



Annual Report 2024

Accelerating the energy transition

Chair's statement



“VARO is entering its next phase with purpose and momentum. As the Supervisory Board, we are committed to guiding this journey—ensuring strong governance, staying closely connected with the teams, and supporting the ambition that drives strategic moves, like the recently announced acquisition of Preem, and the continued transformation of the company.”

Marcel van Poecke, Chairman

2024 was a year of market volatility and uncertainty across Europe, shaped by political and regulatory shifts, geopolitical tensions and budgetary pressures. While the direction is clear, the pathway and pace of the energy transition are uncertain. In this context, VARO's twin-engine strategy has proven to be increasingly relevant and effective, enabling the company to adapt with flexibility and resilience. By balancing conventional and sustainable energies, VARO remains well-positioned to navigate complexity, capitalise on volatility and reliably supply customers' energy needs.

Relying on a foundation of operational reliability and solid underlying performance, VARO continues to be agile, managing safety and financial risks through a rigorous framework and strategic partnerships.

At the same time, disciplined growth remained a priority, with dynamic portfolio management driving the expansion of a profitable sustainable energy business. We demonstrated that the energy transition can progress in step with customer needs. By deepening customer relationships and scaling our strategic growth pillars in a targeted way, VARO continues to demonstrate resilience and drive value.

Corporate governance and risk oversight

As part of VARO's strong governance approach, alignment of the management team with shareholders, regulators and partners is a key element of our success. In 2024, the Board once again took an active engagement approach with visits to VARO offices in Hamburg, Baar and Rotterdam for Supervisory Board meetings, hosting an employee-wide town hall, and visited the Cressier manufacturing hub. I highly value these opportunities as they allow us to connect more closely with our teams and gain important feedback and deepen our understanding of different aspects of the company. They are also an opportunity to reinforce our culture of compliance and safe operations and create alignment on the company's risk management framework.

Financial performance and capital strategy

VARO's approach in 2024 reflects its focus on financial and strategic discipline, as well as its rigorous approach to investment, capital allocation and operational excellence.

Ensuring the right investment and commercial framework to create scale and drive pace has been a distinctive characteristic of VARO. Embracing a 'through-the-cycle' approach, the company systematically deploys capital in a value-accretive way while ensuring disciplined execution.

In 2024, this approach reinforced VARO's financial resilience and supported a consistently strong balance sheet in what was a challenging market. At the same time, VARO has dynamically managed its portfolio, seizing promising market opportunities such as accelerating its e-mobility business through the acquisition and integration of elexon, while taking a measured approach in areas where the regulation framework is still uncertain such as in the case with our BayH₂ hydrogen project in BAYERNOIL. Additionally, VARO streamlined its portfolio by divesting assets where it does not have the necessary scale and right to win such as its German B2C business, enabling focus on areas with greater strategic fit and value.

Energy transition and sustainability

Last year, VARO continued to accelerate its energy transition strategy, advancing renewable energy solutions such as Sustainable Aviation Fuel (SAF) and biogas while aligning sustainable investments with long-term shareholder and financial interests. The company made progress in reducing Scope 1 and 2 emissions by 16% (vs the 2022 baseline) and avoiding 163,000 tonnes of CO₂e through the switch to green electricity. By replacing conventional fuels with sustainable alternatives, VARO also helped its customers avoid 2.9 million tonnes of Scope 3 CO₂e emissions.

Strengthening our commitment to responsible business practices, we have enhanced our sustainable procurement and reporting standards, further embedding sustainability across our operations. These efforts were recognised globally with a Silver Medal from EcoVadis, one of the world's most trusted providers of business sustainability assessments. This achievement places VARO in the top 6% of over 130,000 companies worldwide, underscoring steady progress in environmental impact, labour practices, and responsible sourcing.

Beyond strong governance and responsible sourcing, VARO is also making tangible investments in the energy transition, ensuring its portfolio evolves to meet both sustainability goals and customer needs. The company was joined by Gunvor, with a 50% stake, to jointly build a large-scale Sustainable Aviation Fuel plant, expanded VARO Renewable Diesel® (HVO100) and scaled up biogas production capabilities at VARO Biogas Coevorden, laying the groundwork to double capacity to 600 GWh per year. In addition, it further invested in e-mobility with the launch of an e-truck charging hub in the Port of Rotterdam.

Through these initiatives, VARO is not only advancing the energy transition but also strengthening its position as a reliable energy partner. By balancing decarbonisation efforts with energy security and long-term value creation, the company continues to deliver sustainable solutions that meet both the regulatory requirements and evolving customer demands.

People, leadership and Board composition

The importance of strong executive leadership and a diverse, experienced Board to drive strategic transformation cannot be underestimated, and VARO has continued to invest in and develop its senior team over 2024, while fostering a culture of accountability and engagement.

In September 2024, Keir Ashton joined VARO as General Counsel bringing extensive, international experience in major transactions and capital markets. Keir leads VARO's exceptional legal team, and we are delighted to have him as part of our team at this pivotal time.

Under the leadership of CEO Dev Sanyal, VARO has continued to show resilience and ability to deliver an ambitious vision through consistent progress. I would like to take this opportunity to thank the Executive Board and employees for their commitment and drive over the past year in a challenging market. I also extend the Board's appreciation for our customers and partners for their trust and support over 2024.

Outlook

The agreement to acquire Preem, announced in March 2025, represents a strategic inflection point for VARO. On completion, this transaction will create one of the largest integrated energy providers for the mobility and industrial sectors in Europe. The combined company will supply close to 10% of Europe's road and marine fuels and become the second-largest renewable fuel producer on the continent. With shared values and a clear focus on sustainable growth, the combined company will be well placed to meet the evolving energy needs of our customers and contribute meaningfully to Europe's energy transition.

CEO's statement



“As we navigate an energy system in transition, VARO remains resilient, pragmatic, and focused. 2024 demonstrated our ability to weather market cycles while positioning ourselves for long-term success, and with the transformative acquisition of Preem, we are poised to scale our impact and accelerate our contribution to Europe’s energy transition.”

Dev Sanyal, Chief Executive Officer

Energy transition in action: 2024 a year of resilience

2024 was a year of resilience and progress for VARO amid significant market volatility. In this challenging market environment, we have continued to build on our solid foundations, adopting an agile approach while staying firmly committed to safety and operational excellence, disciplined risk management and effective hedging strategies. These efforts have allowed us to maintain underlying level of performance and a solid liquidity position, reaffirming the strength of our business model and the effectiveness of our twin-engine strategy in an evolving energy landscape.

VARO's twin-engine approach, combining conventional and sustainable energies, is a direct response to how we are supporting our customers in their transition. We have the flexibility to be closely aligned with market demand while following regulations affecting our customers in road, marine, aviation, and industrial sectors.

Our continued focus on efficiency, performance, and the steady growth of our sustainable energy business is positioning us for future success.

Safety: A core value and group-wide culture change

Safety is our core value – and values remain constant. We are committed to embedding the right processes to make safety a reality in the field. To this end, we reinforced safety as a shared responsibility last year through a system-wide culture shift. This included integrating our Operational Excellence Management System (OEMS), Just Culture framework, and Life-Saving Rules into our daily operations. By ensuring open reporting of incidents and near misses, balancing accountability with fairness and setting clear expectations for safe behaviours, we are creating a stronger safety culture aimed at preventing serious injuries.

Dynamic portfolio management

Last year, we continued to take a pragmatic approach to managing our portfolio, leveraging our strengths to build a resilient, future-proof energy mix that is both ambitious and profitable.

We selectively expanded our sustainable energy businesses through acquisitions, partnerships, and capital-efficient investments. A key milestone was our expanded partnership with Gunvor, who joined us with a 50% stake to jointly develop a large-scale Sustainable Aviation Fuel (SAF) facility in Rotterdam. This collaboration not only strengthened

our focus on SAF as a crucial component of the energy transition for our customers in the aviation sector, but also ensured a complementary partner with this significant investment.

We continued our capital-light approach in biofuels through tolling agreements and supplied 1TWh of biogas to our customers through the integration of Renewable Energy Solutions, a key player in renewable energy trading. While our hydrogen initiatives have been tempered due to the lack of progress in pending incentive schemes, our BayH₂ project is FID-ready, and we are committed to the decarbonisation of our manufacturing hubs.

With an average of two acquisitions per year since our founding, our growth track record through M&A remains strong. A prime example of this from 2024 was the acquisition and integration of elexon, an e-mobility business across 16 countries, creating an end-to-end e-mobility solution, enhancing our mobility offering. Coordinating sales efforts between elexon and VARO has led to increased customer collaboration.

In another move to optimally manage our portfolio, we divested our retail business in North and West Germany, demonstrating capital discipline and focus on areas of future growth potential.

A customer-centric approach to the energy transition

For VARO, doing business is not only about helping customers achieve their energy transition goals, we guide them through the journey, providing the solutions and support they need to navigate the path. In doing so, we bring our vision to life: by being the energy transition partner of choice, empowering our customers to reduce emissions while ensuring security of supply. In 2024, we put this vision into action by deepening customer relationships and expanding partnerships across key sectors to enhance efficiencies, service delivery, and scalability.

We have been very dynamic in decarbonising the marine sector. We significantly reduced emissions from the Port of Rotterdam's marine fleet with biofuels. Our partnership with Orim Energy improved biofuel supply and bunkering, accelerating the decarbonisation of Europe's largest maritime hub. We also supplied AIDAprima with our 100% Bio Marine Fuel (BMF100), marking our first renewable fuel supply to the marine cruise sector.



As we continued to drive sustainable solutions across industries, our efforts extended beyond marine fuels to land-based transportation. VARO partnered with Deutsche Post and DHL through elaxon to enhance sustainable logistics solutions and established a 24/7 VARO charging hub for electric trucks in the Port of Rotterdam. We also launched VARO Renewable Diesel® (HVO100), a 100% renewable fuel reducing CO₂e emissions by up to 90%, now available at 15 sites and expanding.

Sustainability as a core business imperative

Environmental stewardship is integral to our ONE VARO Transformation strategy. By collaborating with partners, customers, and governments, we are creating an integrated system that generates long-term value while reducing emissions.

In 2024, we achieved notable progress, including a 16% reduction in Scope 1 & 2 emissions compared to our 2022 baseline and 2.9 million tonnes of Scope 3 CO₂e emissions avoided through sustainable energy solutions provided to our customers.

At BAYERNOIL and Cressier, we have transitioned to green electricity, reducing CO₂e emissions and further aligning with our sustainability goals. Together, these initiatives drive a vigilant and accountable work environment for all employees and partners.

Investing in people and leaders

To drive sustainable success, we continue to invest in our people. In 2024, we implemented and enhanced more structured processes for performance appraisals, succession planning, and rewards systems, fostering a culture of growth. Our collaboration with IMD, a leading global Business School, ensures our teams are equipped with the skills needed to lead in an evolving energy landscape.

Recognising the need for expertise in selling customer solutions for both sustainable and conventional energies, we launched the VARO Sales Academy in 2024. This initiative focuses on real-world customer cases, equipping our commercial teams with the knowledge to deliver tailored, holistic energy solutions to our customers.

To support our ambitions moving forward, we were pleased to welcome Hugues Bourgogne as EVP Operations, Projects, and Infrastructure to our Executive Board in 2025, bringing world-class operations, manufacturing, and asset management expertise, which will be critical to drive performance and the delivery of our strategy.

Looking ahead: Positioned for growth in 2025

As we navigate an energy system in transition, VARO remains resilient, pragmatic, and focused. 2024 demonstrated our ability to weather market cycles while positioning ourselves for long-term success. Our disciplined approach to portfolio growth, customer-centric strategy, and commitment to sustainable energy ensure we are well-placed for the opportunities ahead.

The energy industry remains a growth sector, driven by the increasing demand for energy alongside sustainable energies solutions. We will continue to balance financial resilience and portfolio expansion, capitalising on market stabilisation and long-term energy transition trends.

2025 will mark the beginning of a new chapter for VARO. In March, we announced our intention to acquire Preem, one of Scandinavia's largest energy companies and a pioneer in renewable fuels. This transaction is subject to regulatory approvals. On completion, this transformative acquisition will significantly expand our manufacturing capacity, geographic footprint, and renewable production – positioning us to supply nearly 10% of Europe's mobility needs - road and marine fuels - and become Europe's second-largest renewable fuel producer (and the fifth largest in the world). This combined entity will serve over 50,000 business customers across 33 countries.

None of this would be possible without the people who drive our success - our employees, customers, and shareholders. Your dedication and trust have been instrumental in shaping VARO's journey, and I thank you for your continued support.

We enter this next phase with confidence and clarity, ready to deliver on our ONE VARO Transformation strategy, and meet society's evolving energy needs with resilience and ambition.



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