

Verbio

Biofuel and Technology

**Quarterly interim
statement for the period
ended September 30, 2020
(Q1 2020/2021)**

Group key figures

[in EUR million]

Profitability	Q1 2020/2021	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	2019/2020
Sales	261.4	210.1	226.5	222.7	213.1	872.4
EBITDA	53.3	23.8	30.1	43.2	25.0	122.1
EBIT	45.6	17.6	22.3	36.0	16.0	91.9
EBIT-margin (%)	17.4	8.4	9.8	16.2	10.4	10.5
EBT	45.3	17.3	21.9	36.1	15.7	91.0
Period result	31.7	12.1	13.2	24.9	13.6	63.8
Earnings per share (EUR)	0.50	0.20	0.20	0.39	0.22	1.01
Operating data	Q1 2020/2021	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	2019/2020
Production (tonnes)	216,996	195,706	207,082	210,169	183,454	796,411
Production (MWh)	216,071	186,670	190,248	224,694	182,803	784,414
Utilisation Biodiesel/ Bioethanol (%) ¹⁾	94.3	85.1	90.0	97.7	79.8	86.6
Utilisation Biomethane (%) ¹⁾	96.0	93.0	101.5	108.2	97.5	104.6
Investments in property, plant and equipment	11.5	31.2	10.3	13.4	11.6	66.5
Number of employees ²⁾	754	695	702	717	725	725
Net asset position	30.09.2020	30.09.2019	31.12.2019	31.03.2020	30.06.2020	30.06.2020
Net financial assets	86.6	34.8	52.8	64.9	55.9	55.9
Equity	419.7	356.0	368.8	374.7	390.8	390.8
Equity ratio (%)	74.8	71.6	73.1	72.2	73.8	73.8
Balance sheet total	561.0	497.3	504.4	518.8	529.2	529.2
Financial position	Q1 2020/2021	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	2019/2020
Operating cash flow	56.4	8.4	29.5	21.3	12.5	71.7
Operating cash flow per share (EUR)	0.90	0.13	0.47	0.34	0.20	1.14
Cash an cash equivalents ³⁾	116.8	86.3	81.5	94.8	86.1	86.1

¹⁾ At of July 1, 2020 the annual production capacity of the production plant was amended as follows:
biodiesel: 660,000 tonnes (unchanged); bioethanol: 260,000 Tonnen (unchanged); biomethane: from 750 GWh to 900 GWh

²⁾ At the balance sheet date

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

Segment key figures

[in EUR million]

Biodiesel	Q1 2020/2021	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	2019/2020
Sales	173.0	140.5	147.8	152.8	147.1	588.2
EBITDA	13.6	13.6	11.5	18.0	3.0	46.1
EBIT	10.9	12.0	8.8	15.7	-1.0	35.5
Production (tonnes)	154,888	134,643	146,350	145,043	133,699	559,735
Utilisation (%) ¹⁾	93.9	81.6	88.7	87.9	81.0	84.8
Number of employees ²⁾	214	200	199	208	208	208

Bioethanol (incl. Biomethane)	Q1 2020/2021	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	2019/2020
Sales	86.2	66.9	76.7	67.6	64.0	275.2
EBITDA	38.8	9.6	18.0	24.6	21.8	74.0
EBIT	34.2	5.4	13.3	20.2	17.0	55.9
Production (tonnes)	62,108	61,063	60,732	65,126	49,755	236,676
Production (MWh)	216,071	186,670	190,248	224,694	182,802	784,414
Utilisation Bioethanol (%) ¹⁾	95.6	93.9	93.4	100.2	76.5	91.0
Utilisation Biomethane (%) ¹⁾	96.0	93.0	101.5	108.2	97.5	104.6
Number of employees ²⁾	358	330	338	342	340	340

Other	Q1 2020/2021	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	2019/2020
Third party sales	4.1	4.5	3.5	4.2	3.6	15.8
EBIT	0.5	0.2	0.2	0.2	0.0	0.6

¹⁾ At of July 1, 2020 the annual production capacity of the production plant was amended as follows:
 biodiesel: 660,000 tonnes (unchanged); bioethanol: 260,000 Tonnen (unchanged); biomethane: from 750 GWh to 900 GWh

²⁾ At the balance sheet date

Business report and the Group's position

VERBIO AG reports a significant increase in its results for the first three months of the financial year 2020/2021 compared to the same period in the previous year.

Group revenues increased by 24.4 percent to EUR 261.4 million compared to the previous year (Q1 2019/2020: EUR 210.1 million).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the first three months of the financial year 2020/2021 amounted to EUR 53.3 million, significantly higher than in the comparative period in the previous year (Q1 2019/2020: EUR 23.8 million). The Group result before interest and taxes (EBIT) totalled EUR 45.6 million (Q1 2019/2020: EUR 17.6 million). The net result for the period amounted to EUR 31.7 million (Q1 2019/2020: EUR 12.1 million). Based on the result for the period, earnings per share are EUR 0.50 (Q1 2019/2020: EUR 0.20).

Net assets and financial position

Cash flows

Cash flow from operating activities in the first three months of the financial year 2020/2021 amounted to EUR 56.4 million (Q1 2019/2020: EUR 8.4 million). With a net profit for the period (EUR 31.7 million; Q1 2019/2020: EUR 12.1 million), the increase compared to the previous year was primarily a result of the reduction in trade receivables and other financial assets totalling EUR 20.1 million (Q1 2019/2020: EUR 2.5 million). There was a partial offsetting effect from the decrease in the trade payables balance of EUR 4.8 million (Q1 2019/2020: increase of EUR 10.2 million).

Total cash outflows in the first three months of 2020/2021 amounted to EUR 11.2 million (Q1 2019/2020: EUR 31.6 million) and resulted from the investments made in property, plant and equipment. The release of term deposits resulted in cash inflows of EUR 20.0 million in the first quarter, so that the cash flows from investing (Q1 2019/2020: EUR –31.2 million).

The cash flows from financing activities in the current reporting period almost entirely comprised repayments of lease liabilities of EUR 1.4 million (Q1 2019/2020: EUR 0.8 million); in the same period in the previous year these primarily consisted of the cash flows arising from the issue of a five-year EUR 30.0 million promissory note.

As a result, cash and cash equivalents increased by a total of EUR 63.7 million in the period from July 1, 2020 to September 30, 2020. Cash and cash equivalents reported in the balance sheet at September 30, 2020 amounted to EUR 117.2 million.

Net cash

The Group's bank and loan finance arrangements are offset by cash and cash equivalents as well as additional cash held in segregated accounts totalling EUR 116.8 million, so that the reported net cash balance at September 30, 2020 amounted to EUR 86.6 million (June 30, 2020: EUR 55.9 million).

Business report and the Group's position

Development of the Biodiesel and Bioethanol segments

The primary driver of the results in the first quarter of the financial year 2020/2021 compared to the same period in the previous year was the significant increase in margins achieved in the Bioethanol segment in the first quarter of 2020/2021. On the other hand, margins in the Biodiesel segment were largely unchanged.

Capacity utilisation of the production plants in both segments was good, including for the Group's biomethane plants. The production volume of biodiesel and bioethanol in the period from July 1, 2020 to September 30, 2020 totalled 216,996 tonnes (including the biodiesel plant in Canada which has been newly integrated into the Group), compared with 195,706 tonnes in the same period in the previous year. In addition, 216.1 GWh of biomethane were produced in the first three months of the financial year 2020/2021 (Q1 2019/2020: 186.7 GWh).

Outlook, opportunity and risk report

Outlook

VERBIO is making no changes to the results forecasts provided in the 2019/2020 annual report published on September 23, 2020. Based on current sales and raw material price levels and the planned production capacity usage (but not making any adjustments for potential effects on results caused by the ongoing COVID-19 pandemic), the Management Board of VERBIO Vereinigte BioEnergie AG expects to achieve an EBITDA for the financial year 2020/2021 of around EUR 130 million.

The Group plans to invest in further capacity expansions and internationalisation in the current financial year. This will be financed using the free cash reserves generated in previous financial periods and cash flows from current operations.

The Management Board expects that the Group will have net financial assets of approximately EUR 50 million at the end of the financial year 2020/2021. This forecast is made subject to the proviso that the continued course of the COVID-19 pandemic does not have a significant negative effect on the market for biofuels.

Opportunity and risk report

There have been no changes to the opportunities and risks presented in the 2019/2020 annual report. Further, there have been no changes in the risks and opportunities profile of the VERBIO Group during the reporting period. There are no present risks or discernible potential risks that present a threat to the ability of the Group to continue as a going concern.

Consolidated profit and loss account

for the period July 1, 2020 to September 30, 2020

EUR (thousands)	Q1 2020/2021	Q1 2019/2020
1. Revenue (including energy taxes collected)	262,053	210,199
less: energy taxes	-698	-129
Revenue	261,355	210,070
2. Change in unfinished and finished goods	7,105	6,673
3. Capitalised production of own plant and equipment	311	196
4. Other operating income	4,604	6,428
5. Cost of materials	-196,527	-176,056
6. Personnel expenses	-12,436	-10,382
7. Depreciation and amortisation	-7,760	-6,246
8. Other operating expenses	-11,312	-12,026
9. Result from commodity forward contracts	243	-1,056
10. Operating result	45,583	17,601
11. Interest income	18	119
12. Interest expense	-297	-468
13. Financial result	-279	-349
14. Result before tax	45,304	17,252
15. Income tax expense	-13,591	-5,124
16. Net result for the period	31,713	12,128
Comprehensive result attributable to shareholders of the parent	31,586	12,876
Comprehensive result attributable to non-controlling interests	127	-748
Result per share (basic and diluted)	0.50	0.20

Consolidated balance sheet

at September 30, 2020

EUR (thousands)	30.09.2020	30.06.2020
Assets		
A. Non-current assets		
I. Intangible assets	657	673
II. Property, plant and equipment	252,036	249,756
III. Right-of-use assets under leasing arrangements	16,564	17,829
IV. Financial assets	2,803	2,806
V. Deferred tax assets	2,688	2,688
Total non-current assets	274,748	273,752
B. Current assets		
I. Inventories	87,051	78,810
II. Trade receivables	55,626	64,688
III. Derivatives	3,341	4,073
IV. Other short-term financial assets	5,924	14,655
V. Tax refunds	424	1,348
VI. Other assets	16,628	17,989
VII. Term deposits	0	20,000
VIII. Cash and cash equivalents	117,233	53,885
Total current assets	286,227	255,448
Total assets	560,975	529,200

Consolidated balance sheet

at September 30, 2020

EUR (thousands)	30.09.2020	30.06.2020
Equity and liabilities		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,681	487,681
III. Other reserves	237	1,392
IV. Retained earnings	-131,139	-162,855
V. Reserve for translation adjustments	-1,928	-75
Total equity attributable to owners of the parent	417,851	389,143
VI. Non-controlling interests	1,807	1,680
Total equity	419,658	390,823
B. Non-current liabilities		
I. Bank loans and other loans	30,000	30,136
II. Lease liabilities	11,038	12,665
III. Provisions	131	131
IV. Deferred investment grants and subsidies	2,792	3,012
V. Other non-current liabilities	3,739	3,316
VI. Deferred taxes	6	59
Total non-current liabilities	47,706	49,319
C. Current liabilities		
I. Bank loans and other loans	226	100
II. Lease liabilities	5,735	5,344
III. Trade payables	36,568	41,130
IV. Derivatives	1,010	3,140
V. Other current financial liabilities	12,042	11,963
VI. Tax liabilities	26,928	18,096
VII. Provisions	3,953	2,973
VIII. Deferred investment grants and subsidies	969	998
IX. Other current liabilities	6,180	5,314
Total current liabilities	93,611	89,058
Total equity and liabilities	560,975	529,200

Consolidated cash flow statement

for the period July 1, 2020 to September 30, 2020

EUR (thousands)	Q1 2020/2021	Q1 2019/2020
Net result for the period	31,713	12,128
Income tax expense	13,591	5,124
Interest result	279	349
Depreciation and amortisation	7,760	6,246
Non-cash expense	41	-1,492
Gain on disposal of property, plant and equipment and derecognition of government grants	-47	-328
Release of deferred investment grants and subsidies	-249	-256
Non-cash changes in derivative financial instruments	-1,031	-1,300
Increase in inventories	-8,080	-22,301
Decrease in trade receivables	9,062	439
Decrease in other assets and other current financial assets	10,994	2,096
Increase (previous year: decrease) in provisions	964	-2,130
Decrease (previous year: increase) in trade payables	-4,823	10,182
Increase in other current financial and non-financial liabilities	1,299	677
Interest paid	-238	-79
Interest received	10	119
Income taxes paid	-4,828	-1,314
Cash flows from operating activities	56,417	8,374
Cash outflows for acquisition of intangible assets	-60	-38
Cash outflows for acquisition of property, plant and equipment	-11,213	-31,622
Proceeds from disposal of property, plant and equipment	32	413
Cash inflows from term deposits	20,000	0
Cash flows from investing activities	8,759	-31,247
Cash outflows for the repayment of financial liabilities	-9	-8
Payment of lease liabilities	-1,434	-807
Proceeds from new financial liabilities	0	32,751
Cash flows from financing activities	-1,443	31,936
Change in cash funds resulting from business transactions	63,733	9,063
Change in cash funds due to effects of exchange rates	-385	532
Cash funds at beginning of year	53,885	68,025
Cash funds at end of period	117,233	77,620

Financial calendar 2020/2021

November 5, 2020	Publication of the quarterly statement for the period ended September 30, 2020 (July 2020 to September 2020)
January 29, 2021	Annual General Meeting, Leipzig
Februar 6, 2021	Publication of the half-yearly interim report 2020/2021 (July 2020 to December 2020)
May 6, 2021	Publication of the quarterly statement for the period ended March 31, 2021 (July 2020 to March 2021)
September 22, 2021	Publication of the annual report 2020/2021 Analyst's conference

Contact address and imprint

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Forward-looking statements

This quarterly statement includes various statements concerning forecasts, expectations and information that relate to the future development of the VERBIO Group and VERBIO Vereinigte BioEnergie AG. These statements are based on assumptions and estimates and may be associated with known and unknown risks and uncertainties. Actual developments and results, as well as the financial and asset situation, may therefore differ substantially from the expectations and assumptions stated. Such differences may be due, among other things, to market fluctuations, changes in worldwide market prices for raw materials as well as financial markets and exchange rates, changes in national and international laws and directives, or fundamental changes in the economic and political climate. VERBIO does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this statement.

This quarterly statement is published in German (original version) and in English (non-binding translation).
It is available for download at <http://www.verbio.de> in both languages.

We will be delighted to send you additional information about VERBIO Vereinigte BioEnergie AG on request at no charge..

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