

Verbio

Biofuel and Technology

**Half-year financial report
to December 31, 2020
(Q2 2020/2021)**

VERBIO Vereinigte BioEnergie AG

Ritterstraße 23 (Oelßner's Hof)

04109 Leipzig

T: +49 341 308530-0

F: +49 341 308530-998

ir@verbio.de

www.verbio.de

Group key figures

[in EUR millions]

Profitability	Q1 2020/2021	Q2 2020/2021	1 HY 2020/2021	Q1 2019/2020	Q2 2019/2020	1 HY 2019/2020
Sales	261.4	217.7	479.1	210.1	226.5	436.6
EBITDA	53.3	27.1	80.4	23.8	30.1	53.9
EBIT	45.6	19.4	65.0	17.6	22.3	39.9
EBIT-margin (%)	17.4	8.9	13.6	8.4	9.8	9.1
EBT	45.3	19.2	64.5	17.3	21.9	39.2
Net result for the period	31.7	12.5	44.2	12.1	13.2	25.3
Earnings per share (EUR)	0.50	0.20	0.70	0.20	0.20	0.40

Operational statistics	Q1 2020/2021	Q2 2020/2021	1 HY 2020/2021	Q1 2019/2020	Q2 2019/2020	1 HY 2019/2020
Production (tonnes)	216,996	208,630	425,626	195,706	207,082	402,788
Production (MWh)	216,071	198,101	414,172	186,670	190,248	376,918
Utilisation Biodiesel/Bioethanol (%) ¹⁾	94.3	90.7	92.5	85.1	90.0	87.6
Utilisation Biomethane (%) ¹⁾	96.0	88.0	92.0	93.0	101.5	100.5
Investments in property, plant and equipment	11.5	20.8	32.3	31.2	10.3	41.5
Number of employees ²⁾	754	780	780	695	702	702

Net asset position	30.09.2020	31.12.2020	31.12.2020	30.09.2019	31.12.2019	31.12.2019
Net financial assets	86.6	79.2	79.2	34.8	52.8	52.8
Equity	419.7	433.5	433.5	356.0	368.8	368.8
Equity ratio (%)	75.0	75.8	75.8	71.6	73.1	73.1
Balance sheet total	561.0	571.6	571.6	497.3	504.4	504.4

Financial position	Q1 2020/2021	Q2 2020/2021	1 HY 2020/2021	Q1 2019/2020	Q2 2019/2020	1 HY 2019/2020
Operating cash flow	56.4	6.6	63.0	8.4	29.5	37.9
Operating cash flow per share (EUR)	0.90	0.10	1.00	0.13	0.47	0.6
Cash and cash equivalents ³⁾	116.8	109.2	109.2	86.3	81.5	81.5

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

²⁾ At the balance sheet date

³⁾ At the balance sheet date, includes amounts held in segregated accounts

Segment key figures

[in EUR millions]

Biodiesel	Q1 2020/2021	Q2 2020/2021	1 HY 2020/2021	Q1 2019/2020	Q2 2019/2020	1 HY 2019/2020
Sales	173.0	148.2	321.2	140.5	147.8	288.3
EBITDA	13.6	13.8	27.4	13.6	11.5	25.1
EBIT	10.9	11.0	21.9	12.0	8.8	20.8
Production (tonnes)	154,888	152,342	307,230	134,643	146,350	280,993
Utilisation (%) ¹⁾	93.9	92.3	93.1	81.6	88.7	85.1
Number of employees ²⁾	214	219	219	200	199	199

Bioethanol (incl. biomethane)	Q1 2020/2021	Q2 2020/2021	1 HY 2020/2021	Q1 2019/2020	Q2 2019/2020	1 HY 2019/2020
Sales	86.2	66.9	153.1	66.9	76.7	143.6
EBITDA	38.8	12.6	51.4	9.6	18.0	27.6
EBIT	34.2	8.2	42.4	5.4	13.3	18.7
Production (tonnes)	62,108	56,288	118,396	61,063	60,732	121,795
Production (MWh)	216,071	198,101	414,172	186,670	190,248	376,918
Utilisation Bioethanol (%) ¹⁾	95.6	86.6	91.1	93.9	93.4	93.7
Utilisation Biomethane (%) ¹⁾	96.0	88.0	92.0	93.0	101.5	100.5
Number of employees ²⁾	358	371	371	330	338	338

Other	Q1 2020/2021	Q2 2020/2021	1 HY 2020/2021	Q1 2019/2020	Q2 2019/2020	1 HY 2019/2020
Sales	4,1	4,1	8,2	4,5	3,5	8,0
EBIT	0,5	0,1	0,6	0,2	0,2	0,4

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

²⁾ At the balance sheet date

Group Interim Management Report

Economic report	5
Economic and political environment	5
Business report and the Group's position	9
Segment reporting	11
Outlook, opportunity and risk report	12

Consolidated Interim Financial Statements (IFRS)

Consolidated statement of comprehensive income	14
Consolidated balance sheet	15
Consolidated cash flow statement	17
Consolidated statement of changes in equity	19
Selected explanatory disclosure notes	20
Responsibility statement	27

Other information

Executive bodies of the Company	28
Financial calendar 2020/2021	31
Imprint and contacts	31

Group Interim Management Report

for the period July 1, 2020 to Dezember 31, 2020

Economic report

Economic and political environment

Market conditions for biofuels

Germany

At the time of writing, statistics are available from the German Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle – BAFA) for the 2020 calendar year up until November 2020. Once again, as expected, a decline is reported for diesel (–11.3 percent compared to the previous year) and for petrol-based fuels (–9.1 percent) for the first month of the renewed lockdown. The cumulative declines for almost the whole year, i.e. the first eleven months of the year 2020 amount to –7.3 percent for diesel and –9.1 percent for petrol compared to the previous year. As the lockdown has been tightened once again at the end of 2020, it can be assumed that fuel consumption in Germany for the year as a whole will decline further.

In contrast, there has been a strong increase in sales of biodiesel and HVO. In November alone the increase compared to the previous year was 12.5 percent, with 229,772 tonnes being used as fuel additives. For the period from January to November 2020 the increase amounted to 33.8 percent. As a result, despite the fall in the base fuel volumes, 2.8 million tonnes of biodiesel and HVO have been used as blending additives in the first eleven months, so that an annual total of more than 3 million tonnes will be exceeded for the first time for the year as a whole.

On the other hand, the use of bioethanol as an additive fell by –6.4 percent in the same period, from almost 965 thousand tonnes to 903 thousand tonnes. In relative terms, the decline is 2.7 less than for petrol. Accordingly, more bioethanol was used as a fuel additive for E5 and E10 than in the 2019 comparative period.

With the implementation of the Fuel Emissions Trading Act (Brennstoffemissionshandelsgesetz – BEHG) from January 1, 2021 it is to be expected that the share of biofuels will continue to be high in order to reduce expenses incurred due to emissions.

CNG/LNG biomethane as biofuel

The share of biomethane added to natural gas has fallen significantly in recent years. The statistics issued by the Federal Ministry for Finance (BMF) concerning the achievement of the biofuels quota provide data up to and including 2019: after 345 GWh in 2015, 373 GWh

in 2016, and 449 GWh in 2017, the figures show a decline in 2018 to 389 GWh, which continued into 2019 with 341 GWh. This was primarily due to the fact that the use of fossil natural gas could be credited for greenhouse gas quota purposes following the implementation of the 38th BImSchV from January 1, 2018 (GHG quota).

The outlook in this market segment can be regarded as positive in view of the forthcoming legal requirements that will be introduced to implement RED II. These include the withdrawal of credits for the use of fossil natural gas to meet GHG reduction quotas from January 1, 2022, as well as the planned introduction of double credits for advanced biomethane on exceeding the GHG quota, as well as the exemptions from CO₂ taxation for biomethane.

The Federal support programme also includes the approval of an extension to the exemptions from road tolls offered to CNG/LNG-powered heavy goods vehicles. This is in addition to pressure from industry for a transfer to CO₂-neutral transport.

We expect that biomethane will succeed, and that it represents the future of biofuels in the marketplace.

Europe

The sales markets for biofuels in Europe are still affected by the fact that the Renewable Energy Directive (RED) is being implemented very differently in different EU member states. On the one hand, this situation offers arbitrage possibilities. However, it can also result in market entry barriers in certain countries.

The European sales markets for biofuels were and continue to be massively weakened by the lockdowns in the member states. Prolonged and stricter lockdowns can be expected, while the market finds itself with flexible prices for biofuels on the one hand and inflexible prices for raw materials on the other.

North America

A revival in renewable fuels is expected in the USA following the Democrats' success in the Presidential election, their majority in the lower house and given their environmental (zero emission) policies. It was announced early on that decisions made by the Trump administration would be reversed, e.g. the generous use of "waivers" that exempted individual refineries from being required to meet their biofuel quotas.

The market in the US continues to be characterised by overcapacity created by the repeated issue of new renewable diesel projects. There was continued significant uncertainty concerning exemptions from the renewable volume obligations provided to so-called

“small refineries”. There was a major expansion in the use of such exemptions under the last administration. This resulted in pressures on margins for all biofuels, and many manufacturers of biofuels reduced production volumes or ceased production on a temporary basis. The industry is looking to the new President and his administration in the hope that they will provide renewed impetus for the use of biofuels. Re-joining the Paris climate accord will be a first step towards this.

The Canadian government continues to work on a clean fuel standard that will be applied nationally. It is planned to implement this in 2022/23.

Sales price trends

Germany and Europe

The price of biodiesel in the second quarter of the financial year 2020/2021 was at approximately the same level as the average prices applying in the same period in the previous year; the price for rapeseed oil was approximately EUR 28/tonne higher than in the same period in the previous year.

Prices improved due to seasonal variations (greater demand for FAME-10 in the winter months) compared to the first quarter of 2020/2021. However, it was not possible to improve production margins as there was a more than proportional increase in prices for raw materials due to the lower volumes available.

The price of bioethanol in the second quarter of the financial year 2020/2021 was approximately EUR 72/cbm lower than in the same period in the previous year, although the price of wheat was EUR 26/cbm higher than in the same period in the previous year. This is primarily due to the collapse in the price of ethanol in November 2020 (EUR 531/cbm) and December 2020 (EUR 519/cbm) because of the fall in demand in Rotterdam as the volumes of sales of petrol fell in Europe due to the COVID-19 pandemic and the associated lockdown measures. In addition, there were effects from ethanol imports. The consequence was a rapid increase in inventories while inventory storage capacity is limited, resulting in a sharp fall in prices.

The spot prices are currently around EUR 515/cbm.

North America

Sales prices in the USA have increased by nominal amounts, driven by the strong increase in raw material prices. Here, prices for biofuels often only reacted with significant delays to increased levels of raw materials prices.

The following table shows the average price movements for selected raw materials and products on international markets:

Development of selected raw materials and products

	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	Q4 2019/2020	Q1 2019/2020	Q1 2020/2021	Q2 2020/2021
Crude oil (Brent; USD/barrel)	62	62	51	33	52	43	44
Biodiesel (FAME -10 RED; EUR/tonne)	875	887	865	738	841	843	884
Bioethanol (T2 German Specs; EUR/cbm)	600	643	601	515	590	740	571
Ethanol USA (CBOT; EUR/cbm)	334	340	298	259	308	286	312
Rapeseed oil (EUR/tonne)	786	827	798	730	786	783	855
Palm oil (EUR/tonne)	478	609	662	506	564	596	715
Soybean Oil (CBOT; EUR/tonne)	565	622	600	538	581	593	678
Wheat (MATIF; EUR/tonne)	171	181	191	190	183	186	208
Wheat (CBOT; EUR/tonne)	161	173	183	173	173	166	185

Trends in raw material prices

Grain and oil seed

The United States Department of Agriculture (USDA) World Supply and Demand Report dated January 12, 2021 expects the worldwide available supply of wheat (opening inventory plus harvest) to total 1,073 billion tonnes (WASDE 608, page 1). In this, the USDA has reduced the production estimates for the current business year by 1.60 million tonnes compared to estimates made in its December report. The total production of grain was estimated at 2.714 billion tonnes, approximately 8 million tonnes lower than in December 2020, including 772.64 million tonnes of wheat (previous year: 763.91 million tonnes) and 1.134 million tonnes of maize (previous year: 1.116 million tonnes).

Consumption worldwide are expected to increase to 759.54 million tonnes in the previous year compared to 746.98 million tonnes in the previous year and 734.72 million tonnes in the 2018/2019 season. On the other hand, the inventories of maize have fallen from 320.04 million tonnes in 2018/2019 to 283.83 million tonnes in the January estimate, although 288.96 million tonnes had still been expected in December 2020 (WASDE 608, pages 18 and 23).

In the EU, for the first time estimates were made for the EU 27. Wheat production in 2020 is estimated to be 117.790 million tonnes. The expectation for the 2021 harvest is 127.891 million tonnes. With 10.133 million tonnes in Great Britain, this figure would have been 127.923 million tonnes in 2020 and 143 million tonnes for the coming harvest. Wheat production in Great Britain is estimated to be 15.115 million tonnes (Coceral Grain crop forecast, December 3, 2020). The total grain production in 2020 for the EU 27 plus Great Britain was 295.677 million tonnes, and is expected to be 307,369 million tonnes in 2021.

Price movements were impressive, especially in recent weeks. Wheat reached USD 253/tonne on the Chicago exchange, its highest level since May 2014 (source: Reuters). The same applied to US maize, which was traded at USD 209/tonne. Trading prices on the French futures exchange (MATIF) were also at record levels. On January 19, 2021, goods for immediate delivery were traded at € 238.50/tonne, a price level that has not been seen since May 2013. For maize there has already been a price increase of up to € 220/tonne in the first few days of the year, representing an increase of 10 percent. The market is driven by continued good levels of demand internationally. The number of pigs in China has now recovered to almost the level

seen in 2018 following two years of tight pork markets as a result of outbreaks of the African swine fever virus, and China will import record levels of grain and oil seed in the current business year. In 2020 China imported 17.5 million tonnes of maize and 9 million tonnes of wheat, which means that maize imports have almost doubled compared to the previous year. Wheat imports were only just short of the national import quota of 9.64 million tonnes (WASDE 608, page 23).

In its report dated January 12, 2021, the USDA expects worldwide oilseed production to total 594.48 million tonnes. This represents an increase of 19 million tonnes compared to 2019/2020. Oil seed is estimated to be 352.21 million tonnes and vegetable oil production is estimated at 209.41 million tonnes. Vegetable oil consumption is expected to increase further to 350.37 million tonnes in 2020/2021.

The supply of soya beans is expected to be good with a worldwide harvest totalling 361 million tonnes, almost as much as in 2018/2019 (361.04 million tonnes), and 25 million tonnes more than in the previous period. The estimates for the harvest are for 112.55 million tonnes in the USA and 133 million tonnes in Brazil, while the estimated harvest for this year in Argentina has been reduced from an original forecast of 50 million tonnes to 48 million tonnes. The worldwide level of inventories is expected to be significantly weaker at only 84.32 million tonnes compared to 95.39 million tonnes (WASDE 608, page 28).

There were massive declines in sunflower production in the previous year. According to the Oil World report dated December 11, 2020 (No. 49 Vol. 63, page 605) the processing volume of sunflower seed oil will decline by approximately 5.4 million tonnes compared to the previous year. This dramatic fall, caused by lower harvests in the primary growing regions in the Ukraine, Russia, Bulgaria, and Romania, will result in additional demand, in particular for rapeseed oil, to replace the lost volumes of sunflower seed oil. It is not expected that the sunflower seed oil situation will ease until the start of the new harvest period. In addition, Russia has implemented a higher export duty from January 9, 2021 to limit seed exports in order to protect its domestic market (Oil World 2 Vol. 64–15).

Chinese soya imports increased for the third successive year, increasing to 100 million tonnes in 2020/2021 from 82.54 million tonnes in 2018/2019 and 98.53 million tonnes last year. This is due to the increasing size of the pig population in China, and to increasing levels of reserves held. From the middle of 2020, when China started a massive programme of forcing imports, the bean price rose to over USD 14/bu

by early January, levels not seen since 2014. The price trend was intensified by port strikes in Argentina that extended through December 2020, causing massive shipping delays.

Once again large volumes of rapeseed oil are expected in the European harvest, but there are large variations in the forecast volumes. Coceral, the European association representing the trade in grain, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply, estimates that the 2021 harvest for rapeseed oil will be 17.82 million tonnes, following 16.92 million tonnes in 2020 (Coceral Crop Forecast December 9, 2020). For sunflower seed oil the EU harvest will be a consistent 3.2 million tonnes. The demand situation continues to be good despite the pandemic.

According to Oil World, vegetable oils reached an eight-year high in the first half of January 2021. Prices for rapeseed/canola, as with the solid soya prices, also reached record levels, reaching CAD 687/tonne. In the price analysis published by Oil World (Oil World, January 8, 2021 No. 1/64 page 1) analysts expect that this extreme volatility at very high price levels is being driven by a series of extraordinary effects:

- Uncertainty due to weather conditions that will affect future soya production in South America: the Oil World yield forecasts for 2021 are significantly lower than those issued by the USDA (Brazil: 128 million tonnes; Argentina: 46 million tonnes).
- Political uncertainty, in particular in Argentina, which could potentially negatively affect the marketing of the next harvest, both for soya and for maize (export duties, export quotas for maize etc.).
- Improvements in palm oil production by 4 million tonnes to 77.58 million tonnes in 2020/2021 following a sharp decline in 2019/2020 to 73.5 million tonnes.
- The production of biodiesel will not meet the targets set in a number of countries due to the high price levels.
- Additional investment in fertiliser, plant protection and an expansion of the area under cultivation for oil seed in the coming season

For Europe, the harvest volume for rapeseed is forecast to total 17.89 million tonnes in 2021 with a slight increase in the area under cultivation of 5.64 million hectares (Oil World January 8, No. 1 page 23). The need in China for vegetable oil imports from Europe remains.

Political environment and legal framework for biofuels

In view of the Green Deal and the political significance which is finally being attributed to climate protection, the Federal Government approved various important items of legislation and initiatives before the summer recess (in particular the Climate Protection Act, the hydrogen strategy, the extension of toll exemptions for heavy goods vehicles and the Building Energy Act). These include some positive aspects clearly relevant to the biofuels industry.

The key variable for the transport sector is the implementation of RED II, which is determined centrally in Brussels.

The domestic discussion on implementation might be described by reference to the Rolling Stones song "You can't always get what you want". The original BMU draft was one-sided, focussing only on electro mobility. Following numerous discussions with representatives of government departments (the Federal Ministry of Transport, the Federal Ministry for Economic Affairs and the Federal Ministry of Food and Agriculture) as well as important representatives of the CDU/CSU and SPD parliamentary groups, it was possible to make significant amendments and improvements. In these, the central arguments were breaches of the requirements of the National Energy and Climate Plan, the danger of not meeting the 2030 climate protection objectives with their significant penalty payments under the ESR rules, breaches of the Federal Government's hydrogen strategy, and promoting agricultural interests by creating demand for primary products.

The result was the agreed cabinet draft of December 18, 2020 containing the following points:

- GHG quota of 22 percent in 2030 (including multiple credits)
- Sub-quota Appendix IX Part A (advanced biofuels) of 2.6 percent on an energetic basis
- Cap for cultivated biomass of 4.4 percent throughout
- Appendix IX Part B cap of 1.9 percent throughout
- Triple credits for electro mobility
- Double credits for EE-H2 in oil refineries
- Double credits for EE-H2 FCEV (Fuel Cell and Hydrogen Roadmap) and Ptx (green hydrogen and electricity-based fuels and base materials)
- No limitation on excess fulfilment of the sub-quota for Appendix IX Part A double credits

The obligatory mechanism introduced in a new paragraph 37h of the Federal Immission Protection Act (Bundes-Immissionsschutzgesetz – BImSchG) as an amendment to the GHG reduction quota is also important. This ensures that in case the total electricity exceeds a specific quantity, there is an upward adjustment of the percentage available for other fulfilment options. This is not a check sum arrangement; the Federal Government is obliged to take action.

Overall, after a difficult start, this result is a positive one. The Federal Cabinet is expected to examine the draft proposals in January or February. Thereafter the proposals require the approval of the Federal Assembly, and then the German Parliament has the final word.

Accordingly, there are still realistic opportunities to make potential improvements during these discussions. These could, for example, be a general increase in the GHG quota from the start, a higher initial starting point for the Appendix IX Part A sub-quota or an examination of stronger controls, in particular for used cooking oil (UCO) and palm oil methyl ester (POME).

Finally, attention should be drawn to the fact that the decision taken by the EU Council to tighten the climate protection targets means that it is already clear that a re-examination of RED II and its implementation in Germany will be needed soon. The EU Commission has already announced that an overhaul will be carried out. Accordingly, Germany will need to contribute to these ambitious objectives. As a result, it is already clear that more emphasis will need to be placed on all other fulfilment options beyond the use of electro mobility.

Regulatory and tax environment in Germany

We refer to the explanations provided in the 2019/2020 Annual Report for a description of the regulatory and tax situation in Germany. There have been no significant changes in the reporting period that have had an effect on the net assets, financial position and results of operations.

Business report and the Group's position

Results of operations

VERBIO produced 425,626 tonnes of biodiesel and bioethanol in the first six months of the 2020/2021 financial year, compared to 402,788 tonnes in the comparative period in the previous year. This now represents a total capacity utilisation rate of 92.5 percent. Here it should be taken into account that production at the biodiesel plant acquired in Canada in the previous year was only ramped up on a step-by-step basis from August 2019 onwards. In the first half-year of the financial year 2020/2021 414,172 MWh of biomethane were produced (1 HY 2019/2020: 376,918 MWh).

With increased production and sales volumes, the Group's revenues increased by 10 percent to EUR 479.1 million (1 HY 2019/2020: EUR 436.6 million). Further information is presented in the detailed comments on the individual segments.

Other operating income declined, primarily due to lower currency exchange gains, and amounted to EUR 7.3 million (1 HY 2019/2020: EUR 8.2 million).

Material costs amounted to EUR 371.9 million, also at a higher level than in the same period in the previous year 2019/2020 (1 HY 2019/2020: EUR 351.6 million). However, taking account of changes in inventory of unfinished and finished goods, the gross margin of EUR 119.2 million is significantly higher than in the comparative period of the previous year (1 HY 2019/2020: EUR 92.5 million). This is primarily due to the margin trends in the first quarter of 2020/2021, with a EUR 71.9 million gross margin, primarily due to comparatively higher sales prices for bioethanol.

Personnel expenses in the first six months of the financial year 2020/2021 amounted to EUR 24.2 million (1 HY 2019/2020: EUR 22.0 million). The increase is again due to the increase in the number of employees as a result of the ramp-up of the new business activities.

Other operating expenses amounted to EUR 22.8 million in the reporting period (1 HY 2019/2020: EUR 23.4 million). Other operating expenses primarily include the costs of repair and maintenance, outgoing freight costs, motor vehicle costs, insurance and contributions, and losses on currency exchange translation.

Earnings before interest, taxes and depreciation (EBITDA) are EUR 80.4 million, and are accordingly above the level of the EBITDA in the comparative period in the previous year (1 HY 2019/2020: EUR 53.9 million). Overall the comparatively unchanged level of costs has meant that the increase in gross margin has resulted in an improved EBITDA.

The Group operating result (EBIT) amounted to EUR 65.0 million, a EUR 25.1 million increase over the comparative period in the previous year (1 HY 2019/2020: EUR 39.9 million).

The Group result before tax (EBT) totalled EUR 64.5 million (1 HY 2019/2020: EUR 39.2 million), and the net result for the period was EUR 44.2 million (1 HY 2019/2020: EUR 25.3 million). Based on the result for the period, earnings per share (basic and diluted) were EUR 0.70 (1 HY 2019/2020: EUR 0.40).

Further information is presented in the detailed comments on the individual segments.

Net assets and financial position

Assets and liabilities

The balance sheet total at December 31, 2020 amounted to EUR 571.6 million, representing an increase of EUR 42.4 million compared to June 30, 2020 (June 30, 2020: EUR 529.2 million).

The increase of the asset side of the balance sheet included increases in both current and non-current assets.

Non-current assets increased by a total of EUR 12.9 million and amounted to EUR 286.5 million at the balance sheet date (June 30, 2020: EUR 273.8 million). The increase is primarily due to investments in property, plant and equipment, which exceeded scheduled depreciation charges by a significant amount. In contrast, the reported right-of-use assets under leasing arrangements reported in accordance with IFRS 16 at December 31, 2020 fell slightly by EUR 1.5 million to EUR 16.3 million.

The EUR 29.7 million increase in current assets, from EUR 255.4 million at June 30, 2020 to EUR 285.2 million, is primarily due to increases in inventory (EUR 15.0 million), derivatives (EUR 8.7 million), and cash balances (EUR 47.2 million).

The increase in inventories is attributable to the higher inventories of raw materials due to grain purchases following the 2020 harvest, and to higher inventories of biomethane quotas. Please refer to the comments on the cash flow statement for details of changes in the balance of cash and cash equivalents.

The liabilities and equity side of the balance sheet includes equity of EUR 433.5 million (June 30, 2020: EUR 390.8 million), representing approximately 75.8 percent (June 30, 2020: 73.8 percent) of the balance sheet total. The improvement in the equity ratio is primarily due to the fact that non-current and current liabilities are largely unchanged, while the Group's equity

has increased. There has been little change in non-current liabilities compared with June 30, 2020. Within current liabilities there was a reduction in trade payables (December 31, 2020: EUR 33.5 million; June 30, 2020: EUR 41.1 million) and tax liabilities (December 31, 2020: EUR 13.9 million; June 30, 2020: EUR 18.1 million) and an increase in provisions (December 31, 2020: EUR 11.2 million; June 30, 2020: EUR 3.0 million). The increase in current provisions was primarily due to an increase in provisions for expected losses on pending sales contracts.

Cashflows

The operating cash flow for the reporting period totalled EUR 63.0 million (1 HY 2019/2020: EUR 37.9 million). The increase compared to the previous year is primarily due to the result for the period and to a significant decline in trade receivables (1 HY 2019/2020: a slight increase), while there has been a small decline in liabilities for trade payables (1 HY 2019/2020: a slight increase).

Cash outflows from investment activities in the first half-year 2020/2021 totalled EUR 11.6 million (1 HY 2019/2020: cash outflows of EUR 42.5 million). The current year's figure includes net cash outflows for investments in property, plant and equipment (EUR 31.5 million; 1 HY 2019/2020: EUR 42.4 million), compared to cash inflows from the release of term deposits of EUR 20.0 million in the first half of the financial year (1 HY 2019/2020: EUR 0 million).

The cash flow from financing activities for the reporting period totalled EUR -3.2 million (1 HY 2019/2020: EUR 18.0 million). This wholly results from repayment instalments of lease liabilities in the first half of the financial year of EUR 3.0 million (1 HY 2019/2020: EUR 2.1 million). In addition, the cash flow from financing activities in the comparative period for the previous year included the drawdowns of new financial liabilities of EUR 31.8 million and repayments made against financial liabilities of EUR 11.8 million.

Cash and cash equivalents increased by a total of EUR 47.2 million. Cash and cash equivalents at December 31, 2020 amounted to EUR 101.1 million.

Net-cash

The bank and loan finance arrangements are more than offset by cash and cash equivalents of EUR 101.1 million and other cash balances held in segregated accounts of EUR 8.1 million, so that the reported net cash balance at the balance sheet date amounted to EUR 79.2 million (June 30, 2020: EUR 55.9 million).

Investments

Investments in property, plant and equipment totalling EUR 32.3 million were made in the first half of the financial year 2020/2021 (1 HY 2019/2020: EUR 41.5 million).

Segment reporting

Biodiesel

VERBIO has an annual biodiesel production capacity of 660,000 tonnes. Production in the first six months of 2020/2021 totalled 307,230 tonnes, which represented an increase compared to the corresponding period in the previous year (1 HY 2019/2020: 280,993 tonnes). With the adjustments made to total capacity in the previous year and the commencement of production at the biodiesel plant in Canada, the production capacity utilisation was 93.1 percent following 85.1 percent in the previous year.

Revenues in the Biodiesel segment totalled EUR 321.2 million, following EUR 288.3 million in the corresponding period in 2019/2020. The increase in sales revenues is a result of both an increase in average sales prices as well as an increase in production and sales volumes in the first half of the financial year 2020/2021.

The cost of materials amounted to EUR 281.2 million (1 HY 2019/2020: EUR 254.1 million), which was, in proportion to sales revenues, slightly lower than the cost of materials in the corresponding period in the previous year. The gross margin increased in the first half-year 2020/2021 from EUR 42.0 million to EUR 45.3 million.

Personnel expenses amounted to EUR 8.7 million in the reporting period (1 HY 2019/2020: EUR 7.8 million).

Other operating expenses totalled EUR 10.7 million (1 HY 2019/2020: EUR 9.9 million). The segment result included losses recorded on futures transactions of only EUR 0.1 million (1 HY 2019/2020: EUR 1.7 million), and the segment result for the period totalled EUR 21.9 million (1 HY 2019/2020: EUR 20.8 million).

Bioethanol

VERBIO has a total annual bioethanol production capacity of 260,000 tonnes, unchanged compared to the previous year. Production of bioethanol in the first six months of 2020/2021 totalled 118,396 tonnes, slightly lower than in the corresponding period in the previous year (1 HY 2019/2020: 121,795 tonnes).

In total, the Bioethanol segment generated sales revenues of EUR 153.1 million (1 HY 2019/2020: EUR 143.6 million). The average sales price for bioethanol in the first quarter of 2020/2021 was significantly higher than in the previous year, while the level in the second quarter of 2020/2021 was below the same period in the previous year. The overall trend for the cost of materials over the course of the first half of the financial year 2020/2021, at EUR 87.9 million (1 HY 2019/2020: EUR 94.4 million), was contrary to the trend for sales revenues. This meant that the segment gross margin, after taking the change in inventories into account, increased by EUR 23.1 million to EUR 72.0 million, after EUR 48.9 million in the previous year. In contrast to the increase in the average sales prices for bioethanol, the raw material costs for grain remained relatively constant.

Other operating income in this segment in the reporting period amounted to EUR 5.7 million (1 HY 2019/2020: EUR 5.9 million).

Personnel expenses amounted to EUR 13.2 million (1 HY 2019/2020: EUR 12.0 million).

Other operating expenses amounted to EUR 13.8 million, after EUR 15.1 million in the comparative period for the first half-year 2019/2020. This primarily consists of freight delivery costs and maintenance costs.

The segment result before interest and taxation totalled EUR 42.4 million in the reporting period, after EUR 18.7 million in the corresponding period of the previous year.

Other

Revenues generated in the Other segment, primarily representing revenues from transport and logistic services, totalled EUR 8.2 million in the first six months of the financial year 2020/2021 (1 HY 2019/2020: EUR 8.0 million). The segment result amounted to EUR 0.6 million (1 HY 2019/2020: EUR 0.4 million).

Outlook, opportunity and risk report

Outlook

Once again, VERBIO's order books were very full in the first half of the financial year 2020/2021. Production levels were close to being at full production capacity at the end of 2020, despite the lockdown. The order books are also very full for the calendar year 2021. Due to the current lockdown, however, it is possible that there will be delays and even cancellations that could reduce capacity utilisation.

On publication of the annual report for the financial year 2019/2020 on September 22, 2020, an EBITDA of approximately EUR 130 million was communicated for the financial year 2020/2021. VERBIO makes no amendment to this earnings forecast.

Opportunity and risk report

VERBIO's risk management system ensures that existing risks are systematically recognised, analysed, evaluated and reported on a timely basis. The risk management system ensures that all organisational units and processes are included in the risk management process, thereby ensuring that all risks are identified, evaluated and communicated.

VERBIO consolidates and aggregates all risks reported by the Group's various divisions and functions in accordance with its risk management guideline. New subsidiaries and locations are being included in the risk reporting system on a step-by-step basis.

Detailed information on the VERBIO Group's risk management system, and on the Group's opportunities and risks, is presented in the risk and opportunity report included in the 2019/2020 annual report.

There have been no changes to the opportunities and risks presented in the 2019/2020 annual report. Further, there have been no significant 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 Interim Financial Statements (IFRS)

Consolidated statement of comprehensive income	14
Consolidated balance sheet	15
Consolidated cash flow statement	17
Consolidated statement of changes in equity	19
Selected explanatory disclosure notes	20
Responsibility statement	27

Consolidated profit and loss account

for the period from July 1, 2020 to December 31, 2020

EUR (thousands)	Q2 2020/2021	Q2 2019/2020	1 HY 2020/2021	1 HY 2019/2020
1. Sales revenue (including energy taxes collected)	218,043	226,671	480,096	436,870
less: energy taxes	-304	-102	-1,002	-231
Sales revenue	217,739	226,569	479,094	436,639
2. Change in unfinished and finished goods	4,966	799	12,071	7,472
3. Own work capitalised	354	103	665	299
4. Other operating income	2,677	1,764	7,281	8,192
5. Cost of materials	-175,396	-175,546	-371,923	-351,602
6. Personnel expenses	-11,720	-11,661	-24,156	-22,043
7. Depreciation and amortisation	-7,644	-7,784	-15,404	-14,030
8. Other operating expenses	-11,451	-11,351	-22,763	-23,377
9. Result from commodity forward contracts	-68	-625	175	-1,681
10. Operating result	19,457	22,268	65,040	39,869
11. Interest income	22	135	40	254
12. Interest expense	-292	-504	-589	-972
13. Financial result	-270	-369	-549	-718
14. Result before tax	19,187	21,899	64,491	39,151
15. Income taxes	-6,739	-8,683	-20,330	-13,807
16. Net result for the period	12,448	13,216	44,161	25,344
Result attributable to shareholders of the parent company	12,373	12,240	43,959	25,116
Result attributable to non-controlling interests	75	976	202	228
Income and expenses recognised directly in equity:				
Items that may be reclassified subsequently to profit and loss:				
Translation of foreign operations	-3,082	-31	-6,350	139
Fair value remeasurement on cash flow hedges	7,021	-455	7,388	6,283
Deferred taxes recognised directly in equity	-2,043	135	-2,150	-1,866
17. Income and expenses recognised directly in equity:	1,896	-351	-1,112	4,556
18. Comprehensive result	14,344	12,865	43,049	29,900
Comprehensive result attributable to shareholders of the parent company	14,269	11,889	42,847	29,672
Comprehensive result attributable to non-controlling interests	75	976	202	228
Earnings per share in euros (basic and diluted)	0.20	0.20	0.70	0.40

Consolidated balance sheet

at December 31, 2020

EUR (thousands)	31.12.2020	30.06.2020
Assets		
A. Non-current assets		
I. Intangible assets	586	673
II. Property, plant and equipment	263,885	249,756
III. Right-of-use assets under leasing arrangements	16,345	17,829
IV. Financial assets	2,801	2,806
V. Deferred taxes	2,837	2,688
Total non-current assets	286,454	273,752
B. Current assets		
I. Inventories	93,792	78,810
II. Trade receivables	45,796	64,688
III. Derivatives	12,781	4,073
IV. Other current financial assets	9,751	14,655
V. Tax refunds	430	1,348
VI. Other assets	21,501	17,989
VII. Term deposits	0	20,000
VIII. Cash and cash equivalents	101,117	53,885
Total current assets	285,168	255,448
Balance sheet total	571,622	529,200

EUR (thousands)	31.12.2020	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	6,630	1,392
IV. Retained earnings	-119,279	-162,855
V. Reserve for translation adjustments	-6,425	-75
Total equity attributable to owners of the parent	431,607	389,143
VI. Non-controlling interests	1,882	1,680
Total equity	433,489	390,823
B. Non-current liabilities		
I. Bank loans and other loans	30,001	30,136
II. Lease liabilities	10,654	12,665
III. Provisions	131	131
IV. Deferred investment grants and subsidies	2,570	3,012
V. Other non-current liabilities	3,316	3,316
VI. Deferred taxes	2,728	59
Total non-current liabilities	49,400	49,319
C. Current liabilities		
I. Bank loans and other loans	1	100
II. Lease liabilities	5,907	5,344
III. Trade payables	33,547	41,130
IV. Derivatives	3,478	3,140
V. Other current financial liabilities	12,419	11,963
VI. Tax liabilities	13,919	18,096
VII. Provisions	11,245	2,973
VIII. Deferred investment grants and subsidies	897	998
IX. Other current liabilities	7,320	5,314
Total current liabilities	88,733	89,058
Balance sheet total	571,622	529,200

Consolidated cash flow statement

for the period from July 1, 2020 to December 31, 2020

EUR (thousands)	1 HY 2020/2021	1 HY 2019/2020
Net result for the period	44,161	25,344
Income taxes	20,330	13,807
Interest result	549	718
Depreciation and amortisation	15,404	14,030
Non-cash expenses and income	323	352
Gain on disposal of property, plant and equipment	-67	-395
Release of deferred investment grants and subsidies	-543	-504
Non-cash changes in derivative financial instruments	-982	-1,460
Increase in inventories	-14,822	-12,348
Decrease (previous year: increase) in trade receivables	18,893	-4,667
Decrease in other assets and other current financial assets	2,217	1,701
Increase (previous year: decrease) in provisions	8,268	-2,241
Decrease (previous year: increase) in trade payables	-8,204	763
Increase in other current financial and non-financial liabilities	1,968	6,302
Interest paid	-451	-730
Interest received	40	249
Income taxes paid	-24,066	-3,013
Cash flows from operating activities	63,018	37,908
Acquisition of intangible assets	-71	-77
Acquisition of property, plant and equipment	-31,634	-42,883
Proceeds from disposal of property, plant and equipment	122	496
Cash inflows from term deposits	20,000	0
Cash flows from investing activities	-11,583	-42,464
Payments for the redemption of financial liabilities	-235	-11,769
Proceeds from the assumption of financial liabilities	0	31,788
Payments for the redemption of lease liabilities	-2,953	-2,054

EUR (thousands)	1 HY 2020/2021	1 HY 2019/2020
Cash flows from financing activities	-3,188	17,965
Cash-effective change in cash funds	48,247	13,409
Change in cash funds due to effects of exchange rates	-1,015	89
Cash funds at beginning of year	53,885	68,025
Cash funds at end of year	101,117	81,523
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	0	0
Cash and cash equivalents	101,117	81,523
Cash funds at end of year	101,117	81,523

Consolidated statement of changes in equity

for the period from July 1, 2020 to December 31, 2020

EUR (thousands)	Share capital	Additional paid-in capital	Other reserves	Retained earnings	Reserve for translation adjustments	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
01.07.2019	63,000	487,680	770	-212,076	-165	339,210	-293	338,917
Translation of foreign operations	0	0	0	0	139	139	0	139
Fair value changes on cash flow hedges (after tax)	0	0	4,417	0	0	4,417	0	4,417
Income and expenses recognised directly in equity	0	0	4,417	0	139	4,556	0	4,556
Net profit for the period	0	0	0	25,116	0	25,116	228	25,344
Comprehensive result for the period	0	0	4,417	25,116	139	29,672	228	29,900
Changes in entities included in the consolidation	0	0	0	-1,560	0	-1,560	1,560	0
31.12.2019	63,000	487,680	5,187	-188,520	-26	367,322	1,495	368,817
01.07.2020	63,000	487,680	1,392	-162,855	-75	389,143	1,680	390,823
Translation of foreign operations			0		-6,350	-6,350		-6,350
Fair value changes on cash flow hedges (after tax)			5,238			5,238		5,238
Income and expenses recognised directly in equity	0	0	5,238	0	-6,350	-1,112	0	-1,112
Net profit for the period				43,959		43,959	202	44,161
Comprehensive result for the period	0	0	5,238	43,959	-6,350	42,847	202	43,049
Changes in entities included in the consolidation	0	0	0	-383	0	-383	0	-383
31.12.2020	63,000	487,680	6,630	-119,279	-6,425	431,607	1,882	433,489

Selected explanatory disclosure notes

Condensed interim consolidated financial statements

Basis for preparation of the consolidated financial statements

The VERBIO Vereinigte BioEnergie AG interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the EU, as were the consolidated financial statements as of June 30, 2020. The rules contained in IAS 34 "Interim financial reporting" were applied accordingly. The interim financial statements of all companies included in the consolidated financial statements of VERBIO AG were prepared using uniform accounting and valuation methods.

These condensed interim consolidated financial statements do not include all the information that is required when annual consolidated financial statements are prepared. Accordingly, they should be read in conjunction with the consolidated financial statements as of June 30, 2020.

The condensed interim consolidated financial statements are prepared in euros (EUR). All amounts are presented in thousands of euros (EUR thousand) unless otherwise stated. Figures have been rounded in accordance with commercial practice; rounding differences may occur.

The condensed interim consolidated financial statements have been prepared under the assumption that the Group is a going concern.

Entities included in the consolidation, consolidation principles and foreign currency translation

There have been no changes to the composition of the companies included in the Group consolidated financial statements since June 30, 2020, with the exception of the following two matters. VERBIO Diesel Nordamerika GmbH was renamed VERBIO Protein GmbH in the first half of the financial year 2020/2021. The objects of the Company were also amended. In addition, a new company, VERBIO Farm Services LLC, a subsidiary of VERBIO North America Corporation, was formed in the period. The businesses of both companies are currently in the process of being established.

Further details of the companies included in the Group consolidated financial statements are provided in the notes to the consolidated financial statements for the year ended June 30, 2020. The consolidation methods and the principles for the translation of amounts denominated in foreign currencies presented in the notes to the consolidated financial statements are unchanged.

Accounting and valuation methods

The interim financial statements are based on the consolidated financial statements, and accordingly we refer to the notes to the consolidated financial statements as of June 30, 2020 for a detailed description of the Group's accounting, valuation and consolidation methods. The accounting and valuation methods are consistent with those used in the previous year. In addition, the new or amended accounting standards and interpretations listed in the consolidated financial statements at June 30, 2020 were applicable for the first time when preparing these interim financial statements. The implementation of the new accounting standards and the effect of the amendments to existing standards applicable to the Group for the first time from July 1, 2020 did not have a material effect on the presentation of the financial statements.

The tax expense reported in the interim financial statements was calculated using an estimated effective tax rate of 29 percent on reported results before tax for the interim period, based on the rate that is expected to apply to the results over the year as a whole, under consideration of the Group's tax planning. In doing so, the tax expense calculated is adjusted for any significant amounts that were recognised in full in the interim period covered by the financial statements.

Notes to individual items in the consolidated statement of comprehensive income

Sales revenue

Sales revenue wholly comprises revenue from contracts with customers (EUR 479,094 thousand; 1 HY 2019/2020: EUR 436,639 thousand). We refer to the segment reporting presented within "Other disclosures" for an analysis of sales revenue by category.

Other operating income

Other operating income amounted to EUR 7,281 thousand in the reporting period (1 HY 2019/2020: EUR 8,192 thousand). This primarily includes income from grants and the release of investment subsidies of EUR 4,454 thousand (1 HY 2019/2020: EUR 2,791 thousand), as well as receivables recorded for expected electricity and energy tax reimbursements of EUR 1,512 thousand (1 HY 2019/2020: EUR 1,424 thousand). In the first half of the financial year 2019/2020 other operating income also primarily included realised and unrealised gains on currency exchange translation of EUR 1,860 thousand (1 HY 2020/2021: EUR 102 thousand).

Cost of materials

The cost of materials primarily includes costs incurred for the purchase of raw materials, consumables and supplies for ongoing production requirements, and the cost of merchandise. Please refer to the segment reporting section of these disclosure notes for an analysis by segment.

Other operating expenses

Other operating expenses in the reporting period amounted to EUR 22,763 thousand (1 HY 2019/2020: EUR 23,377 thousand). Significant items in other operating expenses included expenses for repair and maintenance of EUR 7,039 thousand (1 HY 2019/2020: EUR 7,765 thousand), outgoing freight costs of EUR 4,365 thousand (1 HY 2019/2020: EUR 4,050 thousand), losses on currency exchange translation of EUR 2,814 thousand (1 HY 2019/2020: EUR 1,524 thousand), insurance and subscriptions of EUR 1,403 thousand (1 HY 2019/2020: EUR 987 thousand) and vehicle costs of EUR 1,340 thousand (1 HY 2019/2020: EUR 1,343 thousand).

Result from commodity forward contracts

Gains and losses resulting from the change in value and closing out of forward commodity contracts for which hedge accounting could not be applied, and the ineffective portion of forward commodity contracts for which hedge accounting (cash flow hedges) was applied, totalled EUR 175 thousand (1 HY 2019/2020: EUR -1,681 thousand).

Income taxes

Income tax expense for the period from July 1, 2020 to December 31, 2020 amounted to EUR 20,330 (1 HY 2019/2020: EUR 13,807 thousand), comprising a current tax expense of EUR 19,893 thousand (1 HY 2019/2020: EUR 12,244 thousand) and deferred tax expenses of EUR 437 thousand (1 HY 2019/2020: EUR 1,562 thousand).

Earnings per share

Earnings per share was calculated in accordance with IAS 33. The earnings per share is calculated by dividing the earnings for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding. VERBIO AG has 63,000,000 no-par shares in circulation. Each share has an arithmetical nominal value of EUR 1. The total number of shares outstanding is identical to the average number of shares outstanding for the period. There was no dilutive effect. The Group result attributable to the shareholders of the parent company for the period from July 1, 2020 to December 31, 2020 totalled EUR 43,959 thousand (1 HY 2019/2020: EUR 25,116 thousand). The result per share (basic and diluted) amounted to EUR 0.70 (1 HY 2019/2020: EUR 0.40).

Notes to individual items in the consolidated balance sheet

Non-current assets

Property, plant and equipment

Movements on property, plant and equipment included scheduled depreciation (EUR 12,391 thousand), disposals (EUR 295 thousand), new investments in property, plant and equipment (EUR 32,268 thousand), reclassifications (EUR –47 thousand) and the effects of changes in currency exchange rates (EUR 5,406 thousand). As a result, the carrying value of property, plant and equipment increased to EUR 263,885 thousand (June 30, 2020: EUR 249,756 thousand).

Right-of-use assets under leasing arrangements

This position represents the right-of-use assets recognised under leasing arrangements as a result of the application of IFRS 16. The movements on right-of-use assets in the first half of the financial year 2020/2021 included additions as a result of new lease contracts (EUR 2,190 thousand), disposals of old leasing arrangements (EUR 593 thousand), the effects of changes in currency exchange rates (EUR 234 thousand) and depreciation of right-of-use assets (EUR 2,847 thousand), and the total carrying value of right-of-use assets amounted to EUR 16,345 at December 31, 2020.

Current assets

Inventories

Inventories consist of the following:

EUR thousands	31.12.2020	30.06.2020
Raw materials, consumables and supplies	27,606	23,687
Work in process	2,432	846
Finished goods	63,754	53,123
Merchandise	0	1,154
Inventories	93,792	78,810

The inventories have a carrying value of EUR 75,826 thousand (June 30, 2020: EUR 73,701 thousand) and are carried at their acquisition and production cost. In addition, inventories with a carrying value of EUR 17,966 thousand (June 30, 2020: EUR 5,109 thousand) are carried at their lower net realisable value.

Allowances to write down the value of inventories to market or net realisable value totalling EUR 2,774 thousand (1 HY 2019/2020: EUR 0 thousand) were made after the performance of net realisable value tests. The expense to record the allowances against finished goods is reported in the statement of comprehensive income within “change in finished and unfinished goods”.

Trade receivables

Trade receivables amounted to EUR 45,796 thousand at the balance sheet date (June 30, 2020: EUR 64,688 thousand) and are presented net of valuation allowances of EUR 1,067 thousand (June 30, 2020: EUR 1,092 thousand). All trade receivables have a remaining term of up to one year.

Other current financial assets

Other assets of EUR 21,501 thousand (June 30, 2020: EUR 17,989 thousand) include investment grants and subsidies not yet received of EUR 6,284 thousand (June 30, 2020: EUR 7,444 thousand) and reimbursements of electricity and energy tax of EUR 6,009 thousand (June 30, 2020: EUR 5,405 thousand).

Other assets

Other assets of EUR 21,501 thousand (June 30, 2020: EUR 17,989 thousand) include investment grants and subsidies not yet received of EUR 6,284 thousand (June 30, 2020: EUR 7,444 thousand) and reimbursements of electricity and energy tax of EUR 6,009 thousand (June 30, 2020: EUR 5,405 thousand).

Derivatives

The derivatives held at December 31, 2020 are described in the disclosures on financial instruments.

Cash and cash equivalents

Cash and cash equivalents include unrestricted cash and cash equivalents of EUR 101,117 thousand (June 30, 2020: EUR 53,885 thousand).

Equity

Other reserves

The other reserves include the effective hedging element included in the cumulative change in value of forward commodity contracts that qualify as cash flow hedges. Cash flow hedges with a value of EUR 1,430 thousand were transferred from equity to the cost of materials in the reporting period as part of the cash flow hedge accounting (1 HY 2019/2020: EUR 2,345 thousand). The change in the fair values of cash flow hedges thereafter amounted to EUR 8,817 thousand. Deferred tax assets of EUR 2,722 thousand have been recorded within other reserves at December 31, 2020 (June 30, 2020: EUR 571 thousand).

Non-current liabilities

Deferred investment grants and subsidies

Movements on the investment grants and subsidies balance of EUR 3,467 thousand (June 30, 2020: EUR 4,010 thousand) result exclusively from the effect of scheduled releases to income.

Lease liabilities

The lease liabilities totalling EUR 16,561 include all obligations to make payments of instalments under lease arrangements recognised as a result of the application of IFRS 16. The lease liabilities at December 31, 2020 are split into non-current liabilities of EUR 10,654 thousand and current liabilities of EUR 5,907 thousand. In the period from July 1, 2020 to December 31, 2020, the leasing liabilities were reduced by lease payments amounting to EUR 2,954 thousand, disposals of EUR 583 thousand and currency exchange retranslation effects of EUR 238 thousand, and increased by additions of EUR 2,190 thousand and interest of EUR 137 thousand.

Current liabilities

Tax liabilities

Tax liabilities include obligations for trade taxes of EUR 7,884 thousand (June 30, 2020: EUR 8,929 thousand) and corporation taxes of EUR 6,035 thousand (June 30, 2020: EUR 9,167 thousand).

Provisions

Current provisions of EUR 11,245 thousand (June 30, 2020: EUR 2,973 thousand) primarily represent provisions recorded for expected losses on procurement and sales contracts.

Financial instruments

The Group's primary financial instruments that are classified as assets are primarily trade receivables, other financial assets and cash and cash equivalents, and are classified "as at amortised cost". Financial instruments originated by the Group classified as liabilities are primarily the reported amounts of financial liabilities, trade payables and other financial liabilities. Financial instruments originated by the Group on the equity and liabilities side of the balance sheet are also classified as measured at amortised cost.

Included in derivative financial instruments are instruments used to hedge price risks associated with procurement and sales transactions. Forward contracts have been entered into to hedge the supply price for rapeseed oil. In addition, sales swaps have been entered into to hedge the revenues under sales contracts linked to the price of biodiesel. As the hedging transactions entered into for variable rate biodiesel sales contracts were denominated in US dollars, additional EUR/USD currency contracts were entered into in order to reduce the currency risk. There were derivatives with a positive market value at December 31, 2020 amounting to EUR 12,781 thousand (June 30, 2020: EUR 4,073 thousand) and derivatives with negative market values which amounted to EUR 3,478 thousand (June 30, 2020: EUR 3,140 thousand). A discussion of the impact on the consolidated statement of comprehensive income is provided in the explanatory notes describing the result from forward commodity contracts and the description of other reserves.

The fair values of the derivatives are based on the following fair value hierarchy levels of the instruments:

- Level 1 (based on unadjusted quoted prices on an active market): assets of EUR 163 thousand (June 30, 2020: EUR 0 thousand), liabilities of EUR 0 thousand (June 30, 2020: EUR 0 thousand)
- Level 2 (use of valuation methods, directly observable market data): assets of EUR 12,618 thousand (June 30, 2020: EUR 4,073 thousand), liabilities of EUR 3,478 thousand (June 30, 2020: EUR 3,140 thousand)

There were no reclassifications between the individual levels of fair value hierarchy in the period from July 1, 2020 to December 31, 2020, or in the corresponding period in the previous year.

The carrying amounts of the Group's primary financial instruments are taken as approximations of their fair values, primarily due to their short-term nature.

Further details on the determination of the fair values of individual financial instruments and their allocation to the different measurement categories are provided in note 10 "Disclosures on financial instruments" in the notes to the consolidated financial statements in the annual report 2019/2020.

Other disclosures

Segment reporting

The risks and returns of the Group are primarily those of the Group's business segments. The VERBIO Group consists of the Biodiesel, Bioethanol and Other segments, in line with the Group's internal organisation and management structure. The Other segment is a collective segment that includes the Group's transport and logistics activities.

Segmentation on a geographical basis is not reported as this is not used for the VERBIO Group's internal management purposes.

Segments according to internal corporate management

Sales revenues are presented net of energy taxes of EUR 1,002 thousand (1 HY 2019/2020: EUR 231 thousand). The Biodiesel and Bioethanol/Biomethane segments generate revenue from the sale of goods. In the Other segment, revenues are generated through the rendering of services. The valuation and accounting methods used for segment reporting purposes and for the purposes of reporting transactions between reportable segments are identical to those used by the Group as a whole in preparing its consolidated financial statements.

The sales revenues of all segments in the reporting period were primarily generated in Germany and Europe. In the first half of the financial year 2020/2021 the Biodiesel segment generated sales revenues in North America from the sale of biodiesel manufactured at the biodiesel plant commissioned in Canada totalling EUR 44.3 million (1 HY 2019/2020: EUR 25.3 million).

Disclosures concerning how seasonal and cyclical factors affect the business activities of the Group's segments in the interim period are made in the Group interim management report in the section "Economic and political environment".

Segment reporting for the period from July 1, 2020 to December 31, 2020

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	1 HY 2020/ 2021	1 HY 2019/ 2020						
Sales revenue	321,207	288,256	153,144	143,640	8,157	8,024	482,508	439,920
Change in unfinished and finished goods	5,291	7,821	6,780	-349	0	0	12,071	7,472
Own work capitalised	154	299	511	0	0	0	665	299
Other operating income	1,512	2,148	5,667	5,935	230	221	7,409	8,304
Cost of materials	-281,189	-254,050	-87,897	-94,431	-3,696	-3,880	-372,782	-352,361
Personnel expenses	-8,723	-7,844	-13,160	-12,040	-2,273	-2,159	-24,156	-22,043
Depreciation and amortisation	-5,531	-4,321	-9,030	-8,936	-843	-773	-15,404	-14,030
Other operating expenses	-10,710	-9,868	-13,790	-15,093	-946	-1,050	-25,446	-26,011
Result from commodity forward transactions	-69	-1,681	244	0	0	0	175	-1,681
Segment result	21,942	20,760	42,469	18,726	629	383	65,040	39,869
Financial result	-283	-125	-260	-565	-6	-28	-549	-718
Result before tax	21,659	20,635	42,209	18,161	623	355	64,491	39,151

Reconciliation

EUR (thousands)	Group		Inter-segment sales and expenses		Group	
	1 HY 2020/2021	1 HY 2020/2021	1 HY 2020/2021	1 HY 2019/2020	1 HY 2020/2021	1 HY 2019/2020
Sales revenue	482,508	439,920	-3,414	-3,281	479,094	436,639
Change in unfinished and finished goods	12,071	7,472	0	0	12,071	7,472
Own work capitalised	665	299	0	0	665	299
Other operating income	7,409	8,304	-128	-112	7,281	8,192
Cost of materials	-372,782	-352,361	859	759	-371,923	-351,602
Personnel expenses	-24,156	-22,043	0	0	-24,156	-22,043
Depreciation and amortisation	-15,404	-14,030	0	0	-15,404	-14,030
Other operating expenses	-25,446	-26,011	2,683	2,634	-22,763	-23,377
Result from commodity forward transactions	175	-1,681	0	0	175	-1,681
Segment result	65,040	39,869	0	0	65,040	39,869
Financial result	-549	-718	0	0	-549	-718
Result before tax	64,491	39,151	0	0	64,491	39,151

Contingent liabilities and other financial commitments

Litigation

There are no open litigation issues that present a significant risk to VERBIO at December 31, 2020.

Order commitments

Open purchase obligations for investments total EUR 31,731 thousand at December 31, 2020 (June 30, 2020: EUR 22,459 thousand).

Disclosures concerning related persons and entities

Detailed information on the nature of relationships with related persons and entities is provided in the related party disclosures in the notes to the consolidated financial statements for the financial year 2019/2020. There were no significant changes to the nature and scale of transactions with related persons and entities.

Significant events subsequent to the end of the reporting period

There have been no significant events with an effect on the net assets and financial position since December 31, 2020.

Audit of the interim financial statements and the interim management report

These condensed interim consolidated financial statements and the interim management report have not been audited or been subject to review by auditors.

Responsibility statement

As the legal representatives of VERBIO, we declare that – to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting – the interim consolidated financial statements give a true and fair view of the income, assets and financial situation of the Group, and the interim consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Leipzig, February 4, 2021



Claus Sauter
Chairman of the Management Board



Prof. Dr. Oliver Lüdtke
Deputy Chairman of the Management Board



Theodor Niesmann
Management Board



Bernd Sauter
Management Board



Stefan Schreiber
Management Board

Executive bodies of the Company

Management Board



Claus Sauter

Chairman of the Management Board

Responsible for strategic corporate development, business development, sales and trading, procurement of liquid primary products, contract management, finance and accounting, taxes, press and publicity, investor relations, legal matters and compliance



Prof. Dr. Oliver Lüdtko

*Management Board, Bioethanol/Biomethane
Vice-Chairman of the Management Board*

Responsible for the Bioethanol/Biomethane segment (production¹⁾, planning¹⁾, technical investment¹⁾, research and development¹⁾, procurement of auxiliary materials and media¹⁾, occupational safety¹⁾, controlling and risk management²⁾ and data protection²⁾



Theodor Niesmann

Management Board, Biodiesel

Responsible for the Biodiesel segment (production¹⁾, plant construction¹⁾, technical investment planning¹⁾, research and development¹⁾, procurement of auxiliary materials and media¹⁾, occupational safety¹⁾, human relations²⁾, quality management²⁾, occupational safety²⁾ and IT²⁾

¹⁾ Worldwide (segment specific responsibility)

²⁾ Group-wide (cross-segment responsibility)



Bernd Sauter

Management Board, Procurement and Logistics

Responsible for procurement of solid raw materials²⁾, logistics and transport²⁾, storage²⁾, contract management, vehicle fleet and facility management, occupational safety (procurement and logistics)¹⁾ and insurance²⁾



Stefan Schreiber

Management Board, North America

Responsible for North America, (sales, trading, procurement of fluid materials, procurement of media and consumables, contract processing, finance and accounting, taxes, personnel, public relations, marketing, legal, business development, compliance, controlling and risk management, insurance)

¹⁾ Worldwide (segment specific responsibility)

²⁾ Group-wide (cross-segment responsibility)

Supervisory Board



Alexander von Witzleben

Chairman of the Supervisory Board

- President of the Board of Directors, Feintool International Holding AG, Lyss, Switzerland
- President of the Board of Directors and CEO Arbonia AG, Arbon, Switzerland
- Member of the Board of Directors, Artemis Holding AG, Aarburg, Switzerland
- Chairman of the Supervisory Board, PVA TePla AG, Wetztenberg
- Member of the Supervisory Board, Siegwerk Druckfarben AG & Co. KGaA, Siegburg
- Member of a comparable advisory committee, Kaefer Isoliertechnik GmbH & Co. KG, Bremen



Ulrike Krämer

Vice-Chairman of the Supervisory Board

Certified Public Auditor and Certified Tax Advisor,
Ludwigsburg



Dr. Klaus Niemann

Member of the Supervisory Board

Chemist, Oberhausen

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
February 4, 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

Publisher/editing and text/pictures

VERBIO Vereinigte BioEnergie AG

Contact

VERBIO Vereinigte BioEnergie AG
Ritterstraße 23 (Oelßner's Hof)
04109 Leipzig
Telefon: +49 341 308530-0
Telefax: +49 341 308530-998
www.verbio.de

Forward-looking statements

This 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 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.

Telephone: +49 341 308530-0
Fax: +49 341 308530-998
E-Mail: ir@verbio.de