previous year: EUR 11.8 million). This total amount of EUR 28.1 million nearly covers the current liabilities to banks of EUR 30.9 million (previous year: EUR 17.0 million). In addition, EnviTec Biogas had unused overdraft facilities of EUR 7.9 million as of the balance sheet date. We nevertheless aim to reduce our receivables again in 2017 in order to further improve our cash position.



## Cash flow statement

The EnviTec Group's net cash flow was down by EUR 16.1 million on the previous year to EUR 20.0 million in 2016. The notable reduction is primarily the result of the larger amount of capital tied up in feedstock inventories and the higher capacity utilisation in the Plant Construction segment in the amount of EUR 19.6 million. The sharp reduction in trade receivables had the opposite effect and provided net cash of approx. EUR 4.7 million. Net cash used in investing activities declined from EUR 11.6 million to EUR 7.7 million due to reduced investments in the Own Plant Operation segment. Net cash used in financing activities amounted to EUR 20.8 million in the reporting period and was essentially attributable to the EUR 11.9 million dividend payment.

## General statement on the financial situation

### Opportunity and Risk Report

The conscious and controlled management of risks and opportunities is the basis for successful long-term corporate development. The changing global energy market opens up opportunities for EnviTec Biogas which the company wants to exploit. Opportunities naturally entail risks, which must be adequately managed and minimised in order to ensure successful corporate development. EnviTec Biogas has therefore introduced a management system which systematically identifies potential risks and shows measures to minimise these risks. All executive staff are trained in identifying risks and taking appropriate responses. They encourage their employees to think in an entrepreneurial manner and to avoid risks. Risk management forms the basis for corporate control and helps to achieve the company's objectives. It is an integral element of all business processes and business units.

## Opportunities

### Sector-specific opportunities

The growing global demand for energy and the challenges of climate change open up opportunities for the biogas industry. As a renewable energy source which can cover base load and peak load requirements, biogas will continue to gain importance going forward. Moreover, the production of biogas facilitates the intelligent use of biological waste, which opens up additional opportunities for EnviTec. In the coming years, EnviTec will endeavour to expand and strengthen its market position by continuing to internationalise into the most promising biogas and biomethane markets. We see opportunities not only in established markets such as France and the UK but above all in emerging markets such as China, Malaysia and Indonesia as well as the USA and Denmark in the medium term.

In established markets, opportunities arise where competitors are unable to respond appropriately to short-term changes in the general framework or to successfully face the competition. The German market, in particular, will continue to consolidate. This will open up opportunities primarily for EnviTec's Service and Own Plant Operation segments to win new customers as well as market share.

### Strategic corporate opportunities

Strategic corporate opportunities result from the ongoing development of the product portfolio – with regard to both scope and quality – and the expansion of the technological leadership. We therefore focus on investments in research and development, quality assurance and employee qualification. In this context, the focus has increasingly shifted to the “biobased economy” approach, which stands for as yet unused, innovative uses of organic resources. The holistic approach of a biobased economy is aimed at sustainable operation on the basis of renewable resources and wastes and to create alternatives to the oil-based industry. EnviTec is increasingly conducting research into this field, looking for new processes and products which could open up new opportunities in new markets for the company also outside the biogas sector.

### Performance-related opportunities

Performance-related opportunities arise for EnviTec Biogas along the value chain from purchasing to production to sales and marketing. Analysis and optimisation open up opportunities to increase the profitability.

## Risks

### Risk management

EnviTec Biogas has laid down the tasks, reporting and organisational structures in a Risk Management Manual. This Manual defines risks and describes the complete risk management process. The task of the Risk Officers is to assess, monitor and counter-act all risks in accordance with defined categories. Based on a regularly updated risk inventory, these are reviewed at quarterly intervals. Any risks which arise all of a sudden and have a notable impact on the company's business performance and earnings position as well as on the enterprise value are immediately reported to the Executive Board, which will then take the necessary decisions. In the context of its reports to the Supervisory Board, the Executive Board continuously informs the latter about the main risks and outlines the measures taken to manage these risks.

We are a company operating in a dynamically changing international market environment. This gives rise to risks which are inextricably linked with our business activities. As a matter of principle, risks cannot be entirely avoided by changing the basic framework or through technological development. Our risk management system is therefore constantly being adapted to the latest developments. The Group does not take risks that are unrelated to the key objectives of corporate development.

These key objectives include:

- > development and implementation of the business model and sustainable corporate value creation,
- > defending the technological leadership,
- > securing liquidity.

The Executive Board has no knowledge of any risks jeopardising our continued existence. Individual risks capable of jeopardising our business performance and corporate value are described below.

## Environmental and industry risks

The financial success of the products and services offered by EnviTec Biogas is dependent on the promotion of renewable energy sources under appropriate policies and regulations. In Germany, these include, for instance, the German Renewable Energy Sources Act (EEG). Most of the other EU member states and a number of non-EU countries have also put in place regulations comparable to the German Renewable Energy Sources Act (EEG). These regulations are of decisive importance for the success of the biogas sector in these countries. Regulations under construction law and pollution control law must be observed both when building or enlarging biogas plants and when operating such plants. Some of these regulations place biogas plants in a privileged position in relation to other plants; in particular, they provide for size-related simplification of the licensing procedure when erecting such plants in outdoor areas as defined by construction law. Any changes in the statutory conditions governing the erection, enlargement and operation of biogas plants, both in Germany and in other countries, may have a negative effect on the net worth, financial and earnings position of EnviTec Biogas. As a result of the amended EEG 2015, the German biogas market has come to a virtual standstill. EnviTec's plant construction activities have since focused primarily on foreign growth markets. Apart from the legal framework, some parts of the general public as well as certain special interest groups have reservations about biogas plants and their construction. This is why, in June 2009, EnviTec Biogas and other companies established the German Biogas Council, which acts as a source of advice and port of call for policy-makers, the corporate sector and special interest groups and aims to eliminate prejudices. The aim is to promote the agricultural and industrial orientation of biogas technology and to represent the industry's shared interests with regard to legislation and products. EnviTec Biogas intends to expand its international activities, which gives rise to a number of risks. These include potential changes in the political, economic, social, legal, cultural and fiscal conditions prevailing in individual countries. In addition, there is the risk of unexpected changes in local laws and regulations, which may have an adverse impact on the business activity of EnviTec Biogas. Some countries in which we are already active or plan to become active are considerably less stable in economic, political and legal terms than the member states of the European

Union. This applies to Asia, in particular. Inadequate legal and administrative systems may make it more difficult or even impossible to obtain official permits, hamper the completion of customers' orders or jeopardise the enforcement of financial and other claims. The company has built up substantial know-how in the foreign representative offices and the Group management team and aims to anticipate potential changes and to prepare itself and its customers accordingly. Moreover, the processes and documents needed to obtain local approvals are optimised with regard to specific local requirements. Management will not contemplate investments in countries in which EnviTec Biogas sees no opportunities following close and continuous monitoring; existing investments in such countries will be terminated.

In summary, EnviTec classifies the above environmental and industry risks as strategic risks, whose occurrence is likely but whose impact on the business activity as well as the financial and earnings position of the Group would be moderate if such a risk occurred.

## Order, sales and default risk

The effects of macroeconomic developments on the company's customers and its order and sales situation are difficult to assess. A decline in the order backlog due to cancellations or a lack of new orders would have an impact on the future sales and earnings position. EnviTec Biogas has intensified its communication with its customers to anticipate any potential postponement of orders and supports its customers in the approval processes. When marketing and selling electricity generated from biogas, the company takes out long-term sales and purchase positions. These positions might incur significant losses in an oversupplied (long) or undersupplied (short) market environment combined with a negative market trend. At this time, all relevant positions are covered either by counterparties from within the Group or counterparties of excellent credit standing. With a view to preventing the loss of receivables, the company has optimised its receivables management process as well as the creditworthiness review. The open positions are reported to the Executive Board in a weekly report. Moreover, every responsible project manager is informed of the outstanding receivables at 14-day intervals so that dunning can be initiated.

In summary, EnviTec currently classifies the order and sales risk as a strategic risk, whose occurrence is unlikely.

Moreover, the potential impact on the business activity as well as the financial and earnings position of the Group are considered to be low. Overall, EnviTec sees no material risks arising from order and sales management.

### Currency risks

All sales and purchases are made in the Group currency, the euro. This does not entail major currency risks. Currency risks may arise in conjunction with transactions of the subsidiaries in Great Britain, the Czech Republic and the USA. Exchange rates are therefore monitored on an ongoing basis to ensure that currency hedging measures can be taken at an early stage. To hedge risks in conjunction with contracts in the UK and the USA, currency forward contracts in an amount of EUR 9.0 million were signed. They are used to hedge payments expected to be received by the subsidiaries.

In summary, EnviTec currently classifies currency risks as operational risks, whose occurrence is unlikely because of the conservative hedging strategy and whose impact on the Group would be moderate if they occurred.

### Competitive risks

Existing or future competitors may try to win market share by pursuing an aggressive pricing or acquisition policy. This competition is made even fiercer by the continuous reduction in the minimum remuneration paid for electricity which is fed into the public grid from biogas plants in accordance with the German Renewable Energy Sources Act (EEG) and the associated imperative to permanently cut costs, as well as by similar trends in other countries.

In summary, EnviTec currently classifies competitive risks as strategic risks, whose occurrence is likely but whose impact on the Group would be low if they occurred.

### Technological risks

Biogas plants are subject to rapid technological change. The market for biogas plants is driven by constantly improved products and services and is characterised by short product lifecycles and frequently changing customer requirements. We assume that this will continue to be the case going forward. By introducing new products or services earlier or at more favourable conditions than our company, our competitors could gain a lead or secure exclusive rights to new technologies. The future success

of EnviTec Biogas therefore depends on its ability to continuously develop new products and services and to enter into technology partnerships.

In summary, EnviTec currently classifies technological risks as strategic risks, whose occurrence is likely, but whose impact on the Group would be low if they occurred.

### Procurement risks

The components needed to build biogas plants are to a large extent purchased from suppliers. Particularly the combined heat and power units are only produced and supplied by a small number of manufacturers worldwide. This could give rise to supply bottlenecks or rising prices for the components. We aim to prevent this by maintaining close business relationships and signing fixed-price agreements. Supply bottlenecks may also result from environmental disasters or poor weather conditions affecting large areas. The latter may lead to lost harvests of the substrates used in the operation of biogas plants, i.e. renewable or organic resources and waste. Prices for the required feedstock materials may rise as a result of the high demand. This could jeopardise the cost-efficiency of the biogas plants operated by EnviTec's Own Plant Operation segment. Among other things, long-term delivery contracts are concluded with regional agricultural operations in order to reduce this risk.

Particularly outside Germany, the strategy of EnviTec Biogas is to involve regional farmers directly in the operation of the plants, as partners, and thus assure the supply of raw materials.

In summary, EnviTec currently classifies procurement risks as operational risks, whose occurrence in the Own Plant Operation segment and in the Plant Construction segment is unlikely and very unlikely, respectively. The potential impact on the Group is considered to be moderate for the Own Plant Operation segment and low for the Plant Construction segment.

### Corporate growth and internal risks

EnviTec Biogas has established internal organisational structures and management processes that must keep pace with the volatile environment. These include the organisation for financial accounting according to IFRS, the necessary IT systems and strict receivables management. The EnviTec Group has an internal controlling

and risk management system regarding the accounting process, which defines suitable structures that are implemented in the organisation. This system is designed to ensure timely, consistent and correct accounting of all business processes and transactions. It also guarantees compliance with legal standards, accounting regulations and internal instructions. The consolidated accounts are produced centrally on the basis of the data of the consolidated subsidiaries. Specially trained employees are responsible for consolidation. The management teams of the Group's member companies are responsible for implementing and monitoring the local internal controlling systems. Generally, it should be noted that an internal controlling system, irrespective of the size and structure, does not provide 100% security that material misstatements in the accounts are avoided or identified.

However, it serves to prevent with sufficient certainty that corporate risks have a material effect. The future processes will make high demands on our organisation and will tie down substantial management resources. There is a risk that the company's organisation and structure will be unable to keep pace with the company's requirements. The company therefore attaches top priority to developing and refining the necessary organisational, information and management structures.

In summary, EnviTec currently classifies risks arising from corporate growth as well as internal risks as risks which are unlikely to occur and whose impact on the Group would be low if they occurred.

### Personnel risks

The growth of EnviTec Biogas depends first and foremost on highly qualified employees. Growth will be slowed if it is not possible to hire well trained employees in a timely manner or to retain key qualifications in the company. The company makes consistent and intensive use of recruitment tools and constantly coordinates the company's hiring needs with the individual departments. At the same time, the company continues to train and educate its employees and expands its knowledge by cooperating with the scientific departments of technical colleges.

In summary, EnviTec currently considers personnel risks to be unlikely to occur and their impact on the Group to be moderate if they occurred.

### Risks from financing instruments

In September 2012, EnviTec Biogas AG issued a EUR 30 million note loan. In this context, EnviTec undertook to meet certain financial covenants such as a minimum equity ratio (economic equity capital/total assets) and maximum leverage (net liabilities/EBITDA). The agreed covenants are met by EnviTec. A violation of these covenants would entitle the banks to terminate the note loan. So far, the note loan has been repaid on schedule (EUR 3.5 million) and partly prematurely (EUR 12.0 million) because of the good cash position, with an amount of EUR 14.5 million now outstanding. The next payment is scheduled for September 2017.

The other non-current liabilities also carry fixed interest rates and are therefore exposed to a fair-value risk, which means that potential interest rate increases do not represent a risk to the company.

In summary, EnviTec currently considers risks from the above financing instruments to be unlikely to occur and their impact on the Group to be moderate if they occurred.

### Related party disclosures

In accordance with section 312 of the German Stock Corporation Act (AktG), the company published related party disclosures, which ended with the following statement: "Each of the transactions mentioned in the related party disclosures was made on terms equivalent to those that prevail in arm's length transactions, based on the circumstances known to us at the time when such transactions were made. There were no reportable measures at the instigation or in the interest of the controlling company." The auditors of EnviTec Biogas AG and the Group, Michael Kohl GmbH Wirtschaftsprüfungsgesellschaft, audited the related party disclosures and issued an unqualified audit certificate.

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## Forecast

### Improved macroeconomic environment in 2017

The IMF expects growth momentum to increase notably in 2017. Thanks to rising consumer prices and robust financial markets, a growth rate of 3.5% is projected for 2017 (previous year: 3.1%). At 6.6%, the Chinese economy, which is the main driver of the world economy, will continue to grow at a high level in 2017. The total gross domestic product of the emerging and developing countries is expected to grow by 4.5%, while a relatively clear increase of 2.0% is projected for the industrialised countries.

The economies of the five ASEAN founding members – Indonesia, Malaysia, Philippines, Singapore and Thailand (ASEAN-5) – will grow by a total of 5.0%. US GDP will expand by 2.3%. Eurozone GDP is expected to grow at the same rate as in 2016 (+1.7%), while growth in Germany will slow down somewhat from 1.8% in the previous year to 1.6% in 2017. The French economy is expected to grow by 1.4%, while the IMF projects a growth rate of 2.0% for the UK.

### Industry trend – some opportunities in Germany; international growth remains broad-based

Under the amended EEG, which came into force on 1 January 2017, existing plants may receive follow-up compensation for another ten years by way of tenders, which will improve the long-term conditions for plant construction. In addition, the tariff for new plants has been increased, albeit without providing any relevant incentives for the actual construction of new biogas plants. In Germany, opportunities arise in the services segment, from the flexibilisation of biogas plants and in areas outside the pure generation of electricity, e.g. in the heat market and the upgrading of biogas. Nevertheless, the general conditions in other markets such as Great Britain, France or China are much more attractive for both the construction of new plants and the expansion of downstream technical and biological services.

France, Great Britain and Denmark remain the most attractive biogas markets in Europe. The energy transition act adopted in France in 2015 provides clear incentives for the construction of new biogas plants, especially for gas upgrading. The general conditions in Great Britain are also expected to remain favourable, although regulatory amendments may have a dampening effect on plant construction in the medium term. The positive framework conditions in Denmark suggest that new plants will continue to be built; the Danish Biogas Association expects at least 20 new biogas plants to be erected by 2020.

EnviTec considers China, the USA, Indonesia and Malaysia to be the most important growth markets outside Europe. Installing an additional capacity of roughly 750 MW<sub>el</sub> p.a., China is set to become the world's best-selling biomass market. In the USA, favourable conditions for projects will arise primarily in regions characterised by high electricity prices and in metropolitan regions subject to strict environmental regulations or restrictions on the availability of landfill sites. In view of reference projects already implemented in the USA, EnviTec sees good opportunities for the erection of plants at such sites.



Consulting firm ecoprog expects 2,400 new biogas plants with a capacity of 26.5 GWel to be built worldwide by the year 2025. The main reason is the subsidisation of electricity generated from renewable energy, which has meanwhile become established in over 140 countries.

## Performance of EnviTec Biogas

By putting its plant construction activities on an international basis at an early stage, the EnviTec Group demonstrated its strategic far-sightedness and can now seize opportunities that arise in the international biogas markets quickly and efficiently. In doing so, the company is building on a sound financial foundation, its technological strengths and a profitable, integrated business model.

### Segment developments

Due to the unattractive economic conditions, the German market is hardly relevant for EnviTec's new plant construction activities. The amended EEG 2017 will not provide any stimulation for the construction of new biogas plants in Germany in the foreseeable future, either. Individual opportunities may arise in Germany from the flexibilisation of existing plants resulting in increased capacity. A focus will also be placed on reconstruction measures and portfolio optimisations in Germany. At the same time, EnviTec will continue its internationalisation, which started at an early stage, and plans to expand its strong position in the markets that are most promising for biogas and biomethane in the coming years. The UK is currently the most important foreign market for EnviTec, followed by France, Denmark and China. Experience has shown, however, that both domestic and international framework conditions may change quickly. We must therefore seize opportunities quickly and with determination and manage the risks associated with doing business abroad – e.g. different legal systems, building regulations and language barriers – efficiently. The basis for this has been laid in the past years, which saw us adjust our corporate and personnel structures and innovate our product range. Nevertheless, we must permanently monitor the regulatory environment in all markets and assess every change with regard to its effect on our business model.

EnviTec Anlagenbau GmbH & Co. KG had an order backlog of EUR 103.3 million at the end of 2016 and has recorded very good capacity utilisation also in the year to date. The Executive Board of EnviTec Biogas AG is therefore optimistic that total output in the **Plant Construction** segment will increase notably in 2017. Sales revenues are also expected to pick up on the previous year, although this will depend on the number of projects that can be finally invoiced before the balance sheet date. Moreover, the Plant Construction segment is planned to generate a positive result (EBIT).

EnviTec expects additional revenue and profit potential to arise for the **Own Plant Operation** segment (incl. Energy) from the construction of new plants, the acquisition of plants and the optimisation of existing sites. Where opportunities arise, EnviTec will expand its production capacity again on a selective basis in 2017, with the focus on Germany and the UK. After completion of the maintenance cycle in 2016, costs in this segment are expected to decline in 2017. EnviTec Biogas therefore assumes that sales revenues and earnings before interest and taxes (EBIT) in the Own Plant Operation segment will increase moderately. The activities previously performed by the Energy segment (direct marketing of balancing energy, biomethane and electricity) will make a positive contribution to sales revenues and earnings.

EnviTec's **Service** segment will continue to grow as dynamically as in the previous year. Our experts remain in high demand where biological processes and plant operation are concerned. On the one hand, growth will be driven by cooperations agreed in Germany and abroad in 2016 and early 2017. On the other hand, the ongoing expansion of our human and technical resources will gradually have a positive effect on sales revenues and earnings. The relative share of revenues from the provision of services for third-party plants will continue to increase. EnviTec also plans to increasingly offer its service expertise outside the traditional biogas sector. The Executive Board expects the Service segment's revenues and earnings to pick up moderately in the fiscal year 2017.

In view of the above sector developments, EnviTec projects slightly higher revenues and a moderate improvement in the operating result (EBIT) at Group level for the fiscal year 2017. The achievement of the economic

targets will hinge on the business trend in the most important international markets of the Plant Construction segment, especially in Great Britain, France, China and the USA. As in the previous year, sales revenues will also depend on the number of projects that can be invoiced by the end of the year according to the German Commercial Code (HGB).

## General statement on the future outlook

The EnviTec Group will benefit from considerable opportunities in the coming years. The future of EnviTec primarily lies in plant construction in attractive foreign markets such as France, Denmark, the USA, China or Indonesia.

In addition, the high cash-flow generating Own Plant Operation segment will be expanded selectively, while the complementary Service segment will be expanded primarily in more mature markets. Biogas will move away from traditional electricity production towards a flexible, multi-variable and climate-friendly energy source that can be fed in via the natural gas grid, be used as a carbon-neutral fuel and serve as a supplier of heat.

Going forward, it will be vital for the EnviTec Group to continue demonstrating its technological and strategic far-sightedness. The company will push ahead with the exploration of new applications, processes and markets. The aim is to no longer generate up to 30% of its consolidated revenues in the subsidised biogas sector in the medium term. The company will also explore applications and processes in new business segments and products outside the biogas sector.

On balance, management believes that EnviTec is well positioned for the future thanks to its strong technological and financial foundation. The positive development since 2014 confirms EnviTec's ability to successfully cope with volatile market conditions. Our aim is to capitalise on opportunities arising in attractive markets, to develop new markets and processes and to achieve solid revenue and earnings growth.



# CONSOLI- DATED FINANCIAL STATEMENTS

## Consolidated balance sheet as at 31 December 2016

<b>Assets</b>			
<b>A.</b>	<b>Fixed assets</b>	<b>31/12/2016 in EUR</b>	<b>31/12/2015 in KEUR</b>
<b>I.</b>	<b>Intangible assets</b>		
	1. Purchased concessions, industrial property rights and related rights and assets as well as licences for such rights and assets	2,149,924.92	2,779
	2. Goodwill	7,674,141.95	8,742
	3. Payments on account	0.00	11
		<b>9,824,066.87</b>	<b>11,533</b>
<b>II.</b>	<b>Tangible assets</b>		
	1. Land and leasehold rights and buildings, including buildings on third-party land	32,497,563.84	35,009
	2. Technical equipment and machinery	75,303,941.28	86,022
	3. Other fixtures, tools and equipment	8,821,041.94	8,431
	4. Payments on account and plants under construction	2,702,524.52	3,386
		<b>119,325,071.58</b>	<b>132,848</b>
<b>III.</b>	<b>Financial assets</b>		
	1. Shares in at-equity investments	11,714,070.29	10,966
	2. Equity holdings	22,540.00	23
	3. Loans to companies in which an interest is held	13,131,433.00	8,101
	4. Other loans	10,792,802.50	13,080
		<b>35,660,845.79</b>	<b>32,169</b>

<b>B.</b>	<b>Current assets</b>	<b>31/12/2016 in EUR</b>	<b>31/12/2015 in KEUR</b>
I.	Inventories		
	1. Raw materials and supplies	38,010,805.78	35,896
	2. Work in progress	47,826,808.03	15,927
	less payments on account	-35,335,340.69	- 12,108
		12,491,467.34	3,819
	3. Finished goods	447,907.87	431
	4. Payments on account	4,873,954.60	1,937
		<b>55,824,135.59</b>	<b>42,083</b>
II.	Receivables and other assets		
	1. Trade receivables	24,894,178.08	29,060
	2. Receivables from companies in which an interest is held	1,881,121.89	4,012
	3. Receivables from shareholders	0.00	38
	4. Other assets	11,559,625.34	11,751
		<b>38,334,925.31</b>	<b>44,860</b>
III.	Cash in hand, cash at Bundesbank, cash at banks and cheques	<b>16,497,532.63</b>	<b>19,284</b>
<b>C.</b>	<b>Prepaid expenses</b>	<b>2,599,678.27</b>	<b>2,506</b>
<b>D.</b>	<b>Deferred tax assets</b>	<b>6,380,041.54</b>	<b>7,626</b>
		<b>284,446,297.58</b>	<b>292,909</b>

## Liabilities

A.	Equity capital	31/12/2016 in EUR	31/12/2015 in KEUR
I.	Subscribed capital	15,000,000.00	15,000
	Less nominal amount of own shares	-150,000.00	- 150
	Issued capital	14,850,000.00	14,850
II.	Capital reserve	139,328,633.67	139,329
III.	Revenue reserves		
	Other revenue reserves	10,150,000.00	10,150
IV.	Equity difference from currency translation	-372,758.88	- 84
V.	Profit	-8,082,426.39	1,283
VI.	Adjustment item for minority interests	1,451,955.89	2,688
		<b>157,325,404.29</b>	<b>168,216</b>
B.	Provisions		
	1. Tax provisions	1,082,008.08	934
	2. Other provisions	9,882,717.90	10,585
		<b>10,964,725.98</b>	<b>11,520</b>
C.	Liabilities		
	1. Liabilities to banks	75,156,817.68	75,108
	2. Trade liabilities	18,372,312.58	14,566
	3. Liabilities towards companies in which an interest is held	3,477,841.65	2,316
	4. Liabilities to shareholders	745,853.74	630
	5. Other payables thereof tax liabilities: 2,502,093.17 EUR (previous year: 1,815 KEUR) thereof social security liabilities: 138,483.61 EUR (previous year: 183 KEUR)	15,947,357.65	16,751
		<b>113,700,183.30</b>	<b>109,371</b>
D.	Deferred income	2,455,984.01	3,803
		<b>284,446,297.58</b>	<b>292,909</b>

## Consolidated income statement for the period from 1 January to 31 December 2016

	2016 in EUR	2015 in EUR
1. Sales revenues	162.929.984,66	174.911.873,62
2. Increase/decrease in finished goods and work in progress	30.723.831,34	-12.318.998,67
3. Other operating income	11.198.472,26	11.986.927,62
<b>Total output</b>	<b>204.852.288,26</b>	<b>174.579.802,57</b>
4. Cost of materials		
a) Costs of raw materials and supplies and purchased goods	123.105.718,14	98.097.284,23
b) Costs of purchased services	14.736.606,15	9.957.226,02
	137.842.324,29	108.054.510,25
<b>Gross result</b>	<b>67.009.963,97</b>	<b>66.525.292,32</b>
5. Personnel expenses		
a) Wages and salaries	16.151.672,45	15.220.609,34
b) Social security contributions and expenditure for pensions and social welfare thereof for pensions: 97,295.05 EUR (previous year: 86,282.33 EUR)	3.654.744,00	3.629.383,69
	<b>19.806.416,45</b>	<b>18.849.993,03</b>
6. Depreciation and amortisation of intangible and tangible fixed assets	17.966.330,40	17.510.940,74
7. Other operating expenses	25.034.963,90	26.714.287,81
8. Income from at-equity investments	704.595,72	1.183.021,71
9. Other interest and similar income	1.454.844,35	2.366.147,46
10. Write-down of financial assets	0,00	1.296.623,73
11. Interest and similar expenses	2.783.524,62	3.282.575,78
<b>12. Result from ordinary activities</b>	<b>3.578.168,67</b>	<b>2.420.040,40</b>
13. Income taxes thereof deferred taxes: 1,245,834.64 EUR (previous year: - 1,094,899.30 EUR)	1.825.347,05	916.081,99
<b>14. Result after tax</b>	<b>1.752.821,62</b>	<b>1.503.958,41</b>
15. Other taxes	93.261,54	85.347,53
<b>16. Consolidated net loss</b>	<b>1.659.560,08</b>	<b>1.418.610,88</b>
17. Profit carried forward	1.282.942,64	5.333.859,01
18. Profit distribution	-11.880.000,00	-5.197.500,00
19. Profits allocated to minority shareholders	-855.070,89	272.027,25
<b>20. Consolidated profit</b>	<b>-8.082.426,39</b>	<b>1.282.942,64</b>

## Consolidated cash flow statement for the period from 1 January to 31 December 2016

	2016 in EUR	2015 in EUR
Consolidated net profit	2,514,631	1,146,584
Income tax expenses	1,825,347	916,082
Interest result	1,328,680	916,428
Profit (-) / losses (+) from at-equity companies	-704,596	-1,009,035
Income tax paid	-1,829,720	-4,717,649
Depreciation of tangible fixed assets	17,966,330	17,510,941
Write-down of financial assets	0	1,296,624
Decrease (-) / increase (+) in provisions	-502,547	1,296,641
Profit (-) / losses (+) from spin off	1,575,856	0
Profit (-) / losses (+) on the sale of tangible assets	977,094	1,043,638
<b>Gross cash flow</b>	<b>23,151,076</b>	<b>18,400,253</b>
Increase/decrease in inventories	-14,004,135	5,635,683
Decrease/increase in trade receivables	3,669,261	-997,790
Increase/decrease in trade liabilities	4,079,528	-5,291,009
Decrease in other payables and other liabilities	3,792,491	6,855,833
Decrease in other receivables and other assets	330,130	11,893,743
Other non-cash transactions	-1,014,213	-375,285
<b>Cash inflow from operating activities (net cash flow)</b>	<b>20,004,139</b>	<b>36,121,429</b>

	2016 in EUR	2015 in EUR
Proceeds from disposals of tangible assets	937,792	223,701
Payments for intangible assets	-1,401,720	-1,689,463
Payments for tangible assets	-7,676,973	-12,444,649
Payments for at-equity investments	-548,500	-117,671
Proceeds for sale of consolidated companies including disposals of assets and liabilities	950,000	0
Proceeds from increases in at-equity investments	195,292	112,050
Outflow of cash and cash equivalents due to business combinations	-1,575,856	0
Interest income	1,454,844	2,366,147
<b>Outflow of cash from investing activities</b>	<b>-7,665,121</b>	<b>-11,549,885</b>
Cash received from bank loans	13,297,330	11,580,174
Payments for debt redemption	-18,874,974	-28,538,117
Payments to shareholders	-11,880,000	-5,197,500
Payments to minority interests	-510,835	0
Interest expenses	-2,783,525	-3,282,576
<b>Outflow from financing activities</b>	<b>-20,752,003</b>	<b>-25,438,019</b>
<b>Total cash changes</b>	<b>-8,412,985</b>	<b>-866,475</b>
<b>Cash and cash equivalents on 1 January</b>	<b>19,265,839</b>	<b>20,132,314</b>
<b>Cash and cash equivalents on 31 December</b>	<b>10,852,854</b>	<b>19,265,839</b>

## Fixed assets movement schedule as at 31 December 2016

	As at 1 Jan. 2016	Additions 2016	Additions due to First consolidation	Disposals 2016	Disposals due to decon- solidation	Reclassifi- cations 2016	As at 31 Dec. 2016
<b>in EUR</b>	<b>Acquisition and manufacturing costs</b>						
<b>FIXED ASSETS</b>							
<b>I. Intangible assets</b>							
1. Concessions, industrial property rights and related rights and assets as well as licences for such rights and assets	5,432,315	138,466	0	130,000	43,900	0	5,396,881
2. Goodwill	10,835,269	1,263,254	0	0	1,047,960	0	11,050,564
3. Payments on account	11,088	0	0	11,088	0	0	0
	<b>16,278,673</b>	<b>1,401,720</b>	<b>0</b>	<b>141,088</b>	<b>1,091,860</b>	<b>0</b>	<b>16,447,446</b>
<b>II. Tangible assets</b>							
1. Land and leasehold rights and buildings, including buildings on third-party land	45,078,855	820,327	0	37,903	2,126,774	483,750	44,218,255
2. Technical equipment and machinery	135,982,840	3,512,137	0	0	6,373,217	70,972	133,192,732
3. Other fixtures, tools and equipment	19,351,724	2,918,310	0	1,044,958	297,528	74,272	21,001,820
4. Payments on account and plants under construction	3,795,356	277,537	148,662	462,987	17,707	-628,994	3,111,868
	<b>204,208,776</b>	<b>7,528,311</b>	<b>148,662</b>	<b>1,545,849</b>	<b>8,815,226</b>	<b>0</b>	<b>201,524,675</b>
<b>III. Financial assets</b>							
1. Shares in at-equity investments	11,770,064	1,253,096	0	195,292	309,500	0	12,518,368
2. Equity holdings	22,540	0	0	0	0	0	22,540
3. Loans to companies in which an interest is held*	9,234,248	6,270,000	0	1,176,000	0	-150,000	14,178,248
4. Other loans*	17,067,920	0	0	1,666,962	0	-2,084,885	13,316,073
	<b>38,094,772</b>	<b>7,523,096</b>	<b>0</b>	<b>3,038,254</b>	<b>309,500</b>	<b>-2,234,885</b>	<b>40,035,228</b>
	<b>258,582,221</b>	<b>16,453,127</b>	<b>148,662</b>	<b>4,725,191</b>	<b>10,216,585</b>	<b>-2,234,885</b>	<b>258,007,349</b>

\* The figures in the "Reclassifications" column show reclassifications from current assets to fixed assets and vice versa.



As at 1 Jan. 2016	Additions 2016	Disposals 2016	Disposals due to deconsolidation	Reclassi- fications 2016	As at 31 Dec. 2016	As at 31 Dec. 2016	As at 31 Dec. 2015
<b>Depreciation/Amortisation</b>						<b>Carrying amounts</b>	
2,653,146	616,143	0	22,333	0	3,246,956	2,149,925	2,779,169
2,092,831	1,471,687	0	188,095	0	3,376,422	7,674,142	8,742,439
0	0	0	0	0	0	0	11,088
<b>4,745,977</b>	<b>2,087,830</b>	<b>0</b>	<b>210,428</b>	<b>0</b>	<b>6,623,378</b>	<b>9,824,067</b>	<b>11,532,696</b>
10,069,478	2,374,809	20,923	702,672	0	11,720,691	32,497,564	35,009,377
49,960,835	11,521,836	0	3,593,880	0	57,888,791	75,303,941	86,022,005
10,921,046	1,981,857	632,559	89,566	0	12,180,778	8,821,042	8,430,679
409,343	0	0	0	0	409,343	2,702,525	3,386,013
<b>71,360,702</b>	<b>15,878,501</b>	<b>653,482</b>	<b>4,386,118</b>	<b>0</b>	<b>82,199,604</b>	<b>119,325,072</b>	<b>132,848,074</b>
804,297	0	0	0	0	804,297	11,714,070	10,965,767
0	0	0	0	0	0	22,540	22,540
1,132,815	0	86,000	0	0	1,046,815	13,131,433	8,101,433
3,988,228	0	1,502,695	0	37,738	2,523,271	10,792,802	13,079,692
<b>5,925,340</b>	<b>0</b>	<b>1,588,695</b>	<b>0</b>	<b>37,738</b>	<b>4,374,383</b>	<b>35,660,846</b>	<b>32,169,431</b>
<b>82,032,020</b>	<b>17,966,330</b>	<b>2,242,177</b>	<b>4,596,546</b>	<b>37,738</b>	<b>93,197,365</b>	<b>164,809,985</b>	<b>176,550,201</b>

## Statement of changes in equity as at 31 December 2016

in EUR	Subscribed capital	Capital reserves due to § 272 Abs. 2 Nr. 1 HGB	Capital reserves due to § 272 Abs. 2 Nr. 4 HGB	Own share	Currency translation reserves
<b>Equity capital on 01/01/2015</b>	<b>15,000,000</b>	<b>139,328,634</b>	<b>0</b>	<b>-150,000</b>	<b>26,902</b>
Minority interests in equity capital	0	0	0	0	0
Other changes	0	0	0	0	-110,417
Changes in the basis of consolidation	0	0	0	0	0
Consolidated net profit	0	0	0	0	0
<b>Equity capital on 31/12/2015</b>	<b>15,000,000</b>	<b>139,328,634</b>	<b>0</b>	<b>-150,000</b>	<b>-83,515</b>
<b>Equity capital on 01/01/2016</b>	<b>15,000,000</b>	<b>139,328,634</b>	<b>0</b>	<b>-150,000</b>	<b>-83,515</b>
Minority interests in equity capital	0	0	0	0	0
Other changes	0	0	0	0	-289,244
Increase subscribed capital due to shareholders decision of June 28th 2016	50,000,000	-50,000,000	0	0	0
Reduction of subscribed capital due to shareholders decision of June 28th 2016	-50,000,000	0	50,000,000	0	0
Profit distribution	0	0	0	0	0
Consolidated net profit	0	0	0	0	0
<b>Equity capital on 31/12/2016</b>	<b>15,000,000</b>	<b>89,328,634</b>	<b>50,000,000</b>	<b>-150,000</b>	<b>-372,759</b>

	Other revenue reserves	Consolidated equity generated	Total shareholders interests Parent company	Minority interest	Total
	10,150,000	5,333,859	169,689,395	3,214,887	172,904,282
	0	0	0	-799,154	-799,154
	0	0	-110,417	0	-110,417
	0	-5,197,500	-5,197,500	0	-5,197,500
	0	1,146,584	1,146,584	272,027	1,418,611
	10,150,000	1,282,943	165,528,062	2,687,760	168,215,822
	10,150,000	1,282,943	165,528,062	2,687,760	168,215,822
	0	0	0	-380,733	-380,733
	0	0	-289,244	0	-289,244
	0	0	0	0	0
	0	0	0	0	0
	0	-11,880,000	-11,880,000	0	-11,880,000
	0	2,514,631	2,514,631	-855,071	1,659,560
	10,150,000	-8,082,426	155,873,449	1,451,956	157,325,404



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2016

## 1. General information

EnviTec Biogas AG, headquartered in Lohne, Germany, registered with the Commercial Register of the Oldenburg local court under HRB 201466, is a Germany-based company operating on an international scale whose activities range from the construction and sale of biogas plants through its subsidiaries and the operation of own biogas plants to technical and biological services to the marketing of electricity.

As of the reporting date 31 December 2016, EnviTec Biogas AG is a small corporation within the meaning of section 267 para. 2 of the German Commercial Code (HGB). The company's shares are traded in the Basic Board (formerly Entry Standard) of the Frankfurt Stock Exchange, Deutsche Börse AG.

EnviTec Biogas AG prepares its consolidated financial statements in accordance with the provisions of sections 290 et seq. of the German Commercial Code. The consolidated financial statements give a true and

fair view of the net worth, financial and earnings position of the company in accordance with German principles of proper accounting. The presentation, recognition and measurement consistency in the balance sheet and the income statement has been maintained.

The consolidated balance sheet follows the structure stipulated in section 266 HGB, with relevant notes being provided in an appendix. The type of expenditure format was used for the income statement.

## 2. Basic principles of the consolidated financial statements

### 2.1. Basis of consolidation

The following changes in the basis of consolidation occurred between 1 January 2016 and 31 December 2016:

	Germany	Abroad	Total
<b>EnviTec Biogas AG and consolidated companies</b>			
31/12/2015	99	24	123
Additions of subsidiaries	2	0	2
Disposal of subsidiaries	13	1	14
<b>31/12/2016</b>	<b>88</b>	<b>23</b>	<b>111</b>

	Germany	Abroad	Total
<b>Companies valued at equity</b>			
31/12/2015	59	8	67
Additions of companies valued at equity	2	0	2
Disposal of companies valued at equity	5	0	5
<b>31/12/2016</b>	<b>56</b>	<b>8</b>	<b>64</b>

As of the balance sheet date, the EnviTec Group comprised 175 entities including EnviTec Biogas AG (31 December 2015: 190), of which 111 (31 December 2015: 123) were fully consolidated.

The disposals of fully consolidated entities in Germany result from the sale of the shares held by Zweite Biogas Neese Betriebs GmbH & Co. KG in the companies of the Biogas Bützow Group, i.e.:

- > Erste Biogas Bützow Betriebs GmbH & Co. KG
- > Dritte Biogas Bützow Betriebs GmbH & Co. KG
- > Vierte Biogas Bützow Betriebs GmbH & Co. KG
- > Fünfte Biogas Bützow Betriebs GmbH & Co. KG

The companies were sold and deconsolidated with effect from 31 May 2016. The sale of the shares reduced the result for the year by

EUR 1,576k and total assets by 6,307k.

The other disposals of fully consolidated entities in Germany and abroad result from mergers with various entities. The details are shown below:

- > EnviTec Biogas Ventures Ltd., Great Britain –merged into EnviTec Biogas UK Ltd., Great Britain
- > ET Energie Leipzig GmbH & Co. KG – accrued to EnviTec Energy GmbH & Co. KG
- > ET Energie Elsteraue GmbH & Co. KG - accrued to EnviTec Energy GmbH & Co. KG
- > ET Energie Lucka GmbH & Co. KG - accrued to EnviTec Energy GmbH & Co. KG
- > ET Energie Quakenbrück GmbH & Co. KG - accrued to EnviTec Energy GmbH & Co. KG
- > Biogas Forst Verwaltungs GmbH – merged into Vierte EnviTec Beteiligungs GmbH & Co. KG
- > Biogas Landscheid Verwaltungs GmbH – merged into EnviTec Biogas Betriebs GmbH & Co. KG
- > Biogas Kalbe Verwaltungs GmbH - merged into eeMaxx Anlagen- und Betriebs GmbH & Co. KG
- > Biogas Brehna Verwaltungs GmbH - merged into eeMaxx Anlagen- und Betriebs GmbH & Co. KG
- > Biogas Neutrebbin Verwaltungs GmbH - merged into Vierte EnviTec Beteiligungs GmbH & Co. KG

In addition, the remaining shares in Biogas Medebach GmbH & Co. KG and Biogas Medebach Verwaltungs GmbH were acquired in the reporting period. These entities are now fully consolidated.

Moreover, all shares in eeMaxx Wärme GmbH & Co. KG and eeMaxx Wärme Verwaltungs GmbH as well as the remaining shares in Biogas Eikeloh GmbH & Co. KG and Biogas Eikeloh Verwaltungs GmbH were acquired in 2016. The entities were merged into or accrued to other fully consolidated entities of the EnviTec Group in the second half of 2016.

As the impact on the net worth, financial and earnings position is negligible, no further explanations are provided.

Under a purchase agreement dated 18 May 2016, EnviTec Biogas AG acquired the remaining 30% of the shares in Second Biogas Operating Holding s.r.l., Verona/Italy at a price of EUR 776k. EnviTec is now the sole shareholder of the company.

EnviTec Biogas Betriebs GmbH & Co. KG sold 25.00% of its shares in Biogas Neuburg Steinhausen GmbH & Co. KG and now holds 75.00% of the shares in this company.

The additions to entities accounted for using the equity method relate to Biogas Passin GmbH & Co. KG and Biogas Passin Verwaltungs GmbH, which were established with effect from 19 October 2016. EnviTec Biogas AG holds 50.00% in each of these companies through EnviTec Biogas Betriebs GmbH & Co. KG, a wholly-owned subsidiary.

The disposals of entities accounted for using the equity method relate to the sale of the shares in Zweite Biogas Bützow Betriebs GmbH & Co. KG as well as the shares in Biogas Eikeloh GmbH & Co. KG, Biogas Eikeloh Verwaltungs GmbH, Biogas Medebach GmbH & Co. KG as well as Biogas Medebach Verwaltungs GmbH.

In the reporting period, eeMaxx Anlagen- und Betriebs GmbH & Co. KG acquired 15.00% of the shares in Biogas Schenkenhorst GmbH & Co. KG and is now the sole shareholder of this company.

## 2.2. Fully consolidated and associated companies as well as equity investments

The following entities are fully consolidated in the consolidated financial statements of EnviTec Biogas AG:

Name and head offices of the company	Group share in %		Equity capital in EUR		Result in EUR	
	2016	2015	2016	2015	2016	2015
EnviTec Service GmbH & Co. KG, Lohne	100	100	8,715,899	6,782,684	1,558,214	1,291,658
EnviTec Service Verwaltung GmbH, Lohne	100	100	-9,489	-40,266	31,159	25,891
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne	100	100	26,282,171	27,196,715	-914,544	486,893
Zweite EnviTec Verwaltungs GmbH, Lohne	100	100	46,346	43,636	2,709	3,035
ET Agro Trade GmbH i.L., Lohne	100	100	41,421	38,664	-2,757	0
EnviTec Biogas Nederland B.V., Enter / Nederlandse	100	100	375,336	-389,947	14,610	13,110
EnviTec Baltic SIA, Riga / Lettland	100	100	116,130	76,703	58,759	100,659
EnviTec Italia GmbH, Lohne	100	100	-839,591	-839,591	0	0
EnviTec Biogas Italia s.r.l., Sommacampagna / Italy	100	100	991,812	1,298,520	-306,708	-919,201
EnviTec Energy GmbH & Co. KG, Lohne	100	100	-1,075,084	-638,236	-623,835	-974,587
EnviTec Energy Verwaltungs GmbH, Lohne	100	100	36,406	34,423	1,983	1,543
EWS Biogas Projektentwicklungs- GmbH & Co. KG i.L., Lohne	100	100	0	0	0	0
EWS Biogas Projektentwicklung Verwaltungs GmbH i.L., Lohne	100	100	36,567	35,997	570	192
Biogas Anklam Verwaltungs GmbH, Lohne	100	100	1,628,075	1,393,892	234,183	118,480
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam	93.85	93.85	494,903	783,220	-208,318	47,659
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100	100	1,731,860	3,238,968	-1,507,107	140,753
Pieve D'Olmi Biogas Soc. Agricola a.r.l., Bozen / Italy	100	100	1,728,074	1,445,317	302,757	46,143
Stagno Lombardo Biogas Soc. Agricola a.r.l., Bozen/Italy	100	100	1,669,849	1,575,080	264,770	193,438
EnviTec Beteiligungs GmbH & Co. KG, Lohne	98.6	98.6	5,937,502	4,543,041	1,394,462	1,134,138
EnviTec Verwaltungs GmbH, Lohne	98.6	98.6	44,056	42,581	1,474	1,691
Biogas Falkenberg GmbH & Co. KG, Falkenberg	100	100	174,423	174,754	-332	922
Biogas Falkenberg Verwaltungs GmbH, Falkenberg	100	100	58,878	36,730	22,148	3,663
Biogas Groß Warnow GmbH & Co. KG, Karstädt	100	100	742,505	854,410	-111,905	-156,590
Biogas Groß Warnow Verwaltungs GmbH, Karstädt	100	100	36,072	34,377	1,695	1,748
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne	100	100	11,366,397	11,309,350	11,423	-433,440
Biogas Herzberg GmbH & Co. KG, Lohne	100	100	127,675	284,985	-157,310	165,054
Biogas Lüchow GmbH & Co. KG, Lohne	100	100	842,803	946,269	-3,466	114,015
EnviTec Projektentwicklung GmbH, Lohne i.L.	87.5	87.5	84,217	482,676	1,541	14,022
Biogas Friedland GmbH & Co. KG, Lohne	87.5	87.5	5,601,675	4,889,147	1,213,527	1,195,816
Biogas Friedland Verwaltungs GmbH, Lohne	87.4	87.4	151,023	142,607	8,417	8,485



Biogas Böddenstedt GmbH & Co. KG, Salzwedel	100	100	894,907	882,436	12,471	58,823
Biogas Böddenstedt Verwaltung GmbH, Salzwedel	100	100	34,259	32,771	1,488	1,490
Biogas Schönthal GmbH & Co. KG, Willebadessen	79	79	189,564	89,056	100,507	-44,791
Biogas Schönthal Verwaltungs GmbH, Willebadessen	79	79	40,102	38,520	1,581	1,585
Baura Biogas Soc. Agricola a.r.l., Bozen / Italy	75	75	248,898	302,560	39,670	216,513
Formignana Biogas Soc. Agricola a.r.l., Bozen / Italy	100	100	1,480,540	1,514,148	2,392	65,320
Biogas Operating Holding s.r.l., Sommacampagna /Italy	100	100	-188,150	11,084	-199,234	-247,829
Urbana Biogas Soc. a.r.l., Sommacampagna / Italy	100	100	-121,241	-121,281	40	-130,613
Schio Biogas Soc. a.r.l., Sommacampagna / Italy	100	100	1,295,415	1,110,851	118,564	-114,734
Caldogno Biogas Soc. a.r.l., Sommacampagna / Italy	100	100	1,396,780	1,433,882	-2,097	54,743
Merlara Biogas Soc. a.r.l., Sommacampagna / Italy	100	100	1,406,722	1,371,474	115,249	81,016
A3 Water Solutions GmbH, Gelsenkirchen	70	70	1,382,732	977,797	404,935	49,414
MMF MaxFlow Membran Filtration GmbH, Gelsenkirchen	70	70	-230,368	-412,719	182,352	95,631
Biogas Heilemann GmbH & Co. KG, Rotenburg /Wümme	70	70	1,231,673	861,733	369,940	156,469
Biogas Heilemann Verwaltungs GmbH, Rotenburg / Wümme	70	70	48,544	45,869	2,675	2,872
Biogas Heilemann-Holsten GmbH & Co. KG, Rotenburg / Wümme	100	100	116,138	-41,956	158,094	-1,950
Second Biogas Operating Holding s.r.l., Sommacampagna / Italy	100	70	-277,086	68,907	-345,994	50,469
Envitec France sarl, Tregueux / France	100	100	-798,146	171,592	-969,738	90,529
Envitec Biogas UK Ltd., Rugeley / Great Britain	60	60	1,692,290	412,206	1,307,749	651,292
Biogas Nordholz GmbH, Minden	60	60	649,910	560,937	88,973	100,479
EnviTec Biogas SK s.r.o., Levice / Slovakia	100	100	163,314	187,017	-7,964	-12,220
EnviTec Biogas Central Europe s.r.o., Velké Mezirici / Czech Republic	70	70	-154,378	98,331	-244,655	-124,066
ETBKN GmbH & Co. KG, Lohne	75	75	995,624	981,339	14,285	22,337
ETBKN Verwaltungs GmbH, Lohne	75	75	23,122	23,262	-140	-141
Biogas Ringleben GmbH & Co. KG, Lohne	100	100	-331,718	-328,386	-3,332	-150,312
Biogas Klein Mühligen GmbH & Co. KG, Bördeland	100	100	471,569	588,702	-117,133	44,261
Biogas Schönwalde GmbH & Co. KG, Schönwalde	100	100	623,080	647,371	-24,291	46,266
Biogas Schönwalde Verwaltung GmbH, Schönwalde	100	100	36,016	34,369	1,647	1,767
Biogas Sachsendorf GmbH & Co. KG, Schwarz Sachsendorf	100	100	656,234	602,140	54,094	176,886
eeMaxx Anlagen- und Betriebs GmbH & Co. KG, Lohne	73	73	4,959,753	5,019,588	-68,477	-285,707
eeMaxx Verwaltungs GmbH, Lohne	73	73	31,758	26,802	4,957	944
Biogas Schenkenhorst GmbH & Co. KG, Garrel	100	85	-443,395	-312,381	-101,014	-2,549
Biogas Schenkenhorst Verwaltungs- GmbH, Garrel	100	100	36,057	34,252	1,805	1,795
Biogas Brehna GmbH & Co. KG, Garrel	90	90	328,838	351,031	-22,192	8,592
Biogas Kuck Verwaltungs- GmbH, Garrel	100	100	35,148	33,454	1,694	1,711
Biogas Dambeck GmbH & Co. KG, Garrel	100	100	511,539	458,023	53,516	-113,914

Biogas Dambeck Verwaltungs- GmbH, Garrel	100	100	37,390	34,870	2,520	1,594
Biogas Kruse Verwaltungs- GmbH, Garrel	100	100	27,464	27,020	444	658
Biogas Kalbe GmbH & Co. KG, Garrel	100	100	493,294	499,322	-6,028	-224,509
Vierte EnviTec Beteiligungs GmbH & Co. KG, Lohne	84	88	-301,095	-278,203	-28,614	-144,502
Vierte EnviTec Verwaltungs GmbH, Lohne	88	88	37,797	30,985	6,812	1,617
Biogas Trüstedt GmbH & Co. KG, Garrel	100	100	889,648	911,531	-21,883	26,863
Biogas Trüstedt Verwaltungs- GmbH, Garrel	100	100	32,600	30,781	1,819	1,866
Biogas Neutrebbin GmbH & Co. KG, Garrel	100	100	2,520,025	2,513,688	106,337	91,376
EnviTec Biogas USA, Inc., Rochester / USA	100	100	-1,256,300	-912,982	-299,536	-180,507
EnviTec Stromkontor GmbH & Co. KG	100	100	50,000	50,000	105,194	240,292
EnviTec Biogas Service Italy s.r.l., Sommacampagna / Italy	100	100	1,255,802	1,125,515	130,287	220,460
EnviTec Biogas Service UK Ltd., Rugeley / Great Britain	60	60	123,063	151,950	-7,806	28,188
Dritte EnviTec Beteiligungs-GmbH & Co. KG (former: Zweite Biogas Neese Betriebs GmbH & Co. KG), Lohne	100	100	-1,285,097	-477,157	-807,940	-60,660
Dritte EnviTec Verwaltungs GmbH, Lohne	100	100	94,340	97,089	-2,749	7,129
EnviTec Biogas Service s.r.o., Velké Mezířici / Czech Republic	85	85	995,746	806,934	288,821	117,556
Biogas Lampertheim GmbH & Co. KG, Lampertheim	70	70	55,680	57,842	-1,509	-6,575
Biogas Lampertheim Verwaltungs GmbH, Lampertheim	70	70	31,174	29,545	1,629	1,598
EnviTec Assekuranzmakler GmbH, Lohne	75	75	76,413	36,154	40,258	85,399
Biogas Wanzleben GmbH & Co. KG, Lohne	70	70	328,776	151,815	176,961	-12,201
Biogas Wanzleben Verwaltungs GmbH, Wanzleben	70	70	39,809	38,192	1,617	1,622
Biogas Thomasburg GmbH & Co. KG, Lohne	90.6	90.6	305,058	95,448	209,610	72,922
Biogas Thomasburg Verwaltungs GmbH, Lohne	90.6	90.6	40,539	38,998	1,541	1,614
Biogas Nieheim GmbH & Co. KG, Nieheim	64.8	64.8	890,365	865,521	24,843	16,736
Biogas Nieheim Verwaltungs GmbH, Nieheim	64.8	64.8	40,207	38,584	1,623	1,647
RePro Beber GmbH & Co. KG, Lohne	64.6	64.6	1,073,989	1,134,586	339,402	289,095
RePro Beber Verwaltungs GmbH, Lohne	64.6	64.6	41,221	39,701	1,520	1,597
Biogas Hirl GmbH & Co. KG, Bresegard	94	94	488,996	386,118	102,879	15,997
Biogas Hirl Verwaltungs GmbH, Bresegard	94	94	39,370	37,817	1,553	1,557
Biogas Osterburg GmbH & Co. KG, Lohne	100	100	822,955	988,760	73,693	-96,367
Biogas Angern GmbH & Co. KG, Lohne	87.6	87.6	719,704	652,110	267,594	103,870
Biogas Angern Verwaltungs GmbH, Lohne	87.6	87.6	42,000	40,435	1,565	1,584
Biogas Reinsfeld GmbH & Co. KG, Reinsfeld	100	100	84,225	426,866	-342,641	-68,475
Biogas Reinsfeld Verwaltung GmbH, Reinsfeld	100	100	32,958	32,430	528	1,479
Biogas Forst GmbH & Co. KG, Forst	100	100	7,176,465	7,518,477	-342,013	-1,016,385
EnviTec Anlagenbau GmbH & Co. KG, Saerbeck	100	100	9,658,330	13,405,183	-3,746,853	-1,907,146
EnviTec Anlagenbau Verwaltungs GmbH, Saerbeck	100	100	29,397	27,836	1,561	1,073
OxFa GmbH, Scheßlitz	51	51	236,956	227,488	9,468	27,488

Biogas Neuburg Steinhausen GmbH & Co. KG, Lohne	75	100	736,024	230,716	505,308	130,716
Biogas Neuburg Steinhausen Verwaltungs GmbH, Lohne	100	100	25,067	23,769	1,298	-1,231
Biogas Medebach GmbH & Co. KG, Medebach	100	50	-16,159	-8,373	-7,786	-8,546
Biogas Medebach Verwaltungs GmbH, Medebach	100	50	35,755	34,013	1,742	1,703

The consolidated financial statements of EnviTec Biogas AG comprise the following associated companies:

Name and head offices of the company	Group share in %		Equity capital in EUR		Result in EUR	
	2016	2015	2016	2015	2016	2015
EnviTec Biogas kft., Hungary*	51,14	51,14	NA	-223.704	NA	0
EnviTec Biogas (India) Private Limited, India	50	50	NA	NA	NA	NA
ETFT EnviTec Filtration Technik GmbH i.L., Lohne	50	50	0	-87.273	-1.107	130
Envitec van de Velde Service B.V.B.A., Belgium	50	50	NA	NA	NA	NA
EnviTec-Greten Behälterbau GmbH & Co. KG, Lohne	50	50	-277.666	-81.842	-195.824	-145.034
EnviTec-Greten Behälterbau Verwaltungs-GmbH, Lohne	50	50	27.313	26.508	804	720
Biogas Neu Sterley GmbH & Co. KG, Lohne	50	50	499.902	282.721	377.181	-32.850
Biogas Neu Sterley Verwaltungs GmbH, Lohne	50	50	40.485	38.774	1.712	1.722
Biogas Spekendorf GmbH & Co. KG, Lohne	50	50	447.524	542.469	-44.945	133.825
Biogas Spekendorf Verwaltung GmbH, Lohne	50	50	42.189	41.093	1.096	1.782
Biogas Golzow GmbH & Co. KG, Golzow	50	50	1.246.264	1.307.252	89.012	230.398
Biogas Golzow Verwaltungs GmbH, Golzow	50	50	37.776	35.814	1.962	1.179
Biogas Gut Rigterink GmbH & Co. KG, Bad Bentheim	50	50	-12.303	-11.267	-1.037	39.219
Biogas Gut Rigterink Verwaltungs GmbH, Bad Bentheim	50	50	36.707	35.594	1.113	1.151
Biogas Putzar GmbH & Co. KG, Putzar	50	50	842.787	755.874	166.912	179.734
Biogas Putzar Verwaltungs GmbH, Putzar	50	50	38.013	36.280	1.733	1.791
Knippgas GmbH & Co. KG, Kleve	50	50	818.259	688.520	129.739	211.781
Knippgas Verwaltungs GmbH, Kleve	50	50	35.390	33.896	1.494	1.461
Biogas Löschenrod GmbH & Co. KG, Lohne	44	44	-286.837	-220.733	-66.105	-108.006
Biogas Löschenrod Verwaltungs GmbH, Lohne	44	44	40.339	38.746	1.593	1.589
Biogas Dishley GmbH & Co. KG, Lohne	50	50	1.249.731	1.080.891	168.841	90.451
Biogas Dishley Verwaltungs GmbH, Lohne	50	50	33.933	32.513	1.420	1.069
Biogas Exter GmbH & Co. KG, Vlotho-Exter	49	49	234.352	403.781	-169.429	66.577
Biogas Exter Verwaltungs GmbH, Vlotho-Exter	49	49	36.069	34.466	1.602	1.565
Biowatt Sarl, France	50	50	816.642	827.277	258.727	115.634
Biogas Ihorst GmbH & Co. KG, Holdorf	30	30	524.212	384.212	140.000	132.005
Biogas Ihorst Verwaltungs GmbH, Holdorf	30	30	35.827	34.405	1.422	1.469
Rentech Bioenergas S.A., Athen / Greece	21	21	0	0	0	0
Biogas Potthast GmbH & Co. KG, Beverungen	50	50	857.340	836.361	70.979	56.215
Biogas Potthast Verwaltungs GmbH, Beverungen	50	50	36.847	35.101	1.747	1.857

Biogas Kleve GmbH & Co. KG, Kleve	50	50	96.387	60.433	35.954	35.699
Biogas Kleve Verwaltungs GmbH, Kleve	50	50	35.306	33.557	1.749	1.596
Biogas Altentreptow GmbH & Co. KG, Altentreptow	50	50	1.708.424	1.790.036	-81.612	67.788
Biogas Altentreptow Verwaltungs GmbH, Altentreptow	50	50	35.296	33.872	1.424	1.650
Biogas Roga GmbH & Co. KG, Datzetal	50	50	1.382.000	1.331.228	50.772	-2.632
Biogas Roga Verwaltungs GmbH, Datzetal	50	50	32.335	31.171	1.164	1.330
Biogas Elm GmbH & Co. KG, Bremervörde	49	49	789.206	623.523	165.683	189.184
Biogas Elm Verwaltungs GmbH, Bremervörde	49	49	37.892	37.193	699	1.770
Biogas Brakel GmbH & Co. KG, Brakel	50	50	578.291	607.324	70.967	60.668
Biogas Brakel Verwaltungs GmbH, Brakel	50	50	35.942	34.311	1.631	1.850
Biogas Penzlin GmbH & Co. KG, Lohne	50	50	745.103	760.686	44.417	101.631
Biogas Penzlin Verwaltungs GmbH, Lohne	50	50	33.158	31.701	1.457	1.516
Biogas Dirkes GmbH & Co. KG, Südmerzen	50	50	429.645	516.470	-86.825	80.879
Biogas Dirkes Verwaltungs GmbH, Südmerzen	50	50	35.509	34.276	1.233	1.833
Biogas Grieben GmbH & Co. KG, Grieben	49	49	581.540	582.486	-946	82.268
Biogas Grieben Verwaltungs GmbH, Grieben	49	49	34.821	33.120	1.701	1.699
Biogas Rönnau GmbH & Co. KG, Ahlhorn	50	50	-823.042	-833.987	10.945	-70.790
Biogas Rönnau Verwaltungs GmbH, Ahlhorn	50	50	35.219	33.732	1.487	1.595
Biogas Kruse GmbH & Co. KG, Garrel	50	50	239.596	386.952	-147.356	-177.974
Biogas Horst GmbH & Co. KG, Holdorf	49	49	-157.829	-228.118	70.289	-237.487
Biogas Horst Verwaltungs GmbH, Holdorf	49	49	31.820	30.194	1.626	304
Biogas Talge Verwaltungs- GmbH, Garrel	49	49	33.967	32.275	1.692	1.761
Biogas Talge GmbH & Co. KG, Garrel	49	49	660.580	678.652	81.928	144.247
Biogas Kuck GmbH & Co. KG, Garrel	49	49	-94.021	-1.220	-92.801	13.793
Saergas GmbH & Co. KG, Saerbeck	33,33	33,33	NA	1.289.096	NA	267.688
Biogas Gallin I GmbH & Co. KG, Gallin-Kuppentin, Gallin	50	50	528.361	388.956	239.405	178.722
Biogas Gallin I Verwaltungs GmbH, Gallin-Kuppentin, Gallin	50	50	30.876	29.318	1.558	1.604
Biogas Gallin II GmbH & Co. KG, Gallin-Kuppentin, Gallin	50	50	760.839	683.237	177.602	140.240
Biogas Gallin II Verwaltungs GmbH, Gallin-Kuppentin, Gallin	50	50	30.495	29.025	1.470	1.437
Libramont Energie Vertes, Libramont-chevigny	50	50	89.333	-49.737	139.070	460.547
Alternativ-Energie Priborn GmbH & Co. KG, Priborn	50	50	318.799	320.223	-1.424	-37.280
Alternativ-Energie Priborn Verwaltungs GmbH, Priborn	50	50	37.937	37.062	875	-258
Biogas Passin GmbH & Co. KG, Klein Belitz	50	0	77.579	0	-22.421	0
Biogas Passin Verwaltungs GmbH, Klein Belitz	50	0	24.558	0	-442	0

\* Due to arrangements in the articles of incorporation of EnviTec Biogas SEE kft., the EnviTec Group has no possibility to control the company although it holds the majority of the shares; consequently, EnviTec Biogas SEE kft continues to be accounted for using the equity method.

EnviTec does not hold interests exceeding 20% in entities that are not fully consolidated or accounted for using the equity method in the consolidated financial statements.

In fiscal 2016, the exemption rule provided for in section 264b of the German Commercial Code (HGB) was applied by the following fully consolidated German Group companies.

Name and head offices of the company
EnviTec Beteiligungs GmbH & Co. KG, Lohne
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne
Biogas Schönthal GmbH & Co. KG, Willebadessen
Biogas Heilemann GmbH & Co. KG, Rotenburg / Wümme
Biogas Friedland GmbH & Co. KG, Lohne
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam
EWS Biogas Projektentwicklungs-GmbH & Co. KG i.L., Lohne
Biogas Herzberg GmbH & Co. KG, Lohne
Biogas Lüchow GmbH & Co. KG, Lohne
EnviTec Energy GmbH & Co. KG, Lohne
Biogas Groß Warnow GmbH & Co. KG, Karstädt
Biogas Falkenberg GmbH & Co. KG, Falkenberg
EnviTec Service GmbH & Co. KG, Lohne
Biogas Heilemann-Holsten GmbH & Co. KG, Rotenburg
ETBKN GmbH & Co. KG, Lohne
Biogas Sachsendorf GmbH & Co. KG, Schwarz-Sachsendorf
Biogas Dambeck GmbH & Co. KG, Garrel
Biogas Schenkenhorst GmbH & Co. KG, Garrel
Biogas Kalbe GmbH & Co. KG, Garrel
Biogas Brehna GmbH & Co. KG, Garrel
eeMaxx Anlagen- und Betriebs GmbH & Co. KG, Lohne
Biogas Klein Mühlingen GmbH & Co. KG, Bördeland
Biogas Ringleben GmbH & Co. KG, Lohne
Biogas Neutrebbin GmbH & Co. KG, Neutrebbin
Biogas Trüstedt GmbH & Co. KG, Garrel
Biogas Böddenstedt GmbH & Co KG, Salzwedel

Biogas Schönwalde GmbH & Co. KG, Schönwalde
EnviTec Stromkontor GmbH & Co. KG, Lohne
Biogas Lampertheim GmbH & Co. KG, Lampertheim
Dritte EnviTec Beteiligungs-GmbH & Co. KG (formerly: Zweite Biogas Neese Betriebs GmbH & Co. KG), Lohne
Biogas Thomasburg GmbH & Co, KG, Lohne
Biogas Hirl GmbH & Co, KG, Bresegard
RePro Beber GmbH & Co, KG, Lohne
Biogas Nieheim GmbH & Co, KG, Nieheim
Biogas Wanzleben GmbH & Co, KG, Wanzleben
Biogas Angern GmbH & Co, KG, Lohne
Biogas Osterburg GmbH & Co, KG, Lohne
EnviTec Anlagenbau GmbH & Co, KG, Saerbeck
Biogas Reinsfeld GmbH & Co, KG, Reinsfeld
Biogas Forst GmbH & Co, KG, Forst
Biogas Neuburg Steinhausen GmbH & Co. KG, Lohne
Vierte EnviTec Beteiligungs GmbH & Co. KG, Lohne
Biogas Medebach GmbH & Co. KG, Medebach

### 2.3. Consolidation methods

The consolidated financial statements cover those entities in which EnviTec Biogas AG directly or indirectly holds the majority of the voting rights (subsidiaries) unless their influence on the net worth, financial and earnings position of the Group is of subordinate importance. Consolidation starts at the time at which the possibility to control exists and ends when the possibility of control no longer exists.

Where required, the financial statements of the subsidiaries are adjusted to reflect the accounting and valuation methods used by the Group.

With the exception of EnviTec Biogas (India) Private Limited, India, all subsidiaries prepare their separate financial statements as of 31 December of each year.

### Capital consolidation

Business combinations are accounted for in accordance with section 301 HGB using the purchase method by netting the carrying amounts of the investments with the remeasured equity capital of the subsidiaries at the time of their acquisition.

In the case of investments, included in the consolidated financial statements at equity, the acquisition costs are increased or reduced annually by the equity changes corresponding to the EnviTec capital share. Assets, liabilities and contingent liabilities of acquired subsidiaries are recognised at their respective fair values. A positive difference remaining after the purchase price allocation is capitalised as goodwill.

#### **Debt consolidation**

Receivables and liabilities between the consolidated companies are netted.

#### **Expense and income consolidation**

Expenses and income between consolidated entities are netted in accordance with section 305 HGB.

#### **Elimination of intercompany profits and losses**

Intercompany profits and losses from intragroup transactions are eliminated and deferred tax assets and liabilities resulting from consolidation recognised in profit or loss are taken into account. Intragroup sales as well as all intragroup income have been netted against the relevant expenses without being recognised in profit/loss.

#### **At-equity accounting**

The equity method is used to measure joint ventures and associated companies which are under the joint management (joint ventures) or controlling influence (associated companies) of EnviTec Biogas AG.

Upon the initial consolidation of investments using the equity method, differences resulting from the initial consolidation are treated according to the principles of full consolidation. No such differences were recognised as at 31 December 2016.

The changes in pro-rated equity which are recognised in profit or loss are shown separately in the income statement.

## **3. Accounting and valuation principles**

The consolidated financial statements were prepared in accordance with the general provisions of section 264 et seqq. HGB for large corporations as defined in section 267 para. 3 sentence 2 HGB, the provisions for consolidated financial statements stipulated in section 290 et seqq. HGB as well as the complementary provisions of the German Stock Corporation Act.

The financial statements of the entities covered by the consolidated financial statements as well as the companies valued at equity are based on uniform accounting and valuation principles.

Receivables and liabilities generally arise on a euro basis, which means that no currency translation is required. The financial statements of the consolidated companies are prepared in euros save for five exceptions. Equity is translated at the historical rates, the assets and liabilities in the foreign-currency financial statements are translated at the mean rates on the balance sheet date. Expense and income items are translated at average annual exchange rates. Exchange differences are recognised in equity. For details, please refer to the statement of changes in equity. The foreign-currency financial statements of the companies valued at equity are translated using the closing rate method.

### **3.1. Intangible assets**

Purchased intangible assets are capitalised at cost. If they have a determinable useful life, they are written off over a period of up to ten years using the straight-line method, unless the actual depreciation requires a different depreciation period.

Goodwill is written off using the straight-line method over 5 to 20 years. Goodwill was capitalised in the consolidated financial statements of EnviTec Biogas AG only for acquisitions whose purpose is the operation of one or several biogas plants. The useful lives reflect the lifecycles of the acquired companies. Due to the subsidisation period laid down in the corresponding laws, goodwill is written off over the remaining term of the subsidy (more than 5 years).

### 3.2. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production costs less accumulated straight-line depreciation – with the exception of land and leasehold rights – and impairment losses.

Acquisition costs comprise the purchase price, ancillary costs and subsequent acquisition expenditure as well as cost reductions.

Production costs include all direct costs attributable to the production process and a reasonable portion of the production-related overheads. Financing costs are not recognised.

Accumulated depreciation of property, plant and equipment is performed according to the straight-line method or, where permissible, according to the declining balance method.

The useful lives on which depreciation is based reflect the estimated/anticipated useful lives for the Group and are shown in the table below:

	Useful life
Buildings	20 to 40 years
Other buildings	10 to 20 years
Technical equipment	6 to 20 year
Machinery and appliances	6 to 12 years
Operating and office equipment	3 to 11 years
Vehicles	5 to 8 years
IT equipment	3 to 7 years

### 3.3. Financial assets

Financial assets are recognised at cost or at the lower value as of the reporting date.

### 3.4. Inventories

Raw materials and supplies are recognised at cost or at the lower value as of the reporting date.

Work in progress is recognised at production cost. Production cost includes material and manufacturing costs as well as appropriate overheads. Interest on borrowings is not included in the valuation. The lower of cost or market principle was considered in the valuation.

Payments on account made are recognised at their nominal amount.

Payments on account received for work in progress are set off from work in progress to the extent that they do not exceed the latter.

### 3.5. Receivables and other assets

Receivables and other assets are recognised at their nominal value or at the lower value as of the balance sheet date. Itemised allowances are established where required. Adequate general allowances are established for the general default risk of trade receivables.

### 3.6. Cash in hand and cash at banks

Cash in hand and cash at banks are recognised at their nominal values.

### 3.7. Prepaid expenses

Taking into account section 250 para. 1 HGB, prepaid expenses for payments made prior to the reporting date were recognised at the nominal value if they represented expenses for a certain period after this date.

### 3.8 Deferred taxes

Deferred taxes were recognised for temporary differences between the commercial balance sheet and the tax balance sheet as well as for tax losses carried forward that can be offset within five years. A tax rate of 28.08% is applied throughout the Group.



### 3.9 Provisions

The provisions cover all discernible risks and contingent liabilities. They were recognised at their settlement values required according to prudent commercial judgement. Provisions with a remaining term of more than one year are discounted at the average market rate of the past seven fiscal years for the respective maturities.

### 3.10. Liabilities

Liabilities were recognised at their respective settlement amount.

The accounting and valuation methods remained unchanged from the previous year.

### 3.11. Information regarding the first-time application of the German Accounting Directive Implementation Act (Bilanzrichtlinien-Umsetzungsgesetz - BilRUG)

Due to the first-time application of the BilRUG, the sales revenues of the fiscal year cannot be fully compared with those of the previous fiscal years. The difference between the sales revenues of the previous fiscal year and the sales revenues of the previous fiscal year according to BilRUG amounts to EUR 1,000k and is essentially the result of the changed allocation of revenues from feedstock sales (EUR 859k).

## 4. Disclosures on the consolidated balance sheet

The required disclosures regarding the items of the consolidated balance sheet is provided below.

### 4.1. Fixed assets

For changes in fixed assets, please refer to the fixed-asset movement schedule on page 48.

### 4.2. Goodwill

Additions in the fiscal year relate to the acquisition of the remaining shares in Second Biogas Operating Holding s.r.l., Verona/Italy. Disposals result from the sale of the shares in Biogaspark Bützow. Systematic depreciation amounted to EUR 725k in the reporting period. In addition, the sale of the above shares resulted in write-downs for impairment in the amount of EUR 747k.

The addition is written off over a period of 11 years, which results from the lifecycle of the newly acquired shares/entity.

### 4.3. Receivables and other assets

Other assets include receivables from refunds of input tax and advance tax payments in the amount of EUR 5,360k (previous year: EUR 4,256k), which legally arise only after the reporting date.

### 4.4. Prepaid expenses

Prepaid expenses include discounts in the amount of EUR 114k (previous year: EUR 154k). Besides discounts, the prepaid expense item essentially includes the payment of loan processing fees, leases and ground rent as well as insurance for periods after the reporting date.

### 4.5. Deferred taxes

Deferred taxes are determined on the basis of temporary differences between the values recognised of assets and liabilities and their tax values as well as for tax losses carried forward.



The company's tax rate of 28.08% was used for the valuation (15.825% corporate income tax including solidarity surcharge and 12.50% trade tax). The trade tax rate is derived from the average trade tax factor of 350%.

Deferred tax assets and liabilities are shown in the table below:

	31/12/2016	31/12/2015
<b>Deferred tax assets</b>		
Tax losses carried forward	1,881	1,600
Technical equipment and machinery	2,838	4,158
Trade receivables	3,745	4,583
	<b>8,464</b>	<b>10,341</b>
<b>Deferred tax liabilities</b>		
Work in progress	1,870	2,131
Technical equipment and machinery	214	584
	<b>2,084</b>	<b>2,715</b>

#### 4.6. Equity

The company's share capital totals EUR 15,000,000.00. The balance sheet shows own shares of a nominal value of EUR 150,000.00 separately from the equity capital. The portion of the purchase price of the own shares that exceeds the nominal amount of EUR 1,752,000.00 has been offset against the revenue reserves. The share capital is divided into 15,000,000 registered shares with a par value of EUR 1.00 per share.

By resolution of the Annual General Meeting dated 28 June 2016, the share capital was increased by EUR 50,000k from the company's funds (capital reserve pursuant to section 272 para. 2 No. 1 HGB) and section 4 of the statutes was amended accordingly. After the increase in the share capital, the conditional capital decided by the General Meeting dated 26 June 2007 (conditional capital 2007/I) amounts to EUR 19,500k.

The Annual General Meeting dated 28 June 2016 decided to reduce the share capital by EUR 50,000k and to amend section 4 of the statutes accordingly. The reduction by EUR 50,000k was made in accordance of the provisions of the German Stock Corporation Act relating to capital reductions (sections 222 et seq. AktG).

The amounts resulting from the reduction of the share capital are recognised as free capital reserve pursuant to section 272 para. 2 No. 4 HGB. The Annual General Meeting dated 28 June 2016 also decided to amend section 4 of the statutes. After the reduction of the share capital, the conditional capital decided by the General Meeting dated 26 June 2007 (conditional capital 2007/I) amounts to EUR 4,500k.

These resolutions were entered in the Commercial Register on 30 August 2016.

**Changes in accumulated profits**

	kEUR
Consolidated net income for the year	1,660
Profit carried forward as of 1 January 2016	1,283
Payout to shareholders	-11,880
Income from withdrawals from the capital reserve pursuant to section 272 para. 2 No. 1 HGB to increase the share capital	50,000
Expenses for the allocation to the capital reserve pursuant to section 272 para. 2 No. 4 HGB from the reduction of the share capital	- 50,000
Loss attributable to third parties	-855
<b>Accumulated loss as of 31 December 2016</b>	<b>- 8,082</b>

**Collateral furnished**

Liabilities to banks in the amount of EUR 53,737k are secured by the assignment of property, plant and equipment, the assignment of claims under existing contracts as well as a pledge on business assets. The items of property, plant and equipment furnished as collateral have a carrying amount of EUR 55,400k.

**4.7. Liabilities**

Liabilities are composed as follows:

	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
31/12/2016 (EUR)				
Liabilities to banks	30,880,541.01	31,565,516.23	12,710,760.44	75,156,817.68
Trade liabilities	18,372,312.58	0.00	0.00	18,372,312.58
Liabilities towards companies in which an interest is held	1,737,449.32	1,740,392.33	0.00	3,477,841.65
Liabilities to shareholders	745,853.74	0.00	0.00	745,853.74
Other payables	15,947,357.65	0.00	0.00	15,947,357.65
	<b>67,683,514.30</b>	<b>33,305,908.56</b>	<b>12,710,760.44</b>	<b>113,700,183.30</b>
thereof tax liabilities	2,502,093.17			
thereof social security liabilities	138,483.61			
31/12/2015 (kEUR)				
Liabilities to banks	16,968	41,036	17,104	75,108
Trade liabilities	14,566	0	0	14,566
Liabilities towards companies in which an interest is held	2,316	0	0	2,316
Liabilities to shareholders	630	0	0	630
Other payables	16,751	0	0	16,751
	<b>51,231</b>	<b>41,036</b>	<b>17,104</b>	<b>109,371</b>
thereof tax liabilities	1,815			
thereof social security liabilities	183			

## 4.8. Derivative financial instruments

### Interest rate swaps

In September 2012 the company raised four note loans in the total amount of EUR 30 million. A partial amount of EUR 12,000k consisting of two tranches with remaining terms until September 2015 and 2017, respectively, carried variable interest rates. To hedge the interest rate risk, the company signed two interest rate swaps in the total nominal amount of EUR 12,000k with a term until 2015 and 2017, respectively. The variable interest note loan with a remaining term until 2017 in the nominal amount of EUR 5,500,000 was repaid prematurely in March 2015. The corresponding interest rate swap, which is due in September 2017, has a negative market value of EUR 77,917.43, for which a provision for contingent losses has been established.

### Currency risks

The company uses currency forwards to hedge the foreign currency risk. Where legally permissible, hedging relationships within the meaning of section 254 HGB are

recognised. These are recognised to hedge individual receivables or liabilities or a group of receivables and liabilities. Currency forwards have the same amount, currency and maturity as the hedged items. The individual hedge relationships are therefore classified as effective over the entire hedging period.

As of 31 December 2016, the company had currency forwards in the amount of GBP 3,477k and USD 371k.

## 5. Disclosures on the consolidated income statement

The required disclosures regarding the items of the consolidated income statement are provided below.

### Sales revenues

A breakdown of sales revenues by activities and geographic markets is provided below, reflecting the income and expense consolidation:

in kEUR	Activities								
	Plant Construction		Service		Own Plant Operation*		Energy	Total	
Geographic market	2016	2015	2016	2015	2016	2015	2015	2016	2015
Germany	8,991	26,271	23,216	19,092	86,604	54,953	27,471	118,811	127,787
Italy	1,141	669	3,647	3,930	15,111	15,191	0	19,899	19,790
Great Britain	7,020	15,339	1,287	1,082	0	0	0	8,307	16,421
Czech Republic	289	1,047	2,873	1,880	0	0	0	3,162	2,927
France	3,578	5,235	0	0	0	0	0	3,578	5,235
Japan	0	1,546	0	0	0	0	0	0	1,546
Denmark	6,335	0	0	0	0	0	0	6,335	0
Others	2,838	1,206	0	0	0	0	0	2,838	1,206
	<b>30,192</b>	<b>51,313</b>	<b>31,023</b>	<b>25,984</b>	<b>101,715</b>	<b>70,144</b>	<b>27,471</b>	<b>162,930</b>	<b>174,912</b>

\* In 2016, the Energy segment was integrated into the Own Plant Operation segment.

### Depreciation/amortisation

Depreciation/amortisation in the 2016 consolidated financial statements prepared in accordance with the German Commercial Code comprises systematic amortisation of capitalised goodwill in the amount of EUR 725k as well as write-downs for impairment in the amount of EUR 747k.

No other intangible asset items and items of property, plant and equipment were written down for impairment.

## 6. Explanations regarding the cash flow statement

Cash and cash equivalents at the beginning and the end of the cash flow statement comprise cash in hand, cash deposits at the Bundesbank and cash at banks as well as cheques (EUR 16,498k) as well as liabilities to banks payable on demand (EUR 5,645k).

In fiscal 2016, liabilities to banks payable on demand were, for the first time, included in cash and cash equivalents. Consequently, cash and cash equivalents of the previous year were adjusted by EUR 18k.

No material non-cash investment and financing transactions occurred in the fiscal year nor were there any additions to cash and cash equivalents resulting from company acquisitions.

The payments for at-equity investments relate to the foundation of two new entities accounted for using the equity method as well as the capital increase at one existing at-equity investment. The sale of four fully consolidated entities and one entity accounted for using the equity method provided the EnviTec Group with cash in the amount of EUR 950k resulting from the payment of the purchase price. This contrasted with cash disposals from the sale of entities in the amount of EUR 319k.

The proceeds from partnership drawings for at-equity investments relate to drawings of minor importance which had no effect on the investment structure.

As of the reporting date on 31 December 2016, access to cash and cash equivalents in the amount of EUR 2,991k (previous year: EUR 3,966k) was restricted.

These are reserve holdings set aside as per obligations under various debt capital agreements in connection with the construction of biogas plants.

## 7. Other explanations

### Contingent liabilities and other financial obligations

#### Contingent liabilities

As of the reporting date, the Group had extended a guaranty in the amount of EUR 200k (previous year: EUR 200k) towards Sparkasse Rotenburg-Bremervörde for obligations of a subsidiary accounted for using the equity method. The risk of claims being raised under this guaranty is below 50%.

The Group has also extended a guaranty of EUR 250k towards VR Bank Dinklage-Steinfeld eG for obligations of another company accounted for using the equity method. The risk of claims being raised under this guaranty is below 50%.

The company has undertaken to secure all receivables due to Bremer Landesbank from a non-Group entity in the amount of EUR 2,500k. The risk of claims being raised under this obligation is also below 50%.

In addition, the Group has issued a guaranty of EUR 700k towards Oldenburgische Landesbank AG in favour of an entity accounted for using the equity method. The risk of claims being raised under this guaranty is estimated at below 50%.

## Other financial obligations

Other financial obligations are shown below:

in kEUR	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
From rental agreements	7	4	8	19
From license agreements	77	77	0	154
From purchase commitments	2,984	0	0	2,984
From lease agreements	6	12	0	18
<b>Total</b>	<b>3,074</b>	<b>93</b>	<b>8</b>	<b>3,175</b>

In addition, some of the own plants have lease agreements of minor importance.

### Auditor's fees

The following fees were recognised as expenses for the services provided by the auditors of the consolidated financial statements as of 31 December 2016, Michael Kohl GmbH Wirtschaftsprüfungsgesellschaft:

	2016 in kEUR
Audits of financial statements	100
Other advisory services	0
<b>Total</b>	<b>100</b>

### Related party disclosures

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

### Staff

The table below shows the average staff numbers of the worldwide member companies of the EnviTec Group in 2016:

	2016	2015
Blue-collar staff	75	74
White-collar staff	361	324
<b>Total</b>	<b>436</b>	<b>398</b>

The prior year figures have been adjusted compared to the consolidated financial statements published for 2015. In 2015, part-time workers and assistants were not stated per capita but on a pro-rated basis.

## Governing bodies of the company

### Executive Board

The Executive Board was composed of the following members in the past fiscal year:

Olaf von Lehmden, Lohne, businessman,  
Chief Executive Officer (CEO) since 1 July 2007

Jörg Fischer, Weyhe, businessman,  
Chief Financial Officer (CFO) since 1 July 2007

Jürgen Tenbrink, Steinfurt, engineer  
Chief Technology Officer (CTO) since 1 July 2010

No other mandates are held by the members of the Executive Board.

No other mandates are held by the members of the Executive Board.

The compensation of the Executive Board consists of the following components

- > Fixed compensation in the form of a monthly salary
- > Variable compensation based on the operating result of the EnviTec Group and the achievement of personal targets

As compensation for a competition prohibition imposed on them following the regular end of their activity as a member of the Executive Board, the members of the Executive Board will receive an ex gratia payment equal to 50% of the fixed compensation last received for a period of up to one year. In the event of premature termination of their activity as a member of the Executive Board, the ex gratia payment depends on the circumstances of the termination pursuant to section 75 of the German Commercial Code.

The following compensation was paid to the members of the Executive Board in the fiscal year 2016:

in EUR	Fixed compensation		Variable compensation		Other*		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Olaf von Lehmden	150,817	147,097	0	0	2,123	15,611	152,940	162,708
Jörg Fischer	138,833	136,000	0	0	10,297	10,417	149,130	146,417
Roel Slotman	0	63,000	0	0	0	4,818	0	67,818
Jürgen Tenbrink	127,377	124,466	0	0	12,776	12,961	140,153	137,427

\*Other compensation includes benefits in money's worth resulting from the use of company cars as well as the portions of the D&O insurance attributable to the Executive Board members

## Supervisory Board

Appointees to the Supervisory Board in the reporting period:

- > Mr Bernard Ellmann (Chairman), businessman, former Group Vice President of the Unilever Group, Rotterdam/London, Chairman of the Supervisory Board of Unilever Deutschland Holding GmbH, Hamburg, Chairman of the Supervisory Board of Finco Signature BV. Losser, Netherlands
- > Mr Hans-Joachim Jung (Vice Chairman), businessman, former member of the Executive Board of KELAG Kärntner-Elektrizität Aktiengesellschaft
- > Mr Michael Böging, businessman, Managing Director of Unternehmensgruppe Weiße Köpfe GmbH, Emstek

The expenses for the compensation of the Supervisory Board in the fiscal year 2015 include fixed compensation for the Supervisory Board activity at EnviTec Biogas AG in an amount of EUR 40,000 (previous year: EUR 40,000).

Other compensation (meeting attendance fees and refunds of expenses) totalled EUR 18,000 (previous year: EUR 19,500).

## 8. Post balance sheet events

At the beginning of 2017, the EnviTec Group acquired the following entities at a purchase price of EUR 985k:

Erste Biogas Bützow GmbH & Co. KG  
Zweite Biogas Bützow GmbH & Co. KG Dritte Biogas Bützow GmbH & Co. KG Vierte Biogas Bützow GmbH & Co. KG Fünfte Biogas Bützow GmbH & Co. KG

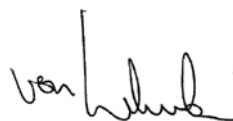
In all cases, except for Zweite Biogas Bützow GmbH & Co. KG, over 50% of all limited partnership shares were acquired.

## 9. Profit appropriation

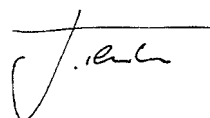
The Executive Board and the Supervisory Board of EnviTec Biogas AG will propose a dividend of EUR 0.60 per share to the shareholders at the ordinary Annual General Meeting on 27 June 2016. Including own shares held by the company, this is equivalent to a total dividend payout of EUR 8,910k.

Given that the profit distribution requires the approval of the Annual General Meeting, no liability has been recognised in the balance sheet.

Lohne, 11. May 2017



Olaf von Lehmden



Jürgen Tenbrink



Jörg Fischer

## Independent Auditor's Report

We have audited the accompanying consolidated financial statements of EnviTec Biogas AG, Lohne, and its subsidiaries, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statements of cash flow and the notes to the consolidated financial statements and the consolidated management report for the business year from 1 January to 31 December 2016.

The management of EnviTec Biogas AG is responsible for the preparation of these consolidated financial statements and the management report. This responsibility includes preparing these consolidated financial statements in accordance with the requirements of German commercial law and supplementary provisions of the articles of incorporation. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with legal requirements, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Steinfeld, 11 May 2017

MICHAEL KOHL GmbH  
Wirtschaftsprüfungsgesellschaft

Marcus Böhnke  
Wirtschaftsprüfer



# GLOSSARY

# GLOSSARY

## A

### Acetic Acid

The oldest known and most important carbonic acid to this very day, it is an important base for methane accumulation.

### Acid level

The total acid in the fermenter. High loads in the fermenter in the starting phase lead to a very high concentration of acid.

### Adaptation

Ability of microorganisms to adapt to an elevated pH level without experiencing sustained disturbances in the process biology.

### Aerobe

A microorganism that grows in the presence of oxygen. See Anaerobe organisms.

### Agitator

Machine for the consistent mixing of substances in tanks.

### Air Pollution Prevention

In some countries it may be necessary to observe the emissions of odours, harmful substances and dust.

### Amino acid

Any of the 20 basic building blocks of proteins. Composed of a free amino ( $\text{NH}_2$ ) end, a free carboxyl ( $\text{COOH}$ ) end, and a side group (R).

### Anaerobic organisms

Organisms which can temporarily or continuously live without free oxygen. Anaerobic bacteria convert biomass into fermentation (bio) gas.

### Anhydrous mass

Organic and inorganic components of the input material. Only the organic part of the anhydrous mass can be used for methane production.

### Anionic trash

Substances that can impair the functionality of the plant and are removed manually or mechanically.

### Antibiotics

A class of natural and synthetic compounds that inhibit the growth of or kill other microorganisms. Also used as feed additives that inhibit the process biology and aerobiosis similar to the inhibitors  $\text{NH}_4$  and  $\text{NH}_3$  as well as the heavy metals copper and zinc.

## B

### Bacterium

A single-celled, microscopic prokaryotic organism: a single-cell organism without a distinct nucleus.

### BHKW (Blockheizkraftwerk)

Block heat and power plant.

### Biogas

Gas which develops during the anaerobic decomposition of organic substances.

### Biogas Cleaning

Precipitation of humidity and corrosive gas from the biogas to protect the engine.

### Biomass

Energy source from organic substances, where scorched biomass releases only the amount of  $\text{CO}_2$  which it has taken from the atmosphere during growth. That's why the energy production does not contribute to the greenhouse effect.

### Block heat and power plant

Engine with an attached generator for production of electricity and heat.

## C

### Carbon dioxide

Gas that develops when fossil combustibles like coal, oil or natural gas are used.  $\text{CO}_2$  is the main cause for the greenhouse effect that changes the climate.

### Cellulose

Cell membranes which are hard to decompose microbially.

### Coal

Fossil energy source with low energy content. Almost two thirds of the electricity used in Germany is produced in coal power plants. In comparison to all other energy sources, the coal causes the highest  $\text{CO}$  emissions.

### Colonisation surfaces

Serve bacteria as location/surface habitat.

### Combustion engine system

Engine for the production of electricity, steam, hot water and process heat.

### Combustion heat output

Amount of energy from a BHKW that is necessary for a full load operation.

### Condensate

Humidity that is separated from biogas through condensation.

### Condensate shaft

Shaft for collecting and pumping down of the accumulating condensate.

### Condensation

Transition from a gaseous to a fluid aggregate state.

### Container load

> Digester load

### Corn acceptance

Accepting technique for supply inventory and consistent feeding of a biogas plant with corn silage.

### Corrosion

Chemical alterations in the material at the surface of solid bodies, i.e. the fermenter.

### Crusher

Conditioning method with the target to increase the accessible surface of the material.

## D

### Decomposition speed

Speed of decomposition of the organic substance. It depends on the condition, surface and composition of the basic substances as well as the temperature in the fermenter.

**Deodorisation**

Removal of disturbing odours of odour-intensive substances to avoid emission.

**Deposits**

Procedure that occurs especially in heterogeneous substances which tend to segregate and which can be avoided in a container with smooth walls, agitator and a flow temperature that is not too high.

**Desulphurisation**

Precipitation of hydrosulphide from biogas.

**Digester**

> Fermenter

**Digester load**

Amount of additives consisting of organic dry substances per cubic meter of fermenter volume and day.

**Dry fermentation**

Plant in which predominantly dry substrates are fermented to become compact and which cannot be agitated. This supplies less gas than wet fermentation.

**DVGW-Codes**

Codes for the manufacturing of gas containers.

**E****Ecology**

The study of the interactions of organisms with their environment and with each other.

**Ecosystem**

The organisms in a plant population and the biotic and abiotic factors which impact on them.

**Electricity home requirements**

Electricity requirement of the plant in order to hold up the operation.

**Emission**

Releasing of harmful substances, dust or odours into the environment.

**Enzymes**

Proteins that control the various steps in all chemical reactions.

**F****Fermentation**

Process of turning biomass into biogas with the aid of microorganisms.

**Fermenter**

Airtight heated tank for the anaerobe decomposition of organic substances.

**Fermenterheater**

Heating system in the fermenter for acceleration of decomposition of anaerobe substances.

**Fermenting**

Biochemical process in which organic substances are decomposed through anaerobe microorganisms and energy is obtained.

**Fermenting residue processing**

Separation of the fermenting residue into solids, fertiliser concentrate and water in special treatment plants.

**FederalimmissionProtectionLaw (BimschG)**

German law with the goal to protect people, animals, plants, soil, water, atmosphere, cultural and other real assets from harmful environmental effects.

**Fertilising value**

Quality of the fermenting residue regarding certain substances of content, e.g., nitrate, phosphate or potash.

**Flare**

Safety device for safe combustion of excess gas.

**FlexoRoof**

Roof cover made of foil for fermenters and storage tanks with or without gas storage bubble.

**Flow temperature**

Temperature in the heating water before the heat is withdrawn in heat usage.

**Fos (volatile organic acids)**

Amount of different acids in the fermenter measured in mg/l.

**Fossil energy sources**

Energy source which, in contrast to renewable raw materials, does not grow again. Brown coal, anthracite, natural gas and crude oil are such fossil energy sources.

**Fuel cell**

It turns hydrogen and oxygen into water by releasing energy and heat.

**G****Gas engine**

Piston-power machine that is driven by combustible gas. It is used among other things for power- and heat generation in block heat and power plants and biogas plants as well as drives for vehicles.

**Gas injection**

Method for mixing different substances in the fermenter. Biogas is compressed by high pressure through injectors at the bottom of the fermenter.

**Gas membrane**

Gastight foil for collecting and storing biogas.

**Generation of methane**

Process that occurs during the production of biogas.

**Generation time**

Time it takes for reproduction of bacterial cultures.

**H****Hammermühle (hammermill)**

Electrical device for processing input substances by crushing the material.

**Heat exchanger**

Apparatus for conveying heat between two heating systems.

**Heat value**

Energy contents of fuel gas; unit: kilowatt hour per norm cubic metre.

**Hydrolyse**

One of a total of four biochemical single processes in the fermenting of biomass. With the aid of microorganisms, amongst others, the biopolymers are separated into monomeric basic modules or other soluble decomposition products.

**Hydrosulphide**

Type of gas that is generated during the biogas production and has to be separated from biogas through desulphurisation before it can be used, because it can cause corrosion damage in the engine.

**Hygienisation**

Pasteurising, i.e. heating of the input material to 70 degrees centigrade for one hour to kill the bacteria and germs.

**I****Immission Protection Law**

Regulation for plants for biological treatment of waste products. According to this regulation, it may not come to a dangerous impact on humans, animals or nature

**Immersion agitator**

Fast-running propellers which mix the input substances evenly at 300–400rpm. variable position within the fermenter.

**Inhibition**

Process which slows down the generation of methane, e. g. through acids.

**Input material**

Substances which are suitable for the operation of a biogas plant, like liquid manure, dung, bio waste, renewable raw products, etc.

**Insulation**

Heat insulation of components against frost, protection against loss of heat and prevention of temperature fluctuation.

**L****Lignin**

Wood substance or an element in the wood which cannot be decomposed in the anaerobe process

**Longdistance heating**

Heat that develops during the power production in heating- or block heat and power plants. It gets to the consumer by help of steam or hot water through pipelines.

**M****Maintenance**

Regular testing, replacing and servicing of plant components.

**Manhole**

Inspection opening in the container wall

**Membrane technique**

Filtration technique with pore-membranes for cleaning of waste water.

**Methane**

Combustible type of gas which is generated during the bacterial decomposition of biomass. Methane is the substance in biomass that can be used for energy production. The higher its proportion the more valuable i. e. higher in energy is the biogas.

**N****NawaRos (Nachwachsende Rohstoffe)**  
> Renewable primary products**Natural gas**

Fossil fuel. Natural gas is considered the cleanest fossil energy source, because it contains the lowest amount of carbon in comparison to coal and crude oil and thus generates the least CO<sub>2</sub> emissions.

**Noise emission**

In the process of licensing a plant, some countries have noise emission levels that should not be exceeded.

**Noise reduction**

In some countries it may be necessary to consider the location, building materials and the execution of the construction because of the noise emission limitations.

**Nuclear energy**

Heat energy that is released when splitting uranium atomic nuclei. 27% of the electricity in Germany comes from nuclear power plants. Because of the risks in splitting atomic nuclei and disposing of the fuel rods, the last German nuclear power plant is planned to be taken off the net in 2025.

**O****Oxygen**

This is gas that is colorless, flavourless and odourless. Free oxygen is found as an element of the air. It makes approx. 20.8% of the oxygen on earth. In its combined form, it can be found in water and many minerals. Altogether it makes 49.5 percent of the weight on the surface of the earth and is thus the most frequently found element.

**Output**

Capacity of a plant in tonnes or time units per day.

**Organic Rankine cycle Plant (ORC)**

Plant for the use of electricity from industrial waste heat using high-speed Organic Rankine cycle (ORC). An Organic Rankine Cycle uses a heated chemical instead of steam, as used in the original Rankine Cycle. Chemicals or refrigerants.

**P****Pasteurising**

> Hygienisation

**Ph level**

Measured level for the concentration of the hydrogen ions in a solution. A ph range between 6.5 and 7.2 is ideal, higher or lower levels disrupt the process biology.

**Photovoltaics**

Energy production through solar energy with the aid of solar collectors that convert light into electrical power.

**Pilot injection gas engine**

This is an engine on the basis of a diesel engine that was converted for biogas use. It needs backup firing equipment and is not as long living as a gas engine.

**Placing into operation**

Official start of plants or parts of plants, as a general rule the beginning of the warranty period.

**Plant safety**

Particular demands on hazardous areas, e.g., combustible atmosphere in gasholders through establishment of fire breaks, etc. according to the VDE regulations.

**Powerheat**

Process in which electricity is produced and at the same time the waste heat of the BHKW is used. KWK plants, in comparison to conventional technologies, reduce emissions of CO<sub>2</sub> and other harmful substances by 30–40%.

**Pressure control device for pipes**

Safety equipment for pressure monitoring.

**Propagation calculation**

Calculation of the immission prognosis of pollutants and odours. It considers wind direction, wind velocity, vertical temperature layers, etc.

**Propionic acid**

Type of acid which is not desired in the process. It is generally enriched in process failures and is an additional obstruction for the aerobic metabolism.

**Protein**

Proteins are generally based on amino acids, which are the most important input substances next to carbohydrates and fats.

**R****Raw glycerine**

Substance that accrues when biodiesel is made.

**Recirculation shaft**

Insulated tank which holds fermenting substrate after it is taken from the fermenter. It is necessary, for example, when the fermenting substrate is used for mixing the fermenter input material.

**Regenerative energy sources**

Resources which are not limited in comparison to fossil energy sources, i. e. water, wind, photovoltaics and biomass. On top of this, they are climate- and environment-friendly.

**Renewable energies**

> Regenerative energy sources

**Renewable primary products**

Products from agriculture or forestry operations used for industry or the production of heat, electricity and other forms of energy.

**Retention period**

Time period that the substance remains in the fermenter and is incumbent to the organic decomposition.

**Reverse cooling**

Process in which the substances that are heated during hygienisation are cooled before being fed into the fermenter

**Risk material**

Input material that cannot be used for fermenting because of its risk potential.

**Rotary piston pump**

Device for inserting substances into the fermenter.

**S****Sedimentation**

> Sedimentary deposition

**Sewage sludge regulation**

Regulation which determines the limit value for the pollution of sewage sludge with heavy metal and other harmful substances, among other.

**Stable disinfectant**

Substances that can retard the biogas production when overdosed.

**Steam production plant**

Plant for production of hot steam and process steam.

**Squeeze ramming separator**

Device for separating particulate material from suspension.

**Switching room**

Location of the central control station of a biogas plant.

**T****TA air**

Technical manual for air pollution prevention.

**TA noise**

Technical manual for the evaluation of sonic immissions .

**Total acid concentration**

Amount of the different acids in the fermenter, measured in milligramme per litre.

**U****Ultrafiltration**

Procedure for the conditioning of fermenting residue. It normally takes place after the first compact/liquid separation and is the precursor of reverse osmosis.

**V****Vaporising facility**

Facility for vaporising water to lower the water contents in a product.

**Vertical flow**

Vertical movements of substrates in a tank.

**W****Water power**

Natural power source for the electricity production. More than 20% of the electricity worldwide originates from water power plants. Only 20% of the water power assets worldwide are used.

**Watt**

Unit of measurement for electrical power capacity according to James Watt (1736 – 1819), the inventor of the steam engine. 1 kilowatt = 1,000 watts; 1 megawatt (mw) = 1,000,000 watts.

**Wet Fermentation Plant**

Reactor where substrates are fermented within liquids.

**Wind power**

Inexhaustible energy source where the natural current energy of the wind is used for electricity production.

# FINANCIAL CALENDAR

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27 JUNI 2017

ANNUAL GENERAL MEETING

29 SEPTEMBER 2017

INTERIM REPORT 2ND QUARTER 2017

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