



**WE DRIVE
INNOVATION IN THE
VEGAN WORLD!**

ANNUAL REPORT 2021



Veganz
GOOD FOR YOU,
BETTER FOR EVERYONE.





58%

CO₂ emissions (Scopes 1+2) reduced

99.4%

Share of renewable energy

Vegan nutrition has a clearly positive impact on the environment – and everyone can join in!
Page 22

€30.4m*

Sales (+14%)

€-9.8m

EBITDA (prior year: €-3.2 million)

Despite the ongoing COVID-19 pandemic, we succeeded in maintaining our growth – and we're proud of that.

* Individual company level, Veganz Group AG

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100%

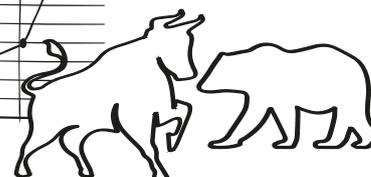
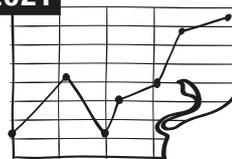
Flexible working

44%

Women in top management

We live the compatibility of private and professional life – with flextime models and a diverse team!
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IPO 2021



Our IPO on the Frankfurt Stock Exchange in November 2021 laid the foundation for our continued growth.

IMPACT MEETS PERFORMANCE!

We want both: a sustainable business with no adverse impact on people or the environment – and a compelling economic performance! As a pure player in the field of sustainability, we meet a wide range of ESG criteria and are currently the only multi-category provider of vegan food in Europe serving a global megatrend. Thanks to our broad product range and multi-channel approach, our business model is extremely stable and innovative: we are continually optimising our product range with the addition of top-quality, novel items and improving our value chain – for example, with the construction of our new production site in Werder (Havel). Our goal is to become the leading provider in Europe – from the raw material base to recipes and process technology to the production of unique cheese, fish and meat alternatives.

A CLIMATE-FRIENDLY LIFESTYLE!

.....

We animate, change, make people think and get involved in order to drive change in society. We love indulgence, facilitate a climate-friendly lifestyle and think about the future. Veganz is sustainable, conscious and tasty! With our innovative products, we do pioneering work every day and create top-quality offerings for vegan enjoyment. Our products are available in more than 25 countries and at over 25,000 points of sale. From breakfast to dinner, we offer climate-friendly food for a better life and a sustainable personal lifestyle based on a purely plant-based diet.



**GERMANY'S
MOST INNOVATIVE
FOOD BRAND IN 2021**

Handelsblatt



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**POWERED
BY PLANTS**



**I LOVE
EARNING
MY LIFE
SUSTAINABLY!**



**GOOD FOR
ME AND THE
CLIMATE**

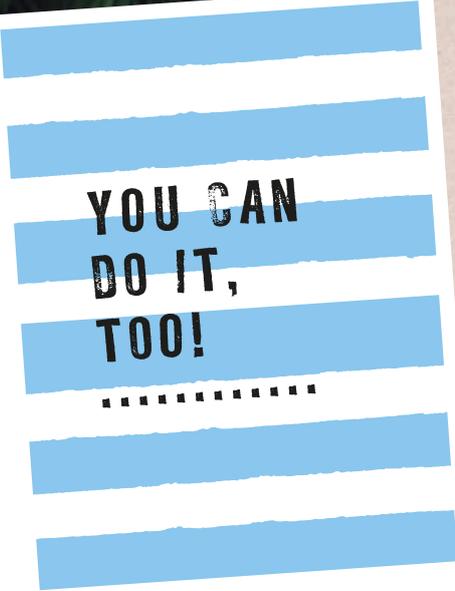




.....
 We place great
 value on values!



**GREEN
 FROM FIELD
 TO SHELF**



**YOU CAN
 DO IT,
 TOO!**

**WE OFFER
 THINGS THAT
 MONEY CAN'T
 BUY!**



Foreword

GROWING UP

Ladies and gentlemen,

2021 was another exciting and eventful year for us: we managed to continue our growth despite the ongoing COVID-19 pandemic – due in particular to the systematic expansion of our distribution channels. We not only improved our product range and market position but also enhanced our innovative strength with highly promising projects and partnerships. In addition, our IPO enabled us to create a solid foundation for the expansion of our own plant-based food production and to establish a firm financial footing for our business. At the same time, however, we never lost sight of our core concern – the mitigation of climate change and protection of our environment. Our overriding objective as a company is to motivate as many people as possible to adopt a plant-based diet and to treat our environment responsibly. We are convinced that every reduction in the consumption of animal products is an important step towards limiting global warming to a maximum of 1.5 degrees by the year 2100 – and we offer our consumers tasty and climate-friendly alternatives to help us achieve it. Good for you, better for everyone.

Further grown

Due in particular to the strong performance in our domestic market Germany, sales at individual company level of Veganz Group AG increased by 14% to €30.4 million in the fiscal year 2021 (prior year: €26.8 million). The continuous growth in the food retail sector and the exceptionally good performance of the discount sector – driven by extensive promotional business – more than compensated for the decline in the drugstore sector. Supported by a broad TV campaign in the first half of 2021, we increased the number of our global points of sale (POS) to 25,199 (prior year: 20,073). Taking into account the sales of our three own supermarkets in Berlin, sales at Group level (unconsolidated) reached €33.5 million (prior year: €30.1 million). Although the ongoing COVID-19 pandemic had a negative impact on our supply chains, the gross profit margin of 30.7% was also up on the previous year (prior year: 29.9%).

Despite the increase in sales, EBITDA of €-9.8 million was down on the previous year (prior year: €-3.2 million), mainly due to the rise in cost of materials and personnel expenses, as well as significantly higher other operating expenses incurred in connection with funding measures. Adjusted for one-off expenses, especially for the private placement in June 2021 and the subsequent IPO in November 2021, EBITDA amounted to €-5.5 million (prior year: €-2.1 million). As a result, the net loss for the year amounted to €13.3 million (prior year: net loss for the year of €4.9 million).

Promising food service distribution channel established

We are delighted to have gained numerous well-known partners for our new food service distribution channel in the fiscal year 2021 – such as one of Germany's largest caterers, Aramark, RB Leipzig football club and the Bakerman bakery company. Thanks to these cooperation agreements and brand licensing partnerships, our customers can now encounter Veganz products not only in the supermarket, but also in a wide variety of life situations – such as at a football match or in a company restaurant. This is not only a great opportunity for us to raise awareness of the Veganz brand, but also to generate additional sales.

»OUR PARTNERSHIPS IN THE
NEW FOOD SERVICE SECTOR ARE
A FURTHER MILESTONE ON OUR
PATH TO SUSTAINABLE GROWTH.«

Jan needs 'Ohnig'
for breakfast





■ Moritz Möller ■ Anja Brachmüller ■ Jan Bredack ■ Alexandra Vázquez Bea

MORITZ MÖLLER

CMO

Moritz can look back on many years of marketing experience in the field of culture and entertainment, travel and technology. He jointly established a unique museum service provider in Germany with over 160 employees and successfully placed the Berlin publishing brand Verlag M on the market. In his consulting work, the winner of the Apps4Berlin Award 2011 and M4F Award 2020 and 2021 was responsible for scaling the Swiss eCommerce brand Einfach Weniger and organising influencer events for brands such as Leica, EyeEm, Huawei and Meininger Hotels. In 2018, he joined Veganz as Head of Marketing and eCommerce and is currently responsible for Marketing and Product Management.

ANJA BRACHMÜLLER

COO

Anja can look back on 15 years of management and purchasing experience in the national and international field of sustainable food and holds a degree in international business administration. At El Puente – one of Germany's Fairtrade pioneers – and later at Rausch Schokolade, she was responsible for purchasing and importing raw materials and products from mostly developing countries and having them processed and marketed in Europe. Anja headed the purchasing department of the Berlin-based wholesaler for organic and frozen food, Ökofrost. She joined Veganz as Head of Purchasing in February 2017 and is currently responsible for Operations, including the new production site.

JAN BREDACK

Founder & CEO

Jan began his career in the automotive industry working for Daimler-Benz, where he set up the complete customer service function of the German truck sales division. After successfully completing a management programme at the University of St. Gallen, he was responsible as Head of Sales and Service at Daimler Commercial Vehicles for the entire after-sales business in Germany, among other things, before becoming Technical Director at Mercedes-Benz Trucks Vostok, where he was responsible for setting up the sales organisation in Russia. In 2011, he founded Veganz, where he is responsible for sales.

ALEXANDRA VÁZQUEZ BEA

CFO

Alexandra has over 15 years of professional and management experience in finance and the start-up scene, including spells in the Corporate Finance division of NORD/LB and with the restructuring consultant FTI Andersch AG. In 2016, she founded her first company LENCHEN – Der Lebkuchen and established the start-up as a firm fixture of the delicacies pastry segment. Alexandra is actively involved in the start-up scene as mentor, including the agritech incubator RootCamp, the accelerator Venture Villa and the international Founder Institute. She holds a master's degree in law and a bachelor's degree in business administration and science. Since July 2021, she has been responsible at Veganz for Finance, Human Resources, Legal Affairs and IT.

Product range systematically optimised

Our product portfolio comprises offerings from breakfast to dinner. As an innovation leader in the field of vegan food, we strive to systematically align our product offerings with market needs and thus continued to drive forward the roll-out of more vegan alternatives in the fiscal year 2021: in addition to other product innovations, we expanded the Veganz breakfast range, for example, with our tasty and sustainable vegan honey alternative 'Ohnig', which won the Vegan Food Award 2021. Our purely plant-based tuna alternative 'Tunno' enriches the market for vegan fish alternatives as the second option besides our 'Räucherlaxs'.

Market position improved

According to the latest Nielsen data, the market for vegetarian products (incl. vegan products) in Germany grew by 23% to €3.7 billion in the fiscal year 2021 (prior year: €3.0 billion). These figures are based on the recommended retail price (RRP) in Germany – divided into a total of 64 categories in relation to all market participants (incl. private labels). The relevant market for us – in other words, those categories in which we are or were already represented with Veganz products – expanded by a total of 25% to €2.6 billion (prior year: €2.0 billion). At 123%, the vegetarian fish specialities category recorded the strongest growth – followed by vegetarian frozen specialities (94%), vegetarian biscuits (66%) and vegetarian frozen pizza (57%). With a growth of 31.4%, we improved our position in this dynamic market in 2021 and strengthened it especially in the categories vegetarian fish specialities (350%), vegetarian meat preparation (214%), vegetarian soft cheese (200%) and vegetarian hard and sliced cheese (129%). Of the categories in which we offer products, we are still the market leader among the manufacturer brands – based on our sales share of the respective category – for vegetarian bars, vegetarian biscuits, vegetarian slices and vegan soft cheese. In the three categories vegetarian chocolate, vegetarian frozen pizza and vegetarian soft cheese, we are one of the top five manufacturer brands according to Nielsen data.

textured meat substitutes. The aim is to produce protein-rich dry meat substitutes based on novel, regionally available protein sources with simple recipes and a long minimum shelf life. Together with experts of TU Berlin's Food Colloids department, who help us understand the structure formation in innovative meat alternatives and adapt our recipes accordingly, we want to offer our customers the next generation of textured meat substitutes.

Successful IPO

On 10 November 2021, Veganz shares made their successful stock market debut on the Open Market of the Frankfurt Stock Exchange (Scale segment). With subscribed capital of €1.2 million, divided into 1,223,339 no-par value ordinary bearer shares, our equity amounted to €27.0 million as of 31 December 2021 (prior year: €– million). In view of the balance sheet total of €50.7 million (prior year: €24.9 million), this corresponds to an equity ratio of 53% (prior year: –%).



The IPO has created the necessary financial footing for us to implement our long-term strategy: the expansion of our own vegan production capacity – especially for fish and cheese alternatives and textured vegetable protein for the production of unrefrigerated meat substitutes – together with further organic and inorganic growth.

Sustainability is our top priority

Since 2019, we have been making sustainability visible to consumers by displaying a sustainability score on our product packaging that shows the environmental performance of each of our products. With our first non-financial report, published in this Annual Report, we are taking the next step and for the first time report in more detail on how we live sustainability as a company: for our investors and customers, employees and business partners – as well as for all other stakeholders interested in learning more about the Veganz approach to environmental, social and governance (ESG) issues. We have plenty of plans in this regard and hope to convince you of the value of our sustainability approach.

Outlook 2022

For the fiscal year 2022, we plan to expand brand awareness consistently further. Depending on the general conditions – in particular the expected worsening of supply chain bottlenecks, further negative effects of the Ukraine crisis and inflationary pressure on the consumer behaviour of customers, which cannot be assessed conclusively – we expect a slight sales decrease for the fiscal year 2022, both at Group level and at Company level of Veganz Group AG. Despite the non-recurrence of the one-off expenses required in the prior year due to comprehensive financing measures, we expect a slightly lower EBITDA compared to the prior year due to the sales decrease and the expected costs for the construction and expansion of the Veganz Food Factory.

Thank you, dear shareholders!

Dear shareholders, Veganz Group AG is very well positioned in the evolving market for purely plant-based nutrition. Due to our multi-channel approach – encompassing the food retail sector, our three own stores, sales via online sales platforms and quick commerce providers, and now also the food service distribution channel – and our ongoing international expansion, we are ideally positioned to grow further in this very dynamic environment. With the planned new production facility for vegan food, we also have the opportunity to expand our vertical integration and thus not only improve our profitability, but at the same time enhance our innovative strength. We are very aware that you, dear shareholders, have played a major role in this development. Thank you for your trust and support! We hope that you will continue to accompany us on this exciting journey.

Berlin, 25 May 2022



**Jan
Bredack**
CEO



**Anja
Brachmüller**
COO



**Moritz
Möller**
CMO



**Alexandra
Vázquez Bea**
CFO



Supervisory Board Report

STRONG TEAM



Cooperation of Supervisory Board and Executive Board

In the fiscal year 2021, the Supervisory Board performed its duties in accordance with the law and the Articles of Association, regularly advised the Executive Board on the management of the Company and continuously monitored its conduct of business.

We were able to satisfy ourselves at all times that the work of the Executive Board was lawful, appropriate and orderly. The Executive Board fully complied with its duties to provide information. It informed us regularly, promptly and comprehensively in written and oral form about all issues concerning strategy, planning, business development, the risk situation, risk development and compliance that were relevant for the Company. The members of the Supervisory Board always had sufficient opportunity to critically examine the reports and resolution proposals submitted by the Executive Board and to contribute their suggestions. In particular, we discussed in detail all business transactions of importance to the Company on the basis of written and oral Executive Board reports and examined their plausibility. The Supervisory Board gave its approval to individual business transactions insofar as this was required by law, the Articles of Association or the Rules of Procedure for the Executive Board.

Meetings of the Supervisory Board

In 2021, the Supervisory Board held a total of eight meetings, which were attended by all members who belonged to it at the time of the respective meeting. Some of the meetings were held in person, some by videoconference and some by hybrid means in order to comply with the recommended COVID-19 contact restrictions.

Outside of the Supervisory Board meetings, the Chairperson of the Supervisory Board was constantly and extensively informed by the Executive Board about the course of business and the most important business transactions, and discussed business policy issues in a timely manner. The Supervisory Board was therefore kept informed without delay at all times.

Main topics of consultation

In 2021, our Supervisory Board consultations focused on:

- the discussion of the financing, capitalisation measures and IPO of Veganz Group AG,
- the development of sales and earnings as well as the financial position and performance of Veganz Group AG,
- the Annual Financial Statements 2020 of Veganz Group AG,
- corporate planning,
- the planned establishment of in-house production,
- the strategic optimisation of the product range,
- risk development and compliance, and
- the development of the economic environment in the German food sector, especially in the plant-based food sector.



■ Dr Jens Pippig ■ Ronny Gottschlich ■ Michael Durach ■ Roland Sieker ■ Janina Mütze

DR JENS PIPPIG

Member

Dr rer pol, M Sc, B Sc, Dipl oec, career at McKinsey & Company, ProSiebenSat.1 Group including Business Unit CEO, Executive Director Russell Reynolds, member of the Management Board of Fressnapf Holding SE since 2021. Expertise: sales, marketing, finance

RONNY GOTTSCHLICH

Member

Dipl Kfm, after a career at LIDL Group, including positions as CMO, COO and CEO of various national subsidiaries, founder of Heunadel Retail Advisory GmbH, Managing Director of Gorillas Technologies GmbH, Senior Advisor at Roland Berger. Expertise: operations, marketing

MICHAEL DURACH

Member

Dipl Kfm, has headed the Develley Group together with his brother in the fourth generation since 1995, 2019 EY Entrepreneur of the Year Award, 2020 German Sustainability Award, Advisory Board at the Centre for Sustainable Corporate Management (ZNU) at Witten/Herdecke University. Expertise: sales, marketing, sustainability

ROLAND SIEKER

Chairperson

Dipl Kfm, after a 20-year international career holding various senior management positions at Unilever, founder of RSSC Roland Sieker Strategy Consulting, Supervisory Board member of Unilever Deutschland Holding GmbH, partner at The Future Business Partnership Ltd. Expertise: marketing, strategy, sustainability

JANINA MÜTZE

Deputy Chairperson

BA in economics, since 2014 career at the German Private Equity and Venture Capital Association (BVK Bundesverband Deutscher Kapitalbeteiligungsgesellschaften), co-founded the start-up Civey in 2015, since 2018 Managing Director of Civey. Expertise: marketing

Audit Committee

The Supervisory Board has established an Audit Committee, which is responsible for monitoring the external audit of the financial statements. The Audit Committee consists of two members, Dr Jens Pippig as Chair and Roland Sieker as an additional member. In 2021, the Audit Committee held one meeting, which was attended by the previous Chair of the Audit Committee, Dr Manon Sarah Littek, and Roland Sieker, as well as the auditors and the then Chief Financial Officer of the Company, Mario Knappe. The subject of this meeting was the audit of the 2020 Annual Financial Statements and Management Report. The Supervisory Board determined that one member of the Audit Committee respectively has expertise in each of the areas of accounting and auditing in accordance with sections 107 (4) and 100 (5) of the German Stock Corporation Act (AktG) and that the members as a whole are familiar with the sector in which the Company operates.

Audit of financial statements

On 24 June 2021, the Annual General Meeting appointed ECOVIS Audit AG Wirtschaftsprüfungsgesellschaft as external auditors of the Annual Financial Statements of the Company for the fiscal year 2021. The Annual Financial Statements of Veganz Group AG for the fiscal year 2021 and the Management Report for the fiscal year 2021, as prepared by the Executive Board in accordance with the provisions of the German Commercial Code, were audited by the external auditors ECOVIS Audit AG Wirtschaftsprüfungsgesellschaft, Berlin, and each received an unqualified audit opinion. Since the fiscal year 2017, Andreas Frericks has signed as auditor and Ralph Riese as responsible audit partner.

The Executive Board and the auditors provided each member of the Supervisory Board with the relevant documents. The Annual Financial Statement documents, including the audit report, were sent to all members of the Supervisory Board in due time to ensure a careful and thorough review by the Supervisory Board. The documents were first discussed in detail at the Audit Committee meeting on 23 May 2022 in the presence of the auditor, who reported on the course of the audit and key conclusions as part of the detailed discussion of the Annual Financial Statements of Veganz Group AG and the Management Report. The Supervisory Board then held its balance sheet meeting on 25 May 2022.

The Annual Financial Statements and the Management Report were reviewed by the Supervisory Board. Based on the final result of our review, we raised no objections, concurred with the result of the audit of the Annual Financial Statements by the auditors and approved the Annual Financial Statements of Veganz Group AG for the fiscal year 2021, as prepared by the Executive Board. The Annual Financial Statements were thus adopted.

Changes in the composition of the Supervisory Board

With a resolution of the Annual General Meeting on 24 June 2021, the number of members of the Supervisory Board was increased from four to five. At the end of the Annual General Meeting, Dr Manon Sarah Littek resigned from the Supervisory Board. Janina Mütze and Michael Durach were appointed as new members of the Supervisory Board at the same Annual General Meeting. We thank Dr Littek for her excellent cooperation and dedication. We wish her all the best for the future, both professionally and personally.

Concluding remarks

We would like to thank the Executive Board and all employees of Veganz Group AG for their work in the past year. Although the Company reached an important milestone with its IPO in the past year and is ideally positioned strategically, the manifold challenges in the highly eventful year 2021 could not have been mastered without the commitment of passionate, motivated and dedicated employees. Ultimately, they – together with all loyal customers and consumers – represent the success story of the Veganz brand.

Berlin, 25 May 2022

A handwritten signature in black ink, reading "Roland Sieker". The signature is written in a cursive style with a small downward-pointing arrow at the end of the last letter.**Roland Sieker**

Chairperson of the Supervisory Board

OUR FUTURE EATS PLANT-BASED!

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ADDRESSING A GLOBAL MEGATREND

Sustainability and environmental protection not only play a central role for us and our business development but also for our structurally growing core target group of consumption- and nutrition-conscious, animal welfare-oriented, Generation Z and Millennials+ customers. Conventional nutrition is a major driver of global warming: according to scientific studies, animal food production is responsible for 30% of global CO₂ emissions – more than traffic and residential each – and 70% of biodiversity loss. We address global megatrends such as growing consumer awareness, a healthier lifestyle and vegan product innovation – and are thus helping to drive the cultural change in nutrition.

US\$17bn

2020 global market volume vegan food

+11.4%
annual growth until 2026

Source: (IMARC Group (17 May 2021), titled 'Vegan Food Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026')

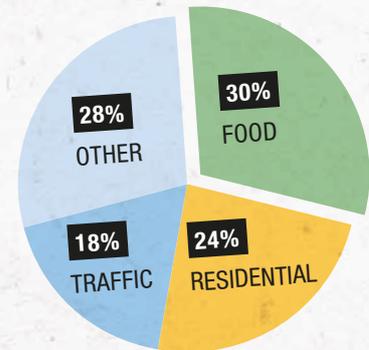


EVERYONE CAN HELP OUR PLANET!

The climate crisis is a growing concern for more and more people on our planet – younger generations in particular realise that the negative consequences of conventional nutrition and food production will affect them the most. They want to make an active contribution and conserve resources by adopting a meat-free or vegan diet. Indeed, many conventionally produced animal products are no longer part of the relevant decision-making set of food options. This is illustrated by the corresponding growth figures: purely plant-based products are the fastest growing segment worldwide with a CAGR (compound annual growth rate) of 9% in an otherwise stable food market (CAGR 1%). In Europe, our core market, the vegan segment is growing even faster. Between July 2013 and June 2018, the number of new vegan products placed on the market tripled; in 2018, 13% of all new products launched in Germany were vegan.

And that's just the path to go, when you consider that an agricultural area the size of two football pitches can feed 14 times more people on a plant-based diet than on a 'standard American diet'. The carbon footprint is equally impressive: whereas a vegan diet produces 940 kg of CO₂, a vegetarian diet generates 1,160 kg and a meat-based diet 1,760 kg of greenhouse gas emissions.

SOURCES OF CO₂ EMISSIONS

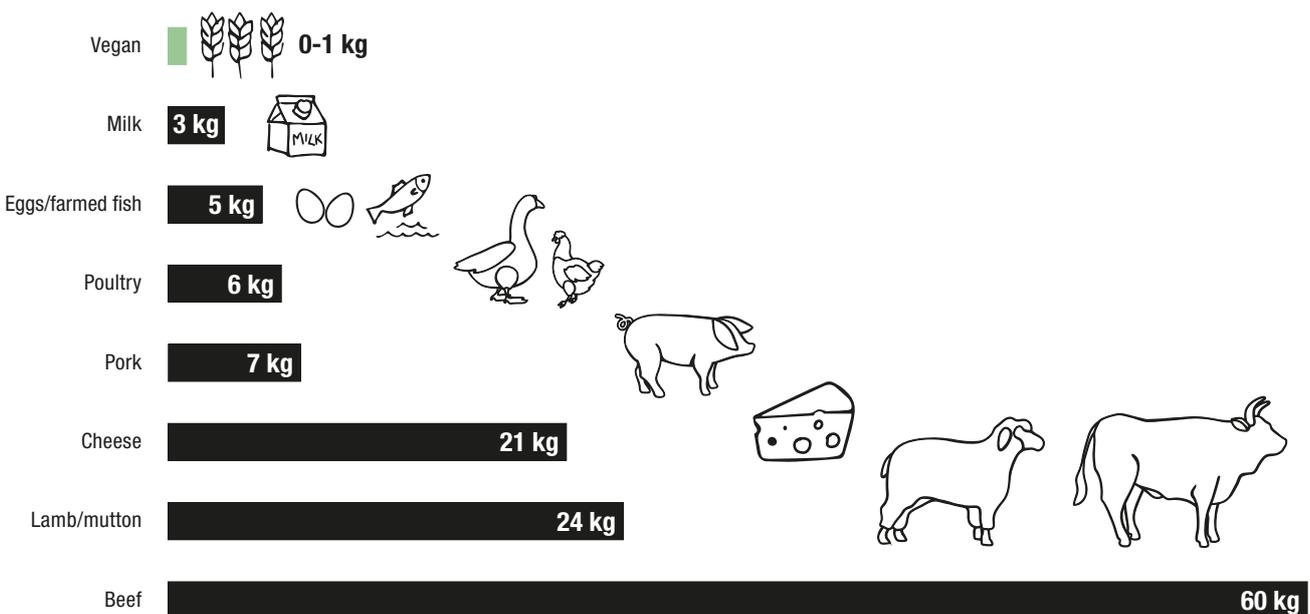


SWITCHING FROM A CONVENTIONAL TO A VEGAN DIET WOULD REDUCE CONSUMPTION:

of CO₂ emissions by **50%**

of water by **60%**

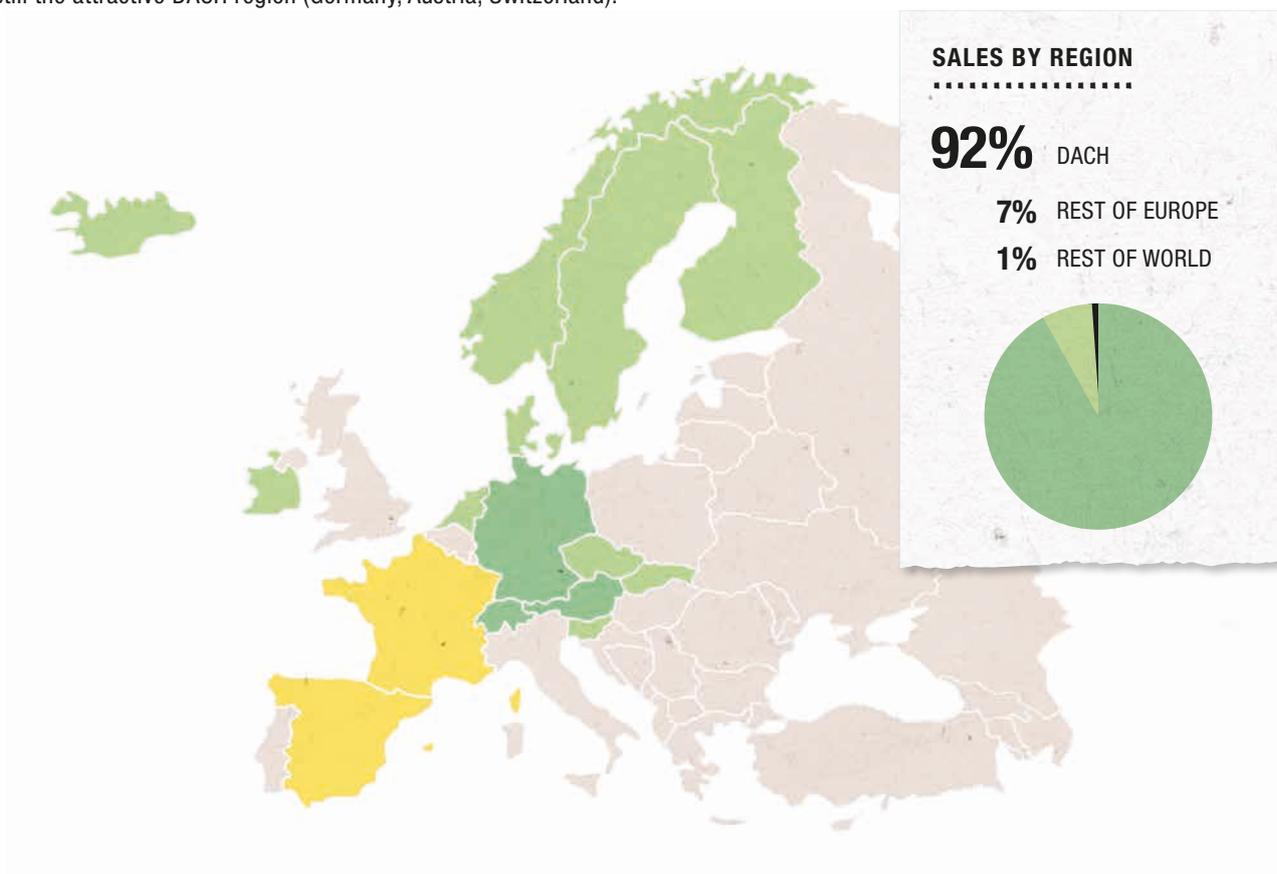
CO₂ EMISSIONS PER KG PRODUCED



OUR BUSINESS MODEL IS SUSTAINABLE!

IN EVERY WAY

Our goal is to make vegan products available to as many people as possible – at competitive prices. This strategy has enabled us to establish Veganz as a leading European supplier of plant-based food over the past few years – from a single vegan supermarket to a multi-category provider with its own production capability. We now market our products in over 25 countries. However, our core market is still the attractive DACH region (Germany, Austria, Switzerland).



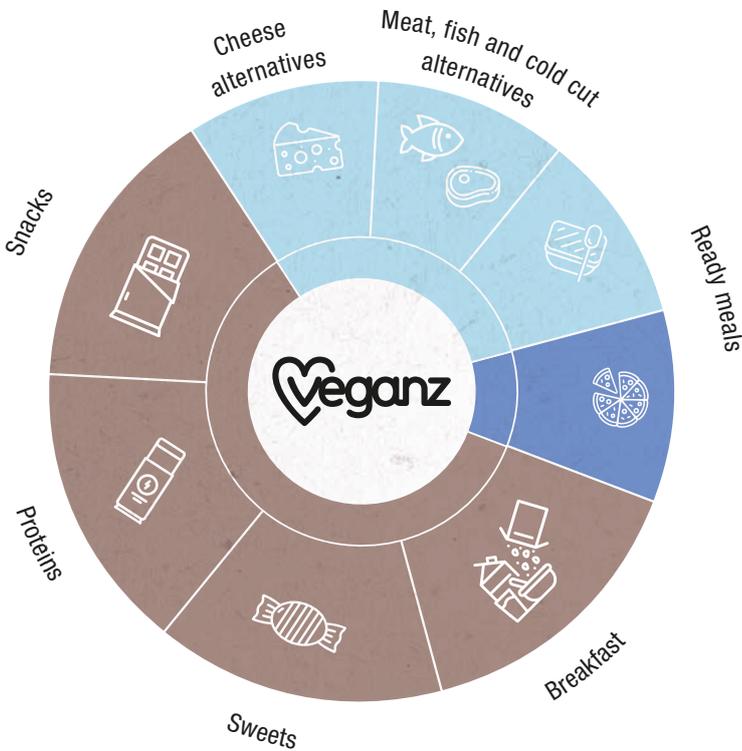
■ Core market
 ■ Sales activities
 ■ Target market
 ■ Not in focus



Our main distribution channel is the branded goods business of the retail sector, via major food chains in the DACH region such as EDEKA, REWE, Coop, Aspiag or Kaufland, drugstore chains such as Budnikowsky, Rossmann, dm and Müller, and discount chains such as LIDL, ALDI, Penny and Netto.

Internationally, our purely plant-based products are also sold via food retailers such as SPAR, Kaufland International, Albert Heijn and Alfa-Beta Vassilopoulos. We operate our own three Veganz stores in Berlin and offer our products via online sales platforms such as amazon.com, rohlik.cz, snacky.ch and vekoop.de, as well as quick online commerce providers such as Gorillas and Flink. With our new food service channel, we also reach football stadiums and catering providers for company restaurants via cooperation agreements and brand licensing partnerships.

FROM BREAKFAST TO DINNER



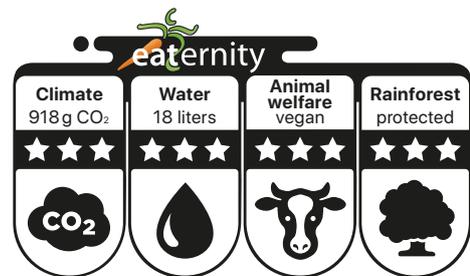
.....
 ■ unrefrigerated ■ refrigerated ■ frozen



We offer customers the opportunity to eat a purely plant-based diet from breakfast to dinner – with our products for all storage types and the most important meals of the day: our offerings range from breakfast ingredients such as spreads, honey and cheese alternatives, to meat and fish alternatives, protein products, ready meals, sweets and snacks. As well as systematically expanding our distribution channels, we aim to produce more and more goods ourselves in the future so that we can serve our target groups with even better products.

100% ETERNITY – TOTALLY TRANSPARENT!

Quality is extremely important to us – which is why sustainability and transparency along the entire value chain are given top priority and all Veganz suppliers have to undergo extensive sustainability analyses. In 2019, we were the first supplier to display the 'Eaternity score' of the eponymous Swiss food industry organisation on our products and we aim to achieve the maximum possible three stars in each of the four categories: Climate, Water, Animal Welfare and Rainforest.



WHAT WE WANT TO ACHIEVE TOGETHER?



A BETTER WORLD

Our focus is on creating tasty, plant-based food for everyday consumption. As a vegan multi-category provider, we are coming even closer to our goal of providing as many people as possible with access to animal-free products and thus to a plant-based lifestyle. No living beings – small or large, with or without fur – are harmed by what we do. Life is precious to us and we handle our Earth with care. Our vegan food products offer an ecological alternative, providing an increasing number of people with the opportunity and incentive to make their diet more sustainable – for a better world!



Veganz Asian dish in the company restaurant



Veganz sausage at the RB Leipzig football stadium

NEW PURELY PLANT-BASED PRODUCTION SITE IN WERDER (HADEL)

After having largely outsourced production to so-called co-producers so far, we now want to gradually implement and produce more and more of our product innovations in the field of cheese, fish and meat alternatives ourselves. We have already established a successful prototype with our small production site for soft cheese alternatives in Berlin. For the production of purely plant-based fish and unrefrigerated meat substitutes, as well as textured vegetable protein for the production of production site in Werder (Havel).

OUR STRATEGY

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Our offerings are characterised by a complete absence of all animal ingredients or products which use animal ingredients in their production. We continuously optimise our product range with high-quality, innovative goods and constantly enhance our value chain with a focus on sustainability. We are well placed in the German market for vegan food and want to leverage this position to establish ourselves as the leading supplier in this segment of the European food market with a sustained growth trajectory. We have defined six strategic dimensions for pursuing this goal in the short to medium term:

POS EXPANSION

We intend to expand shelf space with established and new retail partners to attract additional customers.

NEW DISTRIBUTION CHANNELS

Since 2021, we have also been marketing our products via the food service channel – through partners such as football clubs and caterers, for example for company restaurants.

INTERNATIONALISATION

Although we continue to focus on the high-growth DACH region, we will also expand our footprint in selected European markets.

IN-HOUSE PRODUCTION

By expanding our own production capacities, we aim to steadily increase our vertical integration and achieve sustainable growth in our profitability.

INNOVATIVE STRENGTH

Thanks to exciting collaborations, for example with the Technical University of Berlin and the German Institute of Food Technologies (DIL), we are continuously working on the future of climate-friendly nutrition.

CUSTOMER GROWTH

We want to improve brand awareness among existing and new target groups and raise it significantly in our domestic and foreign markets.



THE VEGANZ SHARE

Positive stock market development

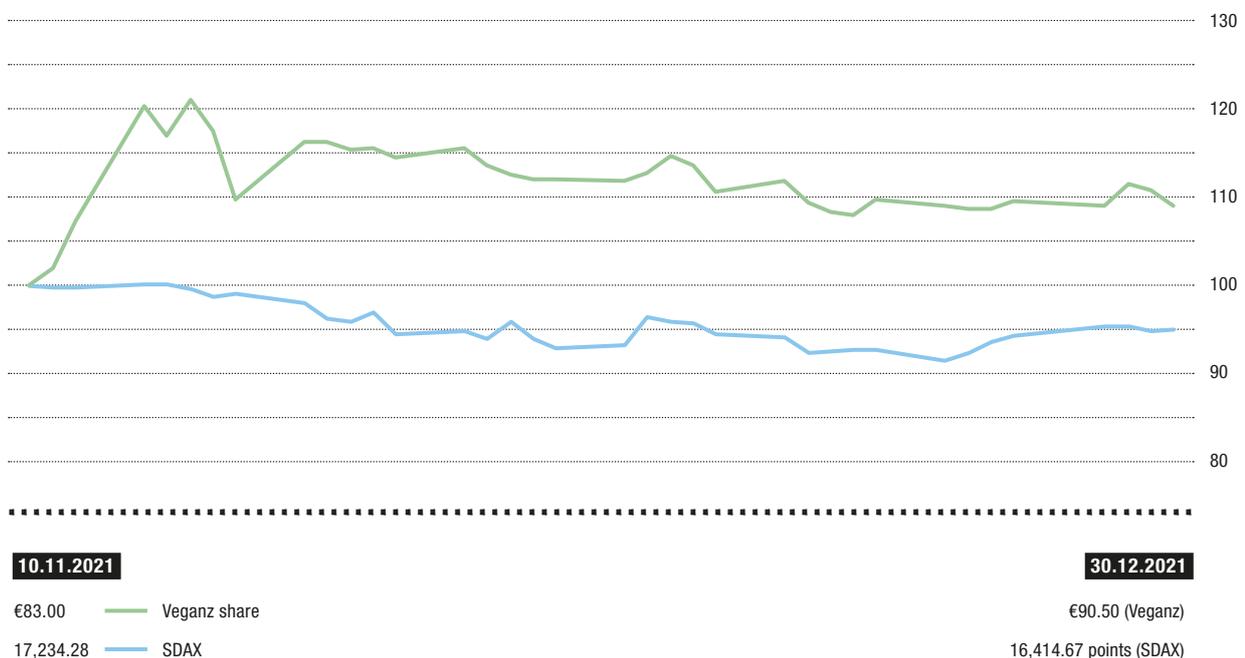
Driven by good economic data and high corporate profits, there was a very positive share price trend on many stock markets in 2021. In the industrialised countries in particular, various indices reached new record highs: both the DAX and the SDAX exceeded 16,000 points for the first time in the fiscal year 2021 and closed the year up almost 16% and around 11%, respectively. The Euro Stoxx 50 rose even more sharply – by around 24%. With gains of almost 29% for the S&P 500 and around 21% for the Dow Jones, the US share indices also reached new highs.

Successful IPO

On 10 November 2021, Veganz made its successful stock market debut on the Open Market of the Frankfurt Stock Exchange (Scale segment) and ended its first day of trading at a year-low of €83.00. Only a few days later, on 15 November 2021, it reached the €100.00 mark for the first time and already recorded its year-high of €100.60 on 17 November 2021. Over the remaining weeks of the year, our share then mostly mirrored the market trend and ended the fiscal year at a share price of €90.50 and up 9%.

As of 31 December 2021, the subscribed capital of Veganz Group AG amounted to €1,223,339, divided into 1,223,339 no-par value ordinary bearer shares. The shares are fully paid up. Each share grants one vote and is decisive for the corresponding share in the profit.

PERFORMANCE OF THE VEGANZ SHARE



Shareholder structure

Our shares are traded in the form of bearer shares on the Open Market of the Frankfurt Stock Exchange in the Scale segment. This means that the provisions of the German Securities Trading Act ('Wertpapierhandelsgesetz', WpHG) and the German Securities Acquisition and Takeover Act ('Wertpapiererwerbs- und Übernahmegesetz', WpÜG) do not apply. As a result, the transparency of shareholdings is reduced, as only stakes of more than 25% have to be disclosed. We therefore have no detailed knowledge of our shareholder structure. As far as we know, however, our founder and CEO Jan Bredack is still the largest single shareholder with a stake of 18% and – as part of the IPO terms – has committed to a lock-up period of 36 months from the first trading day of the Veganz share, 10 November 2021.

Dividend

Veganz Group AG is a young company that is currently in the midst of a transformation phase. In the short term, we do not therefore expect to generate distributable profits but will retain all available funds and future profits in order to finance our business activities, as well as the growth and further development of the Company. As a consequence, we do not currently intend to distribute dividends in the foreseeable future.

Conferences and roadshows

As a recently listed company, we attach great importance to contact with existing and potential investors. During the IPO, we therefore took the opportunity to speak to almost 200 investors at mostly virtual roadshows and to make them acquainted with the Veganz equity story.

In addition to revamping our Investor Relations website and holding our first Annual General Meeting as a listed company, we also plan to strengthen our Investor Relations activities in the fiscal year 2022 by participating in selected conferences and international roadshows.

Analysts

During the fiscal year 2021, Deutsche Börse AG commissioned Edison Investment Research to prepare research reports for all issuers in the Scale segment. In addition, both M.M.Warburg & CO and Quirin Privatbank AG analysed and evaluated us in the fiscal year 2021.

Basic data on the Veganz share

Security identification number	A3E5ED
ISIN ¹	DE000A3E5ED2
Ticker symbol	VEZ
Reuters code	VEZG.DE
Bloomberg code	VEZ:GR
Stock exchange	Frankfurt Stock Exchange
Market segment	Open Market, Scale
Designated sponsor	M.M.Warburg & CO

¹ International Securities Identification Number

Key Figures

on the Veganz share ¹	2021	2020
Number of shares on the reporting date	1,223,399	667,733
Year-high (in €)	100.60	–
Year-low (in €)	83.00	–
Share price on the reporting date (in €)	90.50	–
Market capitalisation on reporting date (in € million)	110.7	–
Average daily trading volume (in €)	251,320.8	–
Earnings per share (in €)	-10.88	-7.40

¹ Start of stock exchange trading on 10 November 2021

Foreword

NON-FINANCIAL REPORT

Dear reader,

Our overriding objective as a company is to motivate as many people as possible to adopt a plant-based diet and treat our environment responsibly. We are convinced that every reduction in the consumption of animal products is an important step towards limiting global warming to a maximum of 1.5 degrees Celcius by the year 2100 – and we offer our consumers tasty and climate-friendly alternatives to help us achieve this aim. By doing so, we are creating a sustainable future for all life forms on our planet: good for you, better for everyone.

Since 2019, we have been making sustainability visible to consumers by displaying a sustainability score on our product packaging that shows the environmental performance of each of our products. With this Annual Report, we are taking the next step and for the first time report in more detail on how we live sustainability as a company: for our investors and customers, employees and business partners – as well as all other stakeholders interested in learning more about the Veganz approach to environmental, social and governance (ESG) issues.

In future, we plan to expand the non-financial information we report, so that we not only meet current expectations towards our Company, but also anticipate future ESG requirements and opportunities. We want to proactively seize the opportunities that open up for us as a company with a sustainable business model in a growing market with ample future potential.

In 2021, we made good progress towards this objective and, for example, significantly reduced our own carbon footprint by increasing the share of renewable energy in our electricity consumption to almost 100% and by largely switching from gas to district heating. We are delighted to have significantly increased staff satisfaction – as evidenced by our surveys – and to have reduced staff turnover substantially. We are also very proud that we made it easier for all staff to reconcile their family and professional lives thanks to flexible working hours and models – thus harnessing the huge potential both in our management positions and in the Company as a whole with significantly more women than the industry average.

We also have plenty in store for 2022: we plan to complete our B Corp certification as a responsible company, set ourselves clear climate targets and survey our internal and external stakeholders as part of a materiality analysis to understand their sustainability priorities even better. Based on these findings, we will develop a sustainability strategy with clear objectives that we want to achieve in the short to long term and define specific steps in an ESG roadmap for the coming years. We also want to intensify our dialogue with investors in order to identify potential ESG opportunities on the capital market. Moreover, we aim to intensify the cooperation with our suppliers so that we can continuously improve our ecological footprint and ensure high social standards along the entire supply chain.

As you can see, we still have plenty of work ahead – and hope that our sustainability efforts will convince you of our approach!

Berlin, 25 May 2022



**Jan
Bredack**
CEO



**Anja
Brachmüller**
COO



**Moritz
Möller**
CMO



**Alexandra
Vázquez Bea**
CFO

ABOUT THIS REPORT

The so-called Corporate Social Responsibility (CSR) reporting obligation pursuant to sections 289b-e and 315b-c of the German Commercial Code ('Handelsgesetzbuch', HGB), which requires the disclosure of material non-financial information, does not apply to companies whose shares are traded exclusively on the Open Market – as is the case for Veganz Group AG.

Nevertheless – and true to our motto 'We Make Sustainability Visible' – we want to give stakeholders an insight into our sustainability efforts over the past fiscal year on the following pages. The non-financial key performance indicators (KPIs) we report are based on internationally recognised ESG criteria of the Sustainability Accounting Standards Board (SASB) for the Processed Foods sector and cross-sector core metrics of the World Economic Forum (WEF) from the WEF white paper 'Measuring Stakeholder Capitalism'.

In addition, we describe how we actively contribute to the achievement of several of the 17 Sustainable Development Goals (SDGs) of the United Nations (UN) with our products and our corporate activities. In the chapter 'Better for the Environment', we describe environmental KPIs from our corporate activities and their development – ranging from C for CO₂ to V for volume of packaging. Under 'Better for Society', we present our commitment to employees and how we ensure that our food meets the highest quality and safety standards. And in the sections under 'Better Corporate Governance', we explain how we ensure ethical behaviour at Veganz and how our Supervisory Board is structured to perform its control functions in the best possible way.

One final note: all KPIs presented below apply – unless otherwise stated – to the entire Veganz Group, which consists of the individual companies Veganz Group AG and Veganz Retail Berlin GmbH & Co. KG. This also applies to the underlying – and as yet unconsolidated – financial KPIs at Group level, which serve as the basis for calculating the relevant key environmental KPIs in relation to sales.

OUR CONTRIBUTION TO THE UN SDGS

The 17 UN SDGs were adopted by all UN member states in 2015 as part of the '2030 Agenda for Sustainable Development' with the aim of defining concrete goals to protect the environment, end poverty and improve the economic prospects for public and private sector actors around the world.

With our efforts to promote a plant-based diet, as well as our business model and corporate policies, we are actively contributing to the achievement of several of the United Nations' SDGs:



SDG 6: Clean Water and Sanitation

According to a study published in the Water Science & Technology Journal in 2013, the total annual water consumption for the diet of a person living a vegan lifestyle is around 710 m³.¹

This is less than half the amount of water used in a meat-based diet, estimated at just under 1,580 m³ per person per year on average. Veganz promotes the shift to a plant-based diet with offerings from breakfast to dinner. Via our products, we specifically support the achievement of the sub-goal to increase water efficiency in the agricultural sector and thus address the global threat of water scarcity (SDG sub-goal 6.4).



SDG 12: Responsible Consumption and Production

We not only emphasise environmental friendliness in our food, but also in our product packaging. In 2020, Veganz therefore launched the first compostable packaging for refrigerated products that can be completely biodegraded within 90 days. This means that a Veganz plant-based cheese alternative only consumes a total of 473g of CO₂ per pack, and thus less than a quarter compared to an animal-based cheese in conventional packaging, which consumes at least 1,942g of CO₂ per item. While packaging innovations like this actively contribute to SDG sub-goal 12.4 (avoiding the release of chemicals and waste into the environment), recyclability is also a key concern for us and we support sub-goal 12.5 – to significantly reduce waste through reuse and recycling. In 2021, 17 of our product packages were already made entirely from renewable or recycled materials.

¹ Source: Vanham (2013). The water footprint of Austria for different diets. Retrieved from https://foodethics.univie.ac.at/fileadmin/user_upload/p_foodethik/Vanham_2013_WST_The-water-footprint-of-Austria-for-different-diets_01.pdf on 18.04.2022.



SDG 13: Climate Action

According to a study on ways to reduce negative environmental impacts in the agricultural sector, a global switch to a purely plant-based diet would mean a reduction of almost 50%

of all CO₂ emissions in the food sector. The German Federal Environment Agency estimates that the CO₂ footprint of a purely vegan diet is 940 kg per year, almost 50% less than that of a conventional omnivorous diet (estimated at 1,760 kg CO₂ per year). With our purely plant-based product offerings, we are therefore helping to significantly reduce negative climate effects in the field of nutrition.



SDG 14: Life Below Water

Ever more overfishing is a growing global problem which SDG 14 aims to address, among other things. With a steadily expanding range of attractive fish substitutes that currently

includes smoked salmon, fish fingers and tuna alternatives, Veganz also helps people used to fish products to reduce their fish consumption so that fish stocks can be protected more effectively.

¹ Source: Poore, J. & Nemecek, T. (2018). Reducing food's environmental impacts through producers and consumers. Retrieved from <https://www.science.org/doi/full/10.1126/science.aag0216> on 18.04.2022

BETTER FOR THE ENVIRONMENT

BETTER FOR THE CLIMATE

As a provider of foodstuffs, we have a small direct environmental footprint compared to other players in the food value chain. Nevertheless, we want to be exemplary in what we do and motivate both our customers and our business partners to make their own contribution. In 2020, we therefore began to record key climate figures for our Company for the first time – and already made encouraging progress in certain categories in 2021:

For example, we significantly reduced those CO₂ emissions for which we ourselves are responsible in 2021. We replaced our previously conventional fleet of company cars with electric vehicles and switched the heating at one of our three outlets in Berlin from natural gas to district heating. As a result, our direct CO₂ emissions (Scope 1 according to the Greenhouse Gas Protocol, GHG) fell to 3.0 t CO₂e in 2021 (prior year: 7.3 t CO₂e). We also more than halved our indirect energy-related emissions (Scope 2 according to GHG) to 7.2 t CO₂e in 2021 (prior year: 15.1 t CO₂e) by increasing the share of renewable energies in our electricity consumption.

CO₂ EMISSIONS: SCOPE 1¹

	2021	2020	Δ 2020–2021
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Natural gas	1.8	4.1	-56
Fuels	1.2	3.2	-63
Total	3.0	7.3	-59

¹ Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

CO₂ EMISSIONS: SCOPE 2¹

	2021	2020	Δ 2020–2021
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Electricity and district heating	6.5	15.1	-57
E-vehicles	0.7	–	–
Total	7.2	15.1	-57

¹ Market-based figures. Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

As is common for companies in the food sector, the majority of the emissions related to our business activities (over 99.9%) originate from our value chain (Scope 3 according to GHG) – more precisely from our upstream supply chain: almost all of

our Scope 3 emissions in 2021 arose from the cultivation, production and upstream transport of our food products. As a result of sales growth, our Scope 3 emissions therefore also increased to 10.8 thousand t CO₂e in 2021 (prior year: 9.0 thousand t CO₂e).

CO₂ EMISSIONS: SCOPE 3¹

	2021 (in t CO ₂ e)	2020 (in t CO ₂ e)	Δ 2020–2021 (in %)
Emission sources			
Purchased goods and services	7,533	6,905	+9
Upstream transport	3,188	2,064	+54
Other sources	85	66	+29
Total	10,806	9,035	+20

¹ Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

In 2021, our emissions increased by almost 20% across all three scopes – due exclusively to value chain emissions – and thus by slightly more than our sales growth at Group level (12%). However, with a 7% increase in CO₂ intensity to 322 t CO₂e per €1 million sales (prior year: 301 t CO₂e), our overall climate impact in 2021 across all three scopes remained comparatively low: according to a 2021 study on CO₂ intensity in the food sector for 14 countries responsible for more than 65% of global food production, the average CO₂ intensity in 2014 was just under 557t CO₂ per €1 million sales of food products.¹

However, we do not intend to rest on our laurels: with the aid of the X-Degree Compatibility (XDC) model, we plan to set a binding climate target for our own CO₂ emissions in 2022 which is in line with the goals of the Paris Climate Agreement. We also want to work with our suppliers to explore ways to further reduce the emissions of our input products and product transport.

¹ Source: Mrówczyńska-Kamińska A, Bajan B, Pawłowski KP, Genstwa N, Zmysłona J (2021). Greenhouse gas emissions intensity of food production systems and its determinants. PLoS ONE 16(4): e0250995. <https://doi.org/10.1371/journal.pone.0250995>
Note: The study reports currency figures in dollars. Our conversion from dollars to euros here is based on the exchange rate of 1 EUR = 1.21 USD as of 31 December 2014.

BETTER PRODUCTS

We are convinced that plant-based nutrition is an important lever for slowing climate change. With our products, we want to help motivate as many people as possible to try plant-based alternatives and thus make their diet greener, one step at a time. For example, each person can reduce their diet-related CO₂ emissions by almost a quarter if they eat meat less frequently and more consciously as a flexitarian, and by as much as almost a half if they adopt a completely vegan diet.¹

Our plant-based foods already account for significantly less CO₂ in production than comparable animal products – but this is not enough for us. And we already made good progress in 2021: although the CO₂ footprint of the products we purchase increased by almost 9% in absolute terms to 7.5 million t CO₂e in 2021 (prior year: 6.9 million t CO₂e), it grew less strongly than our sales at Group level (+12%) and thus resulted in an overall reduction in the CO₂ intensity of our input products.

With regard to CO₂ emissions, we offer our consumers additional transparency at product level: we are one of the few companies worldwide to display precise figures on the respective eco-balance on all our packaging. To this end, we cooperate with the Swiss institute Eaternity, an independent organisation that has developed a solution for measuring the ecological footprint of food.

Using the latest methodology and our detailed raw material, supplier and producer data, Eaternity calculates a specific sustainability score for each of our products across a total of four categories: CO₂ emissions, water consumption, animal welfare and rainforest protection. In 2019, Veganz was the first food company in the world to systematically display Eaternity scores on all its products.

As far as our basic ingredients are concerned, we regard cocoa, soy and palm oil as the most critical ingredients from an environmental and social perspective. Producers who process them for us use various certifications to guarantee minimum ecological and social standards in their sourcing: for example, 100% of our producers who process palm oil have RSPO certification (Roundtable on Sustainable Palm Oil) and 64% of cocoa processors have UTZ certification – which is now part of the Rainforest Alliance and confirms sustainable cocoa cultivation – and 28% Fairtrade certification.

¹ German Federal Environment Agency (n.d.). CO₂ calculator of the German Federal Environment Agency. Retrieved from https://uba.co2-rechner.de/de_DE/ on 18.04.2022

BETTER FOR THE WATER – AND BETTER ENERGY

43.4

water intensity
m³ per €1 million sales
(prior year: 54.5)

Due to work-from-home effects, there was a year-on-year decrease in our water consumption to 1,454 m³ in 2021 (prior year: 1,638 m³). As a result, our water intensity also decreased by 20% to 43.4 m³ per €1 million sales (prior year: 54.5 m³). We sourced the water directly consumed by us exclusively in Berlin and thus did not draw any water from areas with a high or very high groundwater stress level according to the World Resource Institute (WRI).

We were also able to reduce our energy consumption in 2021 – primarily through longer work-from-home phases: our electricity and district heating consumption fell to 457 MWh in 2021 (prior year: 476 MWh), both of which we sourced exclusively from external energy suppliers. At the same time, the share

of renewable energies in our electricity consumption also increased to 99.4% in 2021 (prior year: 94.0%). And by increasing our use of district heating, we were able to more than halve our natural gas consumption to 9 MWh (prior year: 20 MWh). As a result, our energy intensity fell by 14% to 13.6 MWh per €1 million sales in 2021 (prior year: 15.8 MWh).

In order to firmly establish the economical use of energy at Veganz, we published our Energy Policy in 2022 in which we commit ourselves to raising energy efficiency across all areas of the Company:

<https://veganz.com/sustainability/environmental/>

ENERGY CONSUMPTION¹

	2021	2020	Δ 2020–2021
Energy sources	(in kWh)	(in kWh)	(in %)
Electricity and district heating	456,938	475,815	-4
(thereof: share of fossil energies)	0.6%	6.0%	-5.4%-points
Natural gas	8,890	19,988	-56
Total	465,828	495,803	-6

¹ Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

BETTER PACKAGING

We not only pay attention to what our products contain, but also everything around them – such as packaging that is as sustainable as possible. In 2021, the total packaging weight of Veganz products sold was 1,083 t (prior year: 926 t), of which

the majority – 762 t (prior year: 667 t) – was easily recyclable paper for transport. Our packaging intensity increased slightly to 32.3 thousand kg per €1 million sales (prior year: 30.8 thousand kg).

PACKAGING MATERIAL

	2021	2020	Δ 2020–2021
Packaging type	(in kg)	(in kg)	(in %)
Paper (product packaging)	168,531	130,097	+30
Paper (transport packaging)	761,576	667,105	+14
Glass	46,801	42,051	+11
Iron	2,856	1,536	+86
Aluminium	33	74	-55
Plastics	97,386	85,188	+14
Other	5,719	445	+1,187
Total	1,082,903	926,496	+17

Over the next few years, we want to take further steps towards achieving circularity for our packaging materials. In 2021, for example, 17 of our products already featured packaging made from fully recycled and/or renewable materials – documented, for example, with the Blue Angel or the FSC seal (Forest Stewardship Council). These included popular products such as Veganz Gourmet Block, Veganz Soy Granules and Veganz Wafer Choc Bar Hazel.

With targeted innovations and improvements, we are continuously making our packaging even more sustainable. For example, we use compostable films made from NatureFlex™ material, renewable packaging materials made from cellulose and starch, and already almost exclusively mineral oil-free printing inks.

BETTER FOR SOCIETY

BETTER SATISFACTION FIGURES

The needs and wishes of our employees are of particular importance to us. We therefore conduct regular surveys in which employee satisfaction is expressed by the so-called 'Employee Net Promoter Score' (eNPS) as our key performance indicator. This figure can range from -100 to a maximum of 100 points.

In 2021, we conducted a total of three surveys within Veganz Group AG, in which more than half of our employees participated, and achieved a very good eNPS of 32.7 points – significantly above the average for companies from selected European countries across various industries (13 points).¹ We were particularly encouraged that the score was significantly above the prior-year figure – in 2020, the average eNPS from two surveys conducted during the year was 14.5 points.

In addition to the eNPS, numerous sub-aspects were also rated more positively in 2021: for example, employees were more satisfied with their own work and with their superiors – both of which were rated highly. There was also a significant increase in staff loyalty to Veganz: for example, the fluctuation rate within Veganz Group AG fell to 15% in 2021 (prior year: 24%).

¹ Netigate Deutschland GmbH (2022). 2022 Update: 'Wie hat sich die Mitarbeiterbindung gegenüber dem Arbeitgeber seit 2019 entwickelt?' Accessed via <https://www.netigate.net/de/reports/mitarbeiterbindung-im-wandel/> on 19.4.2022.

SATISFACTION DIMENSION

	2021 (scale of 0-10 pts.)	2020 (scale of 0-10 pts.)	Δ 2020–2021 (in pts.)
Satisfaction with own field of activity	8.4	8.2	+ 0.2
Satisfaction with direct superiors	8.7	8.0	+ 0.7
Satisfaction with management	8.1	7.7	+ 0.4
Loyalty to Veganz	8.2	7.7	+ 0.5
Information on corporate strategy	7.1	6.9	+ 0.2
Work processes at Veganz	6.6	6.4	+ 0.2

However, we do not intend to rest on our laurels and still see room for improvement, for example, in the ratings for our internal communication. In 2021, we therefore introduced a Company-wide Intranet, a regular internal newsletter with video messages from the CEO and quarterly lunch talks to inform staff about the latest Company developments.

Our surveys also indicated potential for improvement with regard to internal work processes. In the following, we will therefore describe in detail what we already did for our employees in 2021 – and what we would like to do in future.

BETTER OPPORTUNITIES FOR EMPLOYEES

In particular, our employees wanted more team events to get to know each other better. In recent years, we therefore introduced a variety of formats – such as going out for meals together and bowling evenings. Highly popular events during the COVID-19 lockdowns were our ‘online social hangouts’, where employees could chat about things other than work.

Even before the COVID-19 pandemic, many employees wanted to be able to work more from home. We therefore quickly enabled a large number of them to work completely remotely during the lockdowns. Encouraged by the positive experience, we want to continue to give staff the opportunity to work from home – also after Corona restrictions have been lifted. Permission to do so will be granted by the respective supervisors – after a brief consultation within the team of course – in a generally simple process.

And remote work is not the only area where we want to help our staff improve their work-life balance. This aspect is becoming increasingly important for our younger employees in particular – and with an average age of 34.5 in 2021 (prior year: 34.0), we are pretty young!

To ensure that all our employees – regardless of age – are able to reconcile their professional and private lives, all staff are free to work their contractually agreed working hours within the framework of our ‘trust-based working hours’ scheme. In addition, we offer everyone the opportunity to work part-time – which 40 of our 99 employees utilised in 2021. And if the respective life situation changes again, this is also no problem for us: every part-time job can be converted back to a full-time position on request. For us, flexibility is not synonymous with insecurity: with the exception of working student contracts, all employment contracts at Veganz are open-ended. As of 31 December 2021, we employed one working student (prior year: three). At Veganz Retail Berlin GmbH & Co. KG, which comprises our self-operated supermarkets, employment contracts are

initially limited to one year when joining the Company – this applied to ten colleagues as of 31 December 2021 (prior year: 14). The ratio of fixed-term contracts across the entire Company was therefore 11.1% as of 31 December 2021 (prior year: 17.9%).

We also want to make it easier for our employees to handle important private matters. We therefore offer paid days off for moving home, birthdays, weddings and the birth of a child, and grant employees paid vacation days if a child is ill.

The success of our measures to promote equal opportunities for women and men is reflected in the high proportion of women working for Veganz, which stood at 66% across the Company in 2021 (prior year: 60%) – almost 25 percentage points above the industry average in Germany.¹

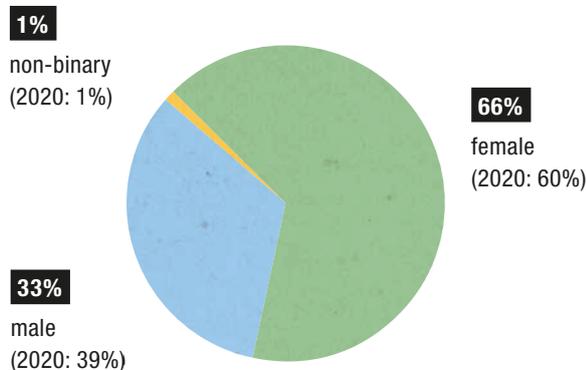
We are also proud of our high proportion of women in managerial roles – 44% at the top two management levels (prior year: 50%). Here, too, we were well above the industry average of just under 20%.²

This makes it correspondingly easy for us to convince new talents to join Veganz: in 2021, we hired a total of 18 new employees (prior year: 22) at Veganz Group AG, of which 83% were female (prior year: 55%), 44% were under 30 (prior year: 27%), 50% were aged 30 to 50 (prior year: 73%) and 6% were over 50 (prior year: 0%). We offer both new and existing colleagues additional benefits on top of our industry-standard remuneration.

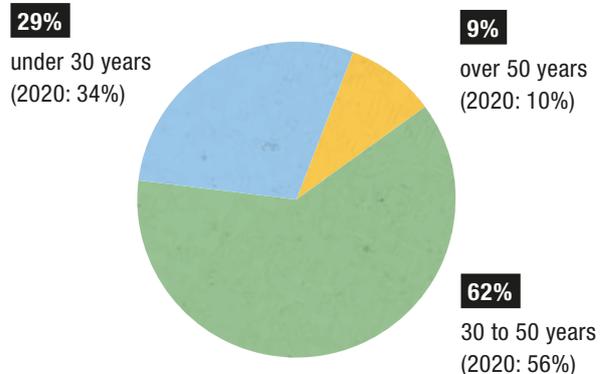
¹ Source: German Federal Employment Agency (2022). ‘Beschäftigte nach Berufen (Klassifikation der Berufe 2010) - Deutschland, West/Ost und Länder (Zeitreihe Quartalszahlen)’. Retrieved from: https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html;jsessionid=F70757E6DE980428957F8A88846C150C?nn=1523064&topic_f=beschaeftigung-sozbe-klb2010-zeitreihe on 18.04.2022

² Proportion of women in the Food and Beverage Distribution industry in the USA 2021. Source: McKinsey & Lean In (2022). Women in the Workplace. Retrieved from: https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2021.pdf on 18.04.2022

GENDER DIVERSITY AT VEGANZ 2021



AGE DISTRIBUTION AT VEGANZ 2021



BETTER CAREER PROSPECTS WITH VEGANZ

In addition to the (career) opportunities we offer our employees, it is also important to us that they are paid appropriately – and this is of course independent of personal characteristics, such as gender or origin. To ensure that this happens, we also monitor the difference in salaries between female and male employees throughout the Company ('gender pay gap').

As of 31 December 2021, we had 99 employees in total (prior year: 95). Since many of them take advantage of the opportunity to work part-time, we had a total of 80.6 so-called Full Time Equivalents (FTE) in 2021 (after converting part-time to full-time positions). As headcount at Veganz is still comparatively low, individual salary differences can already have a major impact – even when due to non-gender-related factors such as greater work experience. Within Veganz Group AG¹, we had a minor salary difference of -0.1% (prior year: -3.6%) for women compared to men in 2021, unadjusted for such factors. Adjusted for the position factor, the salary difference in 2021 was 1.2% (prior year: -1.5%). At Veganz Retail Berlin GmbH & Co. KG, the salary difference was slightly higher due to a higher fluctuation rate and the associated non-gender-specific duration of the respective company affiliation. We will continue to monitor our Company's gender pay gap in future and aim to keep it in the low single-digit percentage range.

To ensure that all employees can earn a decent living, we initially set a minimum wage of €12.50 per hour in 2021 for all positions held by Veganz Group AG employees (excluding apprentices and interns). This is to be extended to all employees of Veganz Retail Berlin GmbH & Co. KG in 2022. Overall, the average hourly pay at Veganz was €12.39, which is about 30% higher than the minimum wage of €9.50 per hour applicable in Germany in 2021 (prior year: €13.18, 41% higher than €9.35).

Once a year, all employees attend performance review meetings with their supervisors at which they discuss the achievement of individual targets, reflect on cooperation and discuss the outlook for the next twelve months.

In addition to a salary commensurate with market conditions and performance, we also offer our employees various benefits: for example, we promote sustainable mobility by subsidising (e-)bike leasing, providing local public transport tickets or offering a needs-based mobility budget. We also take the health of all team members very seriously and therefore offer – in addition to our in-house courses, such as hot yoga and joint fitness training – an Urban Sports Club membership, as one option of our so-called 'Cafeteria model'. This allows our employees to choose from thousands of sports offerings from various providers worldwide and select the one that suits them best.

Besides fitness, we also invest in personal and professional development. For example, we regularly train our Quality Assurance staff on food legislation and safety topics as well as HACCP (Hazard Analysis Critical Control Points) requirements. In addition to our in-house training, we invested a total of approximately €6.3 thousand, or €102 per FTE (only employees of Veganz Group AG), for external educational and training measures in 2021. We intend to systematically increase this amount in future and, starting in 2023, to record all internal and external education and training hours so that we can monitor and steer the professional development of our employees more effectively.

¹ Excluding apprentices and interns

BETTER HEALTH, BETTER SAFETY

Only a small part of our team is currently employed in food production, which means that the risk of occupational accidents is comparatively low. As a responsible employer, the health and safety of our employees is very important to us. In addition to our free sports programmes, we therefore provide first aid courses, company doctors as a permanent point of contact and detailed documentation procedures should accidents or injuries occur during working hours.

There were no work-related fatalities at Veganz in 2021 (prior year: none) and no serious injuries with an absence of more than six months (prior year: none). Due to an accident on the way to work, there was one reportable incident in 2021, which led to a total of 27 lost days (prior year: none), corresponding to a Lost Time Injury Frequency Rate (LTIFR) of 6.3 (prior year: –). As there were no other accidents resulting in restricted working capacity and/or medical treatment, the Total Recordable Injury Frequency Rate (TRIFR) in 2021 was also 6.3 (prior year: –).

We also want to avoid work-related accidents wherever possible in future. At the same time, we know that our further growth and the planned new production site in Werder (Havel) will increase the purely statistical probability of work-related injuries. For this reason, we provide regular staff training on occupational safety and continuously monitor the appropriateness of our health and safety measures in the workplace.

BETTER PRODUCT QUALITY

Our products stand for top quality. We want to promote a plant-based diet and make it as easy and tasty as possible for our consumers to try and switch to plant-based alternatives.

The positive properties of many of our food products help us in these efforts: meat substitute products such as our vegan schnitzel alternatives or 'Crispy Nuggets' are rich in protein, iron and vitamin B12, our 'Räucherlaxs' smoked salmon is rich in omega-3 fatty acids and our honey alternative 'Ohnig' is particularly high in fibre but has up to 40% fewer calories than conventional honey. In 2021, we emphasised the beneficial properties of these and other products with a positive impact on the nutrition of our consumers more strongly in our marketing, so that together they accounted for almost 16.6% of Veganz sales in 2021 (prior year: 6.5%).


55% of our product range
is certified organic

The organic seal ('bio') is also a quality feature of many of our products: as of 31 December 2021, a total of 55% of our product range was certified organic. And what about genetic engineering? No thanks! All the products we sell under the Veganz brand are guaranteed free of genetic manipulation. In 2021, sales of our own products accounted for 95.0% (prior year: 95.5%) of total sales at Group level. The remaining 5.0% in 2021 were from third-party products that we sell in our three supermarkets in Berlin – we cannot guarantee the (non-)use of genetic engineering for these products.

But not only our products themselves are top quality – Veganz also meets the highest standards as a Company, especially with regard to food safety: in 2021, we received the top rating once again according to IFS Broker (International Featured Standards Broker), Version 3.1.¹, with a 'Higher Level' rating and a compliance rate of 95.7% (prior year: 97.2%). The few remaining non-conformities from the audits are rectified promptly each year.

We also want to have our first in-house production site, the cheese factory in the heart of Berlin, certified in 2022 and are aiming for IFS Global Markets Food certification. We are planning an IFS Food certification for our new, large production site in Werder (Havel) as soon as it is completed.

In 2021, as in the previous year, there were no recalls of Veganz products. However, there was one violation of officially valid food safety regulations (prior year: 0): During official inspections in Slovakia, a total of five articles of a production batch were found to be missing the printed best-before date (BBD). Based on the official complaint protocol, our investigations revealed that the reason had been a printing machine error at one of our suppliers.

And we also pay attention to fair play in our marketing: we want to attract attention to our products and at the same time make people smile – but not at any (controversial) price. When it comes to marketing, we are aware of our responsibility and always communicate openly and honestly: in 2021 and 2020, we did not breach any statutory labelling and marketing regulations – and thus did not incur any legal costs for marketing violations.

¹ The International Featured Standard (IFS) Broker is an auditing standard for food intermediaries recognised by the Global Food Safety Initiative (GFSI). The requirements relate to the quality management system, the HACCP (Hazard Analysis & Critical Control Points) system and other prescribed programmes such as Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP) and Good Hygiene Practice (GHP).

BETTER SUPPLY CHAINS

Our responsibility does not stop at the boundaries of our Company premises. With the exception of 'Cashewbert', all our products are currently manufactured by contractors – and here too we pay particular attention to suitable quality standards.

In 2021, we had a total of 37 suppliers who produced our products for Veganz according to our precise recipe specifications. Of these, 35 had official certification according to IFS Food or an equivalent standard – and the remaining two had an adequate food safety concept according to HACCP.

We conduct our own random audits of suppliers at irregular intervals. Among other things, we check the existing quality standards, whether hygiene regulations are being adhered to and whether the temperature controls are effective.

In our Code of Conduct for Business Partners, which all our suppliers must sign before they can do business with us, we set out further detailed requirements: <https://ir.vegan.com/compliance-management/>. These range from dealing with inappropriate behaviour and sexual harassment, to expectations of compliance with minimum legal requirements on remuneration and working hours, to our zero-tolerance policy on child and forced labour.

If violations of the minimum requirements set out in our Code of Conduct for Business Partners are not remedied, we have the right to terminate the partnership. Fortunately, we have not yet had to exercise this right, as we are not aware of any explicit violations. Almost all of our direct suppliers are based in the EU, which means that the risk of problematic business practices is relatively low due to the standards that apply here. For this reason, we do not currently see any significant risk of child or forced labour in our supply chain.

BETTER CORPORATE GOVERNANCE

BETTER BEHAVIOUR

We want to help make the world a little better for everyone with our products. It is also important to us that we as a Company meet the highest ethical standards. For this reason, all Veganz employees sign a commitment in accordance with the German General Act on Equal Treatment ('Allgemeines Gleichbehandlungsgesetz', AGG) and our Veganz Code of Conduct when they join the Company.

In the past, all employees were required to report any suspicion of a possible breach of ethical conduct to their line manager, who treated this information in the strictest confidence. In order to make it easier for team members and all other stakeholders to make such reports, we have set up a whistleblower system that has been available on our corporate website at <https://ir.vegan.com/whistleblowing-system/> since May 2022. This online portal enables people to anonymously obtain information on the topics of ethical and law-abiding behaviour and to anonymously report any observed violations of integrity at Veganz itself or at our business partners.

With regard to breaches of ethical behaviour or cases of corruption, we have a clean slate for 2021 and 2020 with zero cases. We want to keep it that way in the future. That is why we are continuously working on the further development of our Code of Conduct, offer staff training on ethical behaviour and regularly review the effectiveness of our anti-corruption measures.

OUR CODE OF CONDUCT: WORKING FOR VEGANZ

Our Code of Conduct sets out in detail what is permitted – and what is not – with regard to employee behaviour. Among other things, it describes

- the non-discriminatory appreciation of all people we interact with – regardless of age, gender, religion, skills, origin or sexual orientation,
- the prohibition of giving or accepting unauthorised benefits to or from our business partners,
- the protection of operational, corporate and personal data by all appropriate and reasonable means, and
- the avoidance of conflicts of interest that might arise from secondary employment or equity investments.

Our complete Code of Conduct is available online at: <https://ir.vegan.com/compliance-management/>

BETTER DATA PROTECTION

Although personal data is not central to our business model, we are very aware of our responsibility in terms of the General Data Protection Regulation (GDPR) and want all persons in contact with Veganz to feel secure in this regard.

In order to identify possible risks with regard to data management in good time, we work together with an external service provider in the field of data protection and privacy. We follow a defined step-by-step model to classify risks according to the probability of their occurrence and the severity of any possible consequential damage.

Among other things, we regularly conduct data protection audits to ensure compliance with data protection requirements. The current audit conducted by our external service provider was successfully completed in early 2022 and the first recommended actions have already been implemented.

In addition, we make use of various tried and tested measures. These include the use of encryption protocols and software as well as physical, electronic and procedural security precautions in connection with the collection, storage and disclosure of personal data.

Our Data Protection Officer is responsible for all questions concerning data protection. He can be contacted by mail at datenschutz@veganz.de.

BETTER SUPERVISION

As the highest governing body, the Supervisory Board is responsible for ensuring that our corporate strategy is being implemented effectively – and is as sustainable as possible.

It is therefore very important for us to have a Supervisory Board whose members have the necessary expertise. Our Supervisory Board currently consists of four male and one female member, all of whom are non-executive members in accordance with the requirements of the German Stock Corporation Act. Two of the members have been members of the Veganz Supervisory Board for less than one year, the other three members for less than three years. They have a wide range of expertise in the field of sales, marketing, operations, finance and sustainability. In addition, four of our Supervisory Board members have worked in the food industry:

OUR SUPERVISORY BOARD

Name	Function & roles at Veganz ¹	Sector expertise	Professional expertise	First elected on	Elected until:
Roland Sieker	<ul style="list-style-type: none"> ▪ Chairperson of the Supervisory Board ▪ Member of the Audit Committee ▪ Independent 	Food (manufacturing)	Marketing; strategy; sustainability	27 August 2019	Annual General Meeting 2023
Janina Mütze	<ul style="list-style-type: none"> ▪ Deputy Chairperson of the Supervisory Board 	Market research	Marketing	24 June 2021	Annual General Meeting 2023
Michael Durach	<ul style="list-style-type: none"> ▪ Supervisory Board member ▪ Independent 	Food (manufacturing)	Sales; marketing; sustainability	24 June 2021	Annual General Meeting 2023
Ronny Gottschlich	<ul style="list-style-type: none"> ▪ Supervisory Board member ▪ Independent 	Food (retail)	Operations; marketing	20 August 2020	Annual General Meeting 2023
Dr Jens Pippig	<ul style="list-style-type: none"> ▪ Supervisory Board member ▪ Chairperson of the Audit Committee ▪ Independent 	Food (retail)	Sales; marketing; finance	20 August 2020	Annual General Meeting 2023

¹ Definition of independence in accordance with recommendations C.6 and C.7 of the current German Corporate Governance Code: <https://dcgk.de/de/kodex/aktuelle-fassung/praeambel.html>. Retrieved on 18.04.2022

Further information on the activities of the Supervisory Board in 2021 and their remuneration can be found on pages 8–11, in the Remuneration Report on pages 50/51 and under Other Disclosures on pages 61/62 of this Annual Report. Information on the current mandates of Supervisory Board members and their detailed professional background is provided on our website: <https://ir.veganz.com/supervisory-board/>

BETTER FINANCIAL TRANSPARENCY

Certain financial KPIs are also relevant from a sustainability perspective. In this section, we therefore highlight some of the relevant figures that are regarded as core financial KPIs by the ESG standard of the World Economic Forum (WEF):

In 2021, Veganz paid €1,930 thousand in corporate tax (prior year: €980 thousand) – including other taxes (car tax only) of €0 thousand (prior year: €1 thousand). The employer's share of social security contributions was €470 thousand in 2021 (prior year: €420 thousand). Expenses for property tax and non-creditable sales taxes were not incurred in 2021 and 2020.

Conversely, the Company received government financial support of €21 thousand in 2021, consisting of subsidies for electric company cars and an apprenticeship bonus (prior year: €52 thousand from short-time work benefits).

MANAGEMENT REPORT

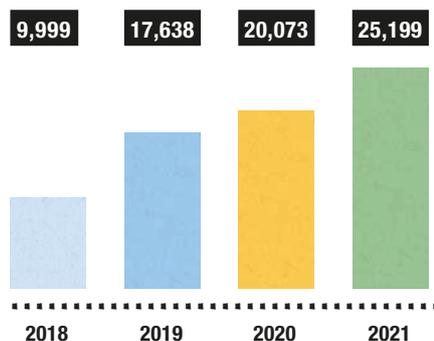
BASIC PRINCIPLES AND CONDITIONS OF THE COMPANY

BUSINESS MODEL

Veganz Group AG is a German public limited company ('Aktiengesellschaft') based in Berlin. As Europe's sole multi-category provider of vegan food products, we pick up on global food trends for our product offerings and develop concepts and products that are placed and sold exclusively under our Veganz brand. Our product range includes products for all storage types (unrefrigerated, refrigerated, frozen) and for the most important meals of the day: for example, we offer breakfast ingredients – such as spreads or our honey and cheese alternatives – as well as meat and fish alternatives, protein products, ready meals, sweets and snacks.

Our offerings are characterised by a complete absence of all animal ingredients or products which use animal ingredients in their production and are available at over 25,000 POS around the world. In addition, we continuously optimise our product range with high-quality, innovative articles and constantly enhance our value chain.

POINTS OF SALE AS OF 31.12.



We utilise the relevant distribution channels

Our main distribution channel is the branded goods business of the food retail sector. In our core market of Germany, Austria, Switzerland (the DACH region), we market our purely plant-based food via major providers such as EDEKA, REWE, Coop, Aspiag or Kaufland, as well as drugstore chains such as Budnikowsky, Rossmann, dm and Müller, and discounters such as LIDL, ALDI, Penny and Netto.

Internationally, our products are also sold via food retailers such as SPAR, Kaufland International, Albert Heijn and Alfa-Beta Vassilopoulos.

Our second distribution channel 'Stores' comprises the sale of our own products, as well as plant-based products from producers around the world, via our self-operated three Veganz stores in Berlin. These offer important indications of changing trends in plant-based nutrition.

In order to reach consumers online, we also offer our products via online sales platforms such as amazon.com, rohlik.cz, snacky.ch and vekoop.de, as well as via quick online commerce providers such as Gorillas and Flink.

Since late 2021, we have been using the new distribution channel food service in the form of cooperation agreements and brand licensing partnerships – for example with one of Germany's largest caterers Aramark, the football club RB Leipzig and the baked goods company Bakerman. As a result, our customers not only come into contact with our products and our brand in supermarkets, but also in a wide variety of situations – such as in football stadiums or company restaurants.

Our diversified distribution structure provides an ideal foundation for us to actively exploit growth opportunities in a highly dynamic food environment.

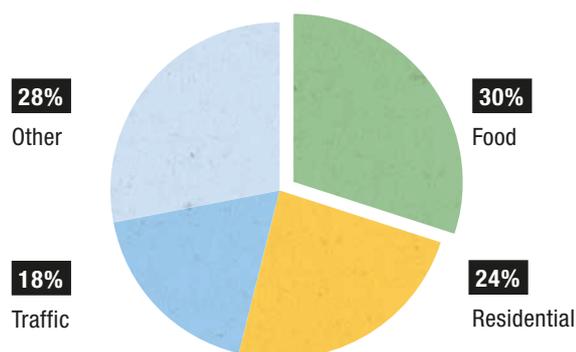
Our strategy integrates sustainability and economic efficiency

According to scientific studies, animal food production is responsible for 30% of global CO₂ emissions and 70% of biodiversity loss. This makes nutrition a major driver of global warming (source: Science Vol 360, Issue 6392). Veganz regards itself as a pioneer and innovation driver for plant-based and climate-friendly food.

As a multi-category provider, our objective is to make vegan products available to as many people as possible at competitive prices as a genuine alternative to animal food. This strategy has established us as a leading company in Europe in the field of vegan food over the last few years. Sustainability and environmental protection play a central role for us and our business development. And these issues are equally important for our structurally growing core target group of consumption- and nutrition-conscious Millennials+ and the so-called Generation Z.

During our evolution from a single purely vegan supermarket to a self-producing multi-category provider of vegan food, we have not only consistently expanded our distribution channels, but also increasingly focused on making our own products. So far, we have largely outsourced production to external suppliers (co-manufacturers), providing recipe and process know-how and enabling our partners to produce the desired products for us.

SOURCES OF CO₂ EMISSIONS



In future, we aim to realise an increasing number of our product ideas in the field of cheese, meat and fish alternatives ourselves. To this end, we are already using a small production site for cheese alternatives in the heart of Berlin, which currently specialises in the production of vegan cashew-based Camembert. For the fast-growing and high-margin vegan core segments – in other words, pure plant-based fish and cheese alternatives as well as textured vegetable protein for the production of unrefrigerated meat substitutes – we are planning to build a further production site in Werder (Havel). This forward-looking move towards in-house production is driven by our desire to increase vertical integration and thus our profitability, as well as to expand and protect our innovative strength.

We think brand and products from the customer perspective

Our marketing department consists of the Data Insights Team, the Creative Team and the Communications Team and focuses on our key target groups – vegans, vegetarians and flexitarians – and their respective communication profiles. The insights we gain here help us to understand our customers and the market for purely plant-based food even better and to build a strong community of vegan/vegetarian and flexitarian-oriented people around the Veganz brand.

28%

supported brand awareness

In addition to our own media channels (Instagram, Facebook, website, email), we also have a strong connection with market-relevant non-governmental organisations (NGOs) such as PETA and 'Deutsches Tierschutzbüro' (German Animal Welfare Office), as well as bloggers and influencers. Our media campaigns have twice won the M4F Award (2020, 2021) of the Alliance for Climate Positive Behavior and have raised our supported brand awareness in Germany to almost 30%¹.

The declared aim of our marketing activities – the most effective possible combination of high-reach media such as TV, radio or billboards, digital marketing (including social media, influencers) and POS activities – is to raise awareness and position the brand as tasty, sustainable, innovative and transparent.

Our product portfolio comprises offerings from breakfast to dinner and is available at over 25,000 POS worldwide. As an innovation leader for vegan food, our product offerings are strictly aligned with consumer and market needs. In 2021, we continued to drive the introduction of vegan alternatives: in addition to several other innovations, we expanded the Veganz breakfast range with our vegan honey alternative 'Ohnig', which won the Vegan Food Award 2021. Our purely plant-based tuna alternative 'Tunno' enriches the market for vegan fish alternatives as a second option besides our 'Räucherlaxs' (smoked salmon alternative).

As a rule, our products are not only based on good and simple recipes ('clean label approach') but also on complex manufacturing processes that can also be protected as intellectual property. As a result, we are increasingly able to offer a unique and innovative product portfolio. More and more of our product development and manufacturing is done in-house. We believe that this approach enables us to quickly and flexibly adapt our purely plant-based product portfolio to changing trends in the food market. This ability and the innovative strength that goes with it have already helped us win several awards. In an analysis by the market research institute YouGov for the German business newspaper 'Handelsblatt', for example, we were voted Germany's most innovative food brand in 2021 (source: 'Handelsblatt', June 2021).

¹ Source: Veganz Brand Monitoring Germany via Civey, sample size > 5,000, question: 'Which of these brands have you heard of?', November 2021.

We are determined to continue to play a strong and active role in transforming our food system for the benefit of the planet, its people and its environment. We are working hard to implement this strategy. We want to raise Veganz's profile across Europe and establish it as a powerful cross-national brand for climate-friendly vegan food. In 2022, we plan to increase awareness of our brand through targeted media appearances and advertising campaigns, thus consolidating our market leadership as a sustainable, multi-category vegan provider in Europe. This will help make our products accessible to an even broader target group.

MANAGEMENT SYSTEM

We use a performance management system and have defined appropriate performance indicators to measure its success. Detailed regular reporting in the form of daily, weekly and monthly reports helps us assess and implement our strategy. We use financial and non-financial key performance indicators (KPIs) for this purpose. Following the Company's IPO, we reviewed and adjusted our financial KPIs. The defined KPIs are now based on the expectations and interests of our investors.

Financial KPIs

We use the following KPIs to steer our business activities:

- **Sales at individual company level of Veganz Group AG:** sales at individual company level of Veganz Group AG are generated from the sale of our plant-based product offerings under the Veganz brand. They are recognised after delivery of the products and invoicing of our customers and correspond to receivables for delivered goods, less discounts, bonuses, rebates, refunds and value added tax. As of the first quarter of 2022, we will report our sales on a consolidated basis for the first time, so that the distinction made here between sales at individual company level of Veganz Group AG and at (unconsolidated) Group level will no longer be necessary in future.
- **EBITDA:** EBITDA is the abbreviation for earnings before interest, taxes, depreciation and amortisation. It is calculated by first adding together sales and other operating income. Subtracted from this amount are the cost of materials (consisting of the cost of raw materials, consumables and supplies and of purchased merchandise), personnel expenses (consisting of wages and salaries as well as social security contributions, pension and other benefit costs) and other operating expenses (adjusted for one-off expenses that are not part of the normal course of business). In order to bring our guidance in line with standard market practice for companies of our size, the KPIs EBT and net profit/loss for the year are no longer used as material financial KPIs for managing the business.

KPI	2021	2020
Sales (individual company, in € thousand)	30,417	26,765
EBITDA (in € thousand)	-9,789	-3,234

Other financial KPIs

The following other financial KPIs are taken into account for internal management purposes:

- **Sales at Group level (unconsolidated):** sales at Group level comprise sales at individual company level plus sales of Veganz Retail Berlin GmbH & Co. KG, in other words sales of the three Veganz stores in Berlin. Sales of Veganz Retail Berlin GmbH & Co correspond to the merchandise sold in our stores less promotional discounts, credit notes, refunds and value added tax.

Sales are a key indicator of demand for our products and an important factor in implementing our strategy and sustainably increasing the Company's value.

- **Gross profit margin:** the gross profit margin is defined as gross profit as a percentage of sales. We define gross profit as sales less cost of materials, in other words less the cost of raw materials, consumables and supplies and of purchased merchandise.

The gross profit margin serves as an important measure for the efficiency of the Company's value creation.

KPI	2021	2020
Sales (Group, unconsolidated, in € thousand)	33,541	30,062
Gross profit margin (in %)	30.7	29.9

Non-financial KPIs

In addition to the financial KPIs, we also plan to introduce non-financial KPIs for management purposes from fiscal year 2022 onwards.

A high level of employee satisfaction is crucial for our business activities as our success is significantly influenced by the skills, team spirit and motivation of our staff. We use the Employee Net Promoter Score (eNPS) and a correspondingly developed assessment matrix to evaluate employee satisfaction.

The so-called X-Degree Compatibility Model (XDC) is also an important measure for us. It looks at the volume of emissions a company generates to create €1 million in gross value added (GVA), the volume of emissions that would be generated if the entire global economy operated at the same emissions intensity, and what degree of global warming could be expected by 2050 as a result. This produces a figure in degrees Celsius – the XDC. By comparing with the sector and with the target XDC, it is then possible to assess where companies stand in a competitive comparison and how far they still are from Paris compatibility – the United Nations targets set in 2015 at the Paris Climate Conference.

Another important non-financial KPI is brand awareness (aided and unaided). This enables us to monitor the impact of marketing activities on our target groups. We believe that an increase in brand awareness reflects the overall increase in consumer familiarity with the Veganz brand.

RESEARCH AND DEVELOPMENT

We have been working together with the Technical University (TU) of Berlin and the German Institute of Food Technologies ('Deutsches Institut für Lebensmitteltechnik', DIL) on the development of so-called textured meat substitutes since December 2021. The aim is to produce protein-rich meat substitutes based on novel, regionally available protein sources with simple ('clean') recipes and a long minimum shelf life. Together with experts of TU Berlin's Food Colloids department, who help us understand the structure formation in innovative meat alternatives and adapt our recipes accordingly, we want to create the next generation of textured meat substitutes.

We do not capitalise our own research and development expenses.

ECONOMIC REPORT

REGULATORY CONDITIONS

We currently sell our products in Germany and several other EU member states. Our business is therefore subject to various regulatory requirements under European law and the applicable national laws of those European countries in which we operate.

The following paragraphs provide an overview of selected regulations that apply to our business.

Food law

As a company in the food industry, we have to comply with various food laws/regulations before placing food on the market in the EU. In general, these laws/regulations aim to ensure the safety of food products. We are also subject to the applicable duty of care requirements throughout the entire production, processing and distribution process. At EU level, these duties of care are specified in several regulations that impose extensive duties and responsibilities on us – primarily to protect the health of customers who come into contact with certain products. In addition, they grant the competent authorities wide-ranging powers to monitor whether we, as manufacturers and distributors of food products, are complying with our respective legal duties.

Moreover, Regulation (EU) 2018/848 determines how products and foodstuffs labelled as organic/biological products must be produced and manufactured. Only products that comply with this regulation may use the terms 'organic', 'ecological', 'biological', 'controlled organic', 'organic farming', 'biodynamic and organic' or bear the European or national organic seal.

Consumer protection

As we offer products to consumers, we must comply with various consumer protection laws. Throughout the EU, consumer protection is extensively regulated. These European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities, especially on online retailers. As sellers, we are responsible for ensuring our products comply with the agreed condition and are liable to consumers for any lack thereof at the time of fulfilment.

Product safety

As a producer and distributor that markets products in the EU, we must act with due care to ensure the safety of our products. To this end, the European Product Safety Directive, which was implemented in Germany by the German Act on Product Safety ('Produktsicherheitsgesetz') as well as various governmental regulations on the safety of specific products and product groups, imposes various obligations on manufacturers and retailers.

This legislation obliges us as a distributor to act with due care to ensure the compliance of our products with the applicable safety requirements, in particular by not placing products on the market which we know, or should have presumed, do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned. In addition, we are generally required to participate in the monitoring of the safety of our products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of our products, and by cooperating with the competent governmental authorities to mitigate the risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of these products.

ECONOMIC CONDITIONS

Stable growth of global food market

In 2021, the global food market was worth €7.3 trillion (source: Statista). Studies predict that it will continue to grow steadily at rates of close to 3.8% until 2027 due to population growth and rising incomes in emerging markets (source: Statista). Plant-based substitutes will play a special role in this trend: whereas until a few years ago, they were only available from specialist distributors or organic food shops, they are now available almost everywhere from conventional food retailers, discounters and drugstores. They are also being used increasingly in the food service and system catering sectors – the availability of plant-based alternatives in both channels has risen significantly. The average global growth forecasts up to 2030 indicate average double-digit annual growth rates to a total market volume of around US\$136 billion (source: Blue Horizon/BCG; Bloomberg Intelligence, EY Parthenon 2021).

According to the latest Nielsen data¹, the market for vegetarian products (incl. vegan products) in Germany grew by 23% to €3.7 billion in the fiscal year 2021 (prior year: €3.0 billion). The figures for this are based on the recommended retail price in Germany – divided into a total of 64 categories based on all market participants (incl. private labels). The relevant market for us – in other words, the 21 categories in which we are or were already represented with Veganz products – increased by a total of 25% to €2.6 billion (prior year: €2.0 billion). At 123%, the vegetarian fish specialities category recorded the strongest growth – followed by vegetarian frozen specialities (94%), vegetarian biscuits (66%) and vegetarian frozen pizza (57%). With growth of 31.4%, we improved our position in this dynamic market environment in 2021 and achieved particularly strong growth in the categories vegetarian fish specialities (350%), vegetarian meat preparation (214%), vegetarian soft cheese (200%) and vegetarian hard and sliced cheese (129%). Of the categories in which we offer products, we continue to be the market leader among manufacturer brands for vegetarian bars, vegetarian biscuits, vegetarian slices and vegan soft cheese. In addition, we are among the top five manufacturer brands in the three categories of vegetarian chocolate, vegetarian frozen pizza and vegetarian soft cheese according to Nielsen data.

¹ Source: Nielsen Connect Express Veggy Total Database, 2020 vs. 2021, Market Share Sales per Category

Discerning consumers

Consumer behaviour is undergoing a paradigm shift. In the DACH region in particular, more and more consumers are attaching particular importance to the regional provenance of fruit, vegetables, fish and meat, whereby this is perceived as more important than the fact that the food is organic. In addition, a balanced diet with low animal food content is considered healthy and ethically and ecologically desirable by a growing number of consumers (source: Ebner Stolz 2022). An increasingly important target group is the growing number of flexitarians, who consciously limit their consumption of animal food and are changing their eating habits accordingly. Their proportion in western countries such as the USA, Germany and the UK is already one third of the population surveyed (source: Euromonitor Health and Nutrition Survey 2020). Due to their highly developed awareness of health, climate and environmental protection issues as well as sustainability in their own eating habits, the buying behaviour of the younger generations, the Millennials+, is of particular importance. These generations play the key role for change in dietary behaviour, due to their particularly high acceptance of plant-based products. Conventional animal food products are no longer part of the relevant set of nutritional options for many Millennials+ (source: Ebner Stolz).

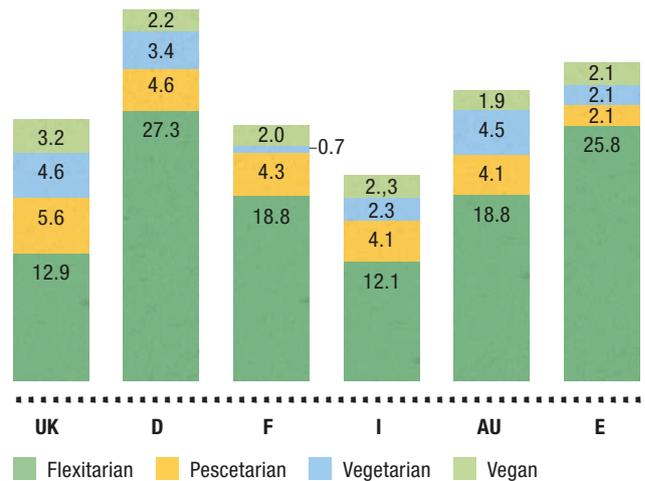
Promising market trends

A number of key trends are currently influencing the market for purely plant-based products and the active market players, both online and offline:

▪ Rising consciousness of food sustainability

With the climate crisis becoming more and more tangible, many consumers want to contribute to a more sustainable future. According to a survey conducted in Germany in 2019, 71% of the participants attach importance to sustainability in their diet and food purchases (source: DGQ Survey). Worldwide, 66% of consumers choose products based on their environmental friendliness (source: Capgemini Research 2020) and 54% are making more sustainable purchasing choices (source: Accenture Consumer Research 2020). This goes in line with the trend to flexitarianism. Flexitarians, or flexible vegetarians as they are also known, are consumers who generally eat meat, but not on a regular basis, because they place special emphasis on animal welfare, environmental awareness, the quality of their diet and health aspects (source: DGE Fachinformationen). The importance of this trend is shown by a study conducted by the German Federal Ministry of Food and Agriculture ('Bundesministerium für Ernährung und Landwirtschaft'), according to which 55% of respondents describe themselves as flexitarians (source: BMEL Forsa survey). We assume that the influence of (social) media will further increase consumers' awareness that their food choices and consumption decisions play a key role in achieving sustainable development. As a result, we believe they will continue to purchase more environmentally friendly food in the future. Our plant-based products have, in our view, many advantages over those with animal ingredients in terms of CO₂ emissions, water consumption and environmental protection. As we see it, the area of plant-based meat and cheese alternatives is currently shaped by numerous innovations and product developments. In 2019, sales of plant-based cheese alternatives already reached €0.3 billion in Germany, compared conventional cheese sales of €8.1 billion (source: Statista – SB-Käse). Sales of camembert (cheese) accounted for €1.2 billion of this amount while the share of purely plant-based alternatives for this cheese type amounted to an estimated 5%, or €60 million. We also expect a similarly rapid development in other areas, especially in plant-based protein sources.

HOW EUROPE ATE IN 2021 (IN %)



(Source: Veganz Nutrition Report 2021)

▪ Rising consciousness of animal welfare

Conventional nutrition presupposes the extraction and use of animal products on an industrial scale. Increasingly, many consumers view this treatment of animals critically and attach great importance to animal welfare (source: KPMG 2025). A purely plant-based diet represents an alternative for them. In a survey in Germany with regard to the reasons for the decision in favour of alternative vegan and vegetarian products, 59% of respondents cited animal welfare as the decisive factor (source: Forsa Survey Nutrition Report). Consequently, it is expected that revenue from substituting meat with alternative proteins will increase with a CAGR of 14% between 2020 and 2035. According to estimates, plant-based proteins and proteins based on microorganisms will gain major market shares of 69% and 22% respectively by 2035 (source: BCG - The Protein Transformation). In comparison, the CAGR for conventional meat is expected to decrease by 2.7% until 2040 (source: Kearney - Disruption of the Food Industry). This global trend is evident in the USA, among other countries, where the market for plant-based meat alternatives is worth US\$1.4 billion (source: Good Food Institute). This trend is not only evident for meat substitutes: vegan cheese alternatives is one of the fastest growing categories of alternatives to animal products – in Germany, the respective average monthly sales rose by 44% from €17 million in 2018 to €25 million in 2019, and increased by a further 74% to €44 million in 2020 (source: EU project Smart Protein).

▪ Considerable desire for sustainability among younger generations

We believe that the favourable demographic development will further accelerate the growth of the food market for purely plant-based products. The number of vegetarians and vegans is particularly high among the younger generation and amounts to approximately 8% in Germany, France, Italy and Poland (source: EU Agricultural Outlook). The situation in the USA was similar in 2018: whereas only 2% of Seniors choose a purely plant-based diet, already 21% of Baby Boomers and Generation X consumed plant-based food, and 38% of Millennials displayed interest in a purely plant-based diet. This interest in plant-based products was also noticeable among consumers identifying as vegetarians, 50% of whom were Millennials, 31% the so-called Generation X, 18% Baby Boomers and 14% Seniors. Moreover, 63% of Millennials, 40% of Generation X, 24% of Baby Boomers and 22% of Seniors identified as flexitarians and therefore consumed purely plant-based products on a regular basis while not completely forsaking the consumption of meat (source: Statista - Alternative Diets USA). The desire for a climate- and environmentally friendly, sustainable diet is therefore being driven strongly by the younger generation in particular. Most members of these generations are at the beginning of their careers or have not even entered the job market – they will therefore become an important economic factor in the coming decades.

▪ Ongoing trend towards health-conscious nutrition

The food market, and thus also its purely plant-based segment, is subject to constant change, and the consumption behaviour of customers is also changing continuously. One factor influencing our business is the ongoing trend towards health-conscious nutrition or the desire for more sustainable production conditions across the entire value chain, which has led to increased demand for 'clean label' products such as tofu and seitan (source: Megatrend - Neo-ecology). These trends encompass in particular health-conscious nutrition or sustainable production of (purely plant-based) food consequently and thus also influence the products we develop and distribute, as well as the purchasing and development processes of these products. Health-promoting recipes with less sugar and fat also play a major role here. Due to steadily increasing transparency demands, manufacturers are challenged to develop offerings that address these healthier lifestyles and trends. In the USA in particular, food manufacturers are pushing into the market for plant-based food, with the result that sales of such products grew by 27%, from US\$5.5 billion to US\$7 billion in 2020 (source: Good Food Institute).

In summary, we have a multi-dimensional growth potential which we aim to leverage through the geographic expansion of our existing product offerings and the constant innovation of our product and category portfolio.

Dynamic competitive environment

The market for purely plant-based products in Europe in general and the DACH region in particular – our core market – is highly competitive, fragmented and dynamic. We compete with a wide range of companies and product offerings in numerous categories. However, as the only multi-category provider of purely plant-based products, we believe there is no competitor with a comparable offering: with our products, we cover the most important food categories – from snacks and sweets, to breakfast ingredients and protein products, to ready meals, meat, fish and cold cut alternatives as well as cheese alternatives – and thereby provide a cross-category assortment of healthy and sustainable purely plant-based alternatives for the conscious consumer from breakfast to dinner. In order to prevail over the competition in the long term in the individual categories – such as meat alternatives – we must permanently strengthen consumer awareness of our brand to the extent that our products are regarded as an indispensable part of food retailers' purely plant-based offerings. Our product range will have to meet numerous requirements to achieve this – in addition to taste, nutritional profile and ingredients, for example, other key factors include the price of course, as well as product variety brand awareness among consumers. We believe we are competitive in each of these factors. However, many other companies in our industry have greater financial resources, more comprehensive product lines, a broader market presence, stronger vertical integration, longer existing relationships with distributors and suppliers, greater production and distribution capabilities, superior product know-how in certain areas, stronger brand recognition and greater marketing resources than we have. Our declared goal is to offset these potential disadvantages with our many years of experience in the field of purely plant-based nutrition, our high level of agility and innovative strength as well as our unconventional ideas.

BUSINESS DEVELOPMENT

Comparison of actual and projected business development

Veganz Group AG got off to a flying start in its fiscal year 2021 with sales growth of 16% in the first six months. This was helped in particular by an exceptional increase in demand in the discount distribution channel due to extensive promotional business: for example, three promotions for a sub-assortment of our product portfolio were already placed with the discount retailer LIDL Germany in the first half of the year. Moreover, our broad-based TV campaign in the first half of 2021 supported both our marketing and sales activities.

However, the expected acceleration in sales from the third quarter of 2021 onwards failed to materialise to the extent anticipated – for example, sales generated with some of our larger focus customers grew more slowly than projected. In addition, a disproportionately high level of travel activity in the holiday months of July and August due to the short-term easing of COVID-19 travel restrictions meant that growth was weaker than anticipated. As a result, we downgraded our full-year guidance on 26 October 2021.

We subsequently fell just short of this updated sales guidance, as the expected sales growth from the seasonal food retail business in the fourth quarter did not materialise to the extent anticipated. This was mainly due to limited listing windows in the food retail sector for the placement of planned new products. Moreover, the renewed lockdown due to the COVID-19 omicron variant and general supply chain issues increased the focus of food retailers on everyday products, especially in the last two months of 2021.

Together with the delayed subsidy payment from the federal state of Brandenburg for the construction of our new production site in Werder (Havel) – originally planned for 2021 but now not due until 2022 – and other one-off effects (including higher costs for the IPO and full placement of the bond), we were thus unable to reach the adjusted guidance for EBITDA.

* The statements in this section on the quarterly development are unaudited.

GUIDANCE COMPARISON (€ million)	Guidance (June 2021/October 2021)	2021	2020
		Actual	Actual
Sales Group (incl. Veganz Retail Berlin, € million)	Around 37 (around +22%)/ Around 35	33.5	30.1
Sales individual company (€ million)	Around 34 (around +25%)/ Around 32	30.4	26.8
EBITDA (€ million)	Around -2.2/-5.5	-9.8	-3.2
EBT (€ million)	Around -4.0/ No longer a financial KPI	-13.6	-5.1
Net profit/loss for the year	No longer a financial KPI/ -8.0	-13.3	-4.9

POSITION

EARNINGS POSITION

In 2021, the earnings position of Veganz Group AG developed as follows:

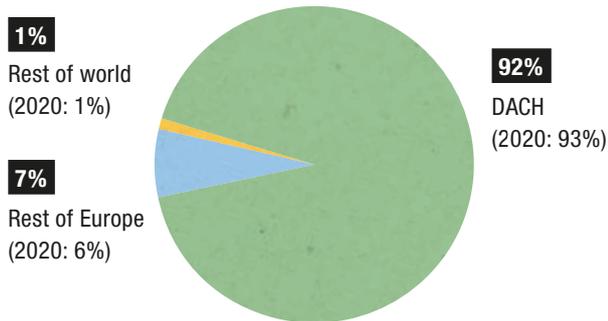
	01.01.– 31.12.2021	01.01.– 31.12.2020
	in € thousand	in € thousand
Sales	30,417	26,765
Other operating income	229	474
Cost of materials	21,077	18,775
Personnel expenses	3,426	2,924
Other operating expenses	11,594	7,602
Marketing expenses	3,459	1,399
Direct costs	5,011	4,592
Indirect costs	3,124	1,610
Adjusted EBITDA	-5,450	-2,062
One-off expenses	4,339	1,172
EBITDA	-9,789	-3,234
Amortisation and depreciation	1,018	1,042
EBIT	-10,807	-4,276
Other interest and similar income	252	8
Interest and similar expenses	3,019	871
Earnings before taxes	-13,575	-5,138
Taxes on income	-260	-199
Other taxes	0	1
Net loss for the year	-13,315	-4,940

Compared to the previous year, sales in 2021 grew by 14% to €30,417 thousand (prior year: €26,765 thousand). This sales growth was driven in particular by the successful increase in awareness of the Veganz brand through targeted marketing measures, a broad-based TV campaign in the first half of 2021 and the establishment of additional POS in Germany. Our sales growth was also driven by strong promotional business in the discount segment.

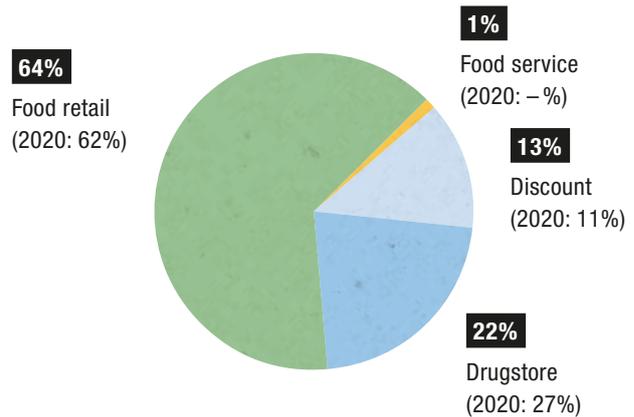
With sales growth of 20% in Germany, we were able to consolidate the role of Veganz as a vegan innovation driver and market leader. In the current fiscal year 2022, our sales focus continues to be on Germany, Austria and Switzerland, where we generated 92% of our sales in 2021 (prior year: 93%).

The German food retail sector accounts for around 64% of Veganz Group AG's total sales (prior year: 62%) and we achieved year-on-year growth of 16% in this sector in 2021. We successfully continued our channel diversification strategy launched in 2019 with an increasing focus on the food retail and discount segments in 2021. In addition, we launched another important sales channel with the new food service segment: in late 2021, we signed a long-term cooperation agreement with one of Germany's largest caterers, Aramark GmbH – further proof that major companies are keen to cooperate with the Veganz brand.

SALES BY REGION 2021



SALES BY DISTRIBUTION CHANNEL 2021



In line with this sales growth, there was a slight year-on-year increase in the cost of materials of 12% (prior year: €18,775 thousand), while the cost of materials ratio (cost of sales ratio) was 69%, down from 70% in the previous year. We attribute this development to the systematic optimisation of our product mix. Further optimisation of the product range with a focus on higher-margin products is also planned for the current fiscal year.

Compared to the previous year, personnel expenses increased by €502 thousand to €3,426 thousand (prior year: €2,924 thousand), mainly due to the further increase in staff in vacant key positions, changes in management, short-term personnel leasing due to sick leave as well as one-off expenses in connection with the COVID-19 pandemic (so-called one-off Corona bonus).

Mainly driven by the scheduled amortisation of our capitalised brands, amortisation and depreciation totalled €1,018 thousand (prior year: €1,042 thousand).

Other operating expenses rose year on year by €3,992 thousand to €11,594 thousand (prior year: €7,602 thousand), mainly due to expenses for the product portfolio (for example, 'Räucherlaxs', 'Cashewbert', pizza), for sales (establishment of a field sales force of 50 people in Germany) and for marketing (TV media campaign) as well as rising costs for the distribution of goods as a result of increased sales and a corresponding rise in logistics costs. The increase is also attributable to legal and consulting costs incurred in connection with the private placement and the IPO.

In 2021, the financial result mainly included interest expenses of €3,019 thousand (prior year: €871 thousand), which were mainly attributable to the full placement of the bond in the fourth quarter of 2021 as well as the repayment of profit participation rights and silent participations and the redemption of crowd-funding.

At €-9,789 thousand, EBITDA was significantly down on the previous year (prior year: €-3,234 thousand) – driven in particular by one-off expenses from the private placement and IPO. One-off expenses mainly include one-off legal costs, consulting costs and auditing fees as well as other one-off costs in connection with the IPO amounting to €3,818 thousand. Adjusted for these one-off expenses, our EBITDA was €-5,450 thousand (prior year: €-2,062 thousand).

Despite the overall net loss of €-13,315 thousand (€8,374 thousand below the corresponding prior-year figure of €-4,940 thousand), we regard the fiscal year 2021 as satisfactory in view of our gradual transformation into Europe's largest branded vegan products company – with corresponding investments in sales, marketing and product development as a prerequisite for our future growth – in conjunction with the sales growth we achieved and our successful IPO.

FINANCIAL POSITION

	01.01.– 31.12.2021	01.01.– 31.12.2020	Change
	in € thousand	in € thousand	in € thousand
Cash flow from operating activities	-13,226	-2,985	-10,241
Cash flow from investing activities	-208	-273	65
Cash flow from financing activities	44,079	4,768	39,311
Cash effective changes of cash and cash equivalents	30,645	1,510	29,135
Cash and cash equivalents at the beginning of the period	-2,042	-3,552	1,510
Cash and cash equivalents at the end of the period	28,602	-2,042	30,645

At €-13,226 thousand, cash flow from operating activities in the fiscal year 2021 was €10,241 thousand below the prior-year figure – due mainly to the higher net loss for the year, the increase in trade receivables and the rise in inventories as a result of the expansion of business. In line with the interest income received from the full placement of the bond, cash flow from investing activities increased slightly. Due to the successful private placement and the IPO, we were also able to report positive cash flow from financing activities of €44,079 thousand.

As a result, Veganz Group AG was able to service its current obligations from existing loan agreements and trade payables from cash flow, as well as to meet its financial obligations at all times.

Our medium-term goal is to generate positive cash flow from its operations. In addition to the steady growth in sales, the main factor in this regard is the improvement of our gross profit margin.

ASSET POSITION

	01.01.– 31.12.2021	01.01.– 31.12.2020	Change	Change
	in € thousand	in € thousand	in € thousand	in %
Non-current assets	13,145	13,743	-598	-4
Current assets	37,459	6,231	31,229	501
Prepaid expenses	115	187	-73	-39
Deficit not covered by equity	-	4,746	-4,746	-100
Balance sheet total	50,718	24,907	25,812	104
Equity	27,027	-	27,027	-
Accruals	2,834	1,332	1,511	113
Liabilities	17,593	20,054	-2,460	-12
Deferred tax liabilities	3,255	3,521	-266	-8
Balance sheet total	50,718	24,907	25,812	104

In the fiscal year 2021, non-current assets were primarily shaped by the capitalised brands and their pro rata amortisation. In addition, initial investments were made in technical equipment and planning for the production site in Werder (Havel).

Due to the expansion of business (sales growth) in the field of inventories, as well as the capital raised from the IPO in November 2021, current assets grew to €37,459 thousand (prior year: €6,230 thousand). They mainly include merchandise for our operating business amounting to €2,813 thousand (prior year: €2,101 thousand) and trade receivables.

Compared to the previous year, receivables and other assets increased by 49% to €5,997 thousand (prior year: €4,029 thousand).

Cash and cash equivalents consist mainly of bank balances amounting to €28,650 thousand and are not subject to any restrictions on disposal (prior year: €100 thousand). The increase is mainly attributable to the capital increase in connection with the IPO.

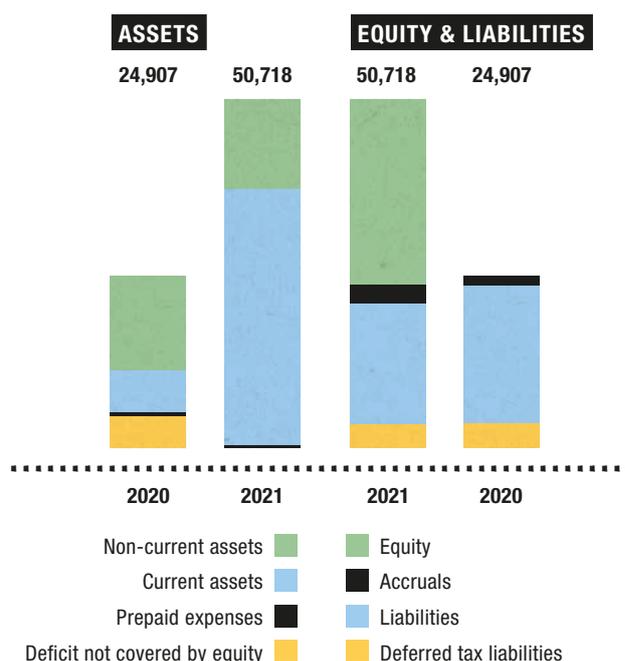
Mainly due to the capital increases from the private placement in the first half of 2021 and the IPO in November 2021, the equity ratio rose to 53% in 2021 (prior year: –%).

Accruals increased by 113% to €2.843 thousand in 2021 (prior year: €1,332 thousand). These accruals relate in particular to obligations from outstanding invoices and outstanding interest claims.

Compared to the previous year, total liabilities declined by 12% to €17,593 thousand (prior year: €20,054 thousand), due mainly to the redemption of crowdfunding.

In the course of the fiscal year, we almost completely repaid balances due to banks of €48 thousand (prior year: €2,143 thousand).

BALANCE SHEET STRUCTURE



RISK AND OPPORTUNITY REPORT

RISK MANAGEMENT SYSTEM

Our daily work is geared towards securing the continued existence of Veganz Group AG, as well as systematically and continuously increasing the Company's value.

In order to achieve our entrepreneurial goals, we must constantly and responsibly assess the opportunities and risks involved in our activities. Seizing opportunities, as well as recognising, analysing and responding to risks with suitable strategies, are important aspects of our entrepreneurial activities and our sustainable, value-oriented corporate management. In order to identify opportunities and risks at an early stage and in an appropriate manner, we use a risk management system.

We define risks as possible future developments or events that could lead to a negative deviation from a planned goal or forecast for the Company, which we can counteract through systematic risk management and clear responsibilities for the individual functions. We regard opportunities as possible future developments or events that could lead to a positive deviation from a planned goal or forecast for the Company.

The risk management system is subject to regular updating and ongoing refinement. Its effectiveness is continuously evaluated based on risks that have actually occurred, and it is adapted to changes in the Company and market developments.

ROLES AND RESPONSIBILITIES

Risk management is the direct responsibility of the Executive Board, which decides on the organisational structure and procedures and approves the documented results.

The Executive Board and department heads are responsible for identifying, assessing, documenting, communicating and controlling all risks in their respective areas of responsibility. Risks are recorded centrally by the Controlling department. The latter also regularly reviews the functioning and appropriateness of the risk management system and advises the individual departments during workshops.

RISK IDENTIFICATION, RISK ANALYSIS AND RISK ASSESSMENT

Sector and market risks

▪ Uncertainty of the economic and demographic development in Europe

Our business development depends on the economic and demographic development in Europe, as well as the demand for our purely plant-based product portfolio. We sell our products particularly in the DACH region, but also in other countries. Demand for our products depends on consumer confidence and spending power – two factors that are strongly influenced by the overall economic conditions, employment levels, consumer debt, energy costs and other factors in the European markets in which we operate. Since spring 2020, the global outbreak of the pandemic triggered by COVID-19 has had an unprecedented effect on all of our markets. The resulting adverse impacts have compounded existing inflation fears in Europe, underpinned by weak economic growth and rising inflation rates. If our European markets experience further inflation, this might reduce consumer confidence and spending power, which may in turn reduce demand for our products and our sales volumes.

We counter this risk through the targeted use of marketing measures aimed at strengthening awareness of our brand. In addition, we are systematically working on the implementation of product innovations that are closer in price to conventional products.

▪ Intense competition

We distribute our products in Europe, whereby the DACH region is our core market. The countries in which we operate are part of the highly competitive, fragmented and rapidly changing European food market, with a particular focus in many of them now on purely plant-based products. This market has been characterised by changing market shares, increasing price competition and the development and introduction of new products by existing and new competitors. We face competition from a diversified group of companies operating under various brands. In particular, the private label brands of food retail chains, discounters and drugstores which also distribute our products are our main competitors. Such products under the retailers' own brands are typically offered at lower prices than our products which can therefore only be successfully sold on the basis of a stronger brand or a superior quality. Competition in our markets is based on a variety of factors, but price is an important consideration for many customers. Some of our competitors benefit from significant economies of scale and have greater financial, technical, marketing and other resources than we do, which may create adverse pricing pressure. They may also have more distribution power, longer operating histories, greater brand recognition or more innovation power.

Unlike most of our current competitors, we are the only multi-category provider of plant-based products. This means we offer a purely plant-based portfolio with several categories and not just a few selected products. We counter the risk with recognisable differentiation through our product variety and our multi-channel approach. This offers our customers access to our offerings via different channels: food retail, discounters, drugstores, food service (for example, company restaurants and popular sports) or online via distribution partners.

▪ Ability to adapt to changing consumer preferences

Both the food market as a whole and the niche market for purely plant-based foods in particular are subject to permanent change. Vegan consumers usually place great value on sustainable production throughout the value chain. In addition, they expect purely plant-based foods to have the same sensory characteristics as conventional food. For example, meat substitutes should have the same colour, bite and taste, while being filling and providing nutrients such as protein or minerals, and preferably without additives such as flavour enhancers or artificial flavors.

We counter the corresponding risk as well as possible by taking into account the latest scientific findings on the ingredients we use to develop our products and by focusing on continuous innovation.

Operating risks

▪ Challenges involved in the establishment of our own production capacities

Our future growth and ability to reach profitability depend on the establishment of our own production capacities. In 2020, we set up our first small production site for cheese alternatives in Berlin, Germany, where we have been producing 'Cashewbert' since late September 2020. In-house production secures product knowledge and is an important element in setting us apart from our competitors. Experience has also shown that gross margin on sales of products produced in-house is significantly better than on products we have manufactured by third parties. In addition, we can only achieve innovation through products that require a comparatively complex manufacturing process, as only this can be protected as intellectual property. In view of this, we are planning to establish an additional larger production site at Werder (Havel), Germany. At this site, we want to produce purely plant-based fish alternatives (smoked salmon, shrimps, tuna), cheese alternatives and textured protein used to make unrefrigerated meat substitutes. We have already rented a suitable building complex which we aim to convert into a production site. There is a risk that the conversion and production set-up may be delayed and involve unforeseen additional costs. Consequently, the investment volume may rise significantly and we may not be able to reach the planned output volumes until later than anticipated.

▪ Consequences from the operation of new production sites

The operation of our new production sites involves various risks and challenges for our business. They are subject to further business risks as they cause and increase fixed costs – for example, wage costs, insurance policies, energy costs. These might not be easily adjusted to the given situation which might place a severe strain on our operating profit. This encompasses also production stoppages and slumps in demand for our self-produced products leading to capacity utilisation problems. Additionally, unforeseen repair and maintenance costs may arise. At the same time, we increasingly have also to deal with production risks and permanently maintain high hygienic conditions. Moreover, some of our products may already spoil at the respective production site. There is also the risk of manufacturing contaminated products, as well as mispackaging or mislabelling them.

We can identify possible production risks at an early stage and react accordingly through the planned use of various technical and organisational monitoring, detection and control systems. Risks are further reduced with a variety of quality assurance measures, preventive maintenance and continuous inspections. Certifications according to international standards and constant product refinement also play a key role in this regard. We have taken out insurance policies for fire and water damage and the resulting loss of production. In view of our planned precautionary measures, we assess the remaining possible risks related to production technology as moderate.

▪ Increasing dependence on retailers

We generate most of our sales with food retailers – large chains with considerable purchasing power which are often able to impose tough conditions on their suppliers. If a retailer reduces the shelf space it allocates to purely plant-based products, and especially our products, it will become more difficult for us to negotiate favourable positioning of our products in their shops and still be able to supply them on economically acceptable terms. We may also be forced to align our business strategy so closely with the economic interests of these retailers that we no longer have sufficient scope to improve other aspects of our business and may therefore forgo the realisation of certain equally or even more rewarding business opportunities.

To counteract this risk, we have invested in an external sales team which works exclusively for Veganz Group AG and establishes close ties with the respective food retailers. In addition, we are focusing on establishing and expanding our business relationships in the food service sector as a further strong pillar alongside food retailing. We want to consolidate our market position by entering new markets and forming targeted partnerships.

▪ Disruption to supply chains and price risks

We rely on suppliers and the delivery of goods in perfect condition. With the construction of our new production site, we are increasingly expanding our own production capacities. At present, however, most of our products are developed and designed in-house and then subcontracted to suppliers for manufacture. Most of them are based in Germany, the rest in other European countries, namely the Netherlands, Switzerland, Austria, the United Kingdom, Bulgaria, France, Italy and Greece. Even after the construction of our new production facility, a large part of our product portfolio will still be manufactured in this way. We are need raw materials and are therefore dependent on both contract producers and material suppliers. Raw and auxiliary materials as well as other materials might not be available, not in the required quality, not in time or not to the required extent. In addition, suppliers might fail to comply with legal requirements or fail to properly declare the areas of origin. Increasing geopolitical tensions and the war on Ukraine may have a lasting negative impact on the availability of raw materials and products and disrupt supply chains. There is also the possibility that suppliers may demand price increases, not extend existing supply contracts with us on acceptable terms or even terminate them. If we are unable to quickly find alternatives to these suppliers, we will face shortfalls in our product portfolio.

We try to identify future developments at an early stage by closely monitoring the market and the competition and by holding regular discussions with our suppliers. We ensure our medium-term requirements in good time by maintaining direct contact with raw material producers.

Financial and liquidity risks

▪ Liquidity risk

In order to promote further growth and the potential expansion into new distribution channels and markets, we may require additional capital. Any deterioration in the performance, prospects or perceived value of our business may challenge our ability to raise capital when needed. We may also fail to accurately project our capital needs and may not have sufficient capital to continue to run our business in the medium to long term. If we need capital but are unable to raise it on economically acceptable conditions or at all, we may be forced to limit or even scale back our operations, which may adversely affect our growth, business and market share and could ultimately lead to the insolvency of the Company.

We constantly monitor our liquidity and make the best possible use of it by means of structured liquidity management.

Risks from fluctuations in cash inflows are identified and managed at an early stage with our weekly liquidity planning. Based on our existing cash and cash equivalents, as well as our firmly committed credit line, Veganz Group AG has access to sufficient liquid funds at short notice and can meet its payment obligations at all times.

▪ Risk reporting on the use of financial instruments

As of 31 December 2021, our financial liabilities mainly consisted of the bond, which carries a fixed coupon of 7.5%. We are therefore not exposed to the effects of interest rate fluctuations and assess these as moderate.

Legal risks

▪ Stricter food legislation

Our business operations may be affected by public and political discussions about future stricter requirements for the production and placing on the market of foodstuffs, as well as by changing regulations in this regard.

We counter this risk with regular audits and certifications in order to ensure the long-term continuation of our processing technology and the marketing of new product innovations.

▪ Other legal risks

Veganz Group AG is exposed to various legal disputes. Provisions are made for litigation risks if the obligations are probable and the amount can be estimated with sufficient accuracy. At present, however, there are no proceedings pending which, in the event of a negative outcome for us, may have a significant impact on the Company.

Information technology risks

The increasing networking of information systems and the need for their permanent availability place high demands on the information technologies we use. Potential risks are countered by using hardware and software that meet the latest security standards. In addition to the necessary economic efficiency, this enables us to guarantee the compatibility and security of the IT systems and databases.

These measures are permanently monitored by the Data Protection Officer and by means of our automatic security systems. We believe that significant dangers in connection with information security or risks from the information technology used, in particular from a prolonged failure of our networks and the falsification or destruction of data due to operating and programme errors or external influences, are unlikely.

OPPORTUNITY REPORT

Our goal is to secure the long-term success of the Company. We therefore aim to identify and systematically exploit opportunities arising from both changing market conditions as well as from improvements in our internal processes and along the value chain at an early stage.

Taking into account all the challenges associated with the current COVID-19 pandemic, we focused primarily on the continuous optimisation of our product portfolio and raising brand awareness in 2021. We thus remained true to our mission and vision as a vegan multi-category supplier to offer a diverse assortment of tasty, plant-based products and innovations to as many people as possible. At the same time, we are transparent in our actions and behave respectfully towards all living beings and nature. We motivate people to eat a plant-based diet and to treat our environment responsibly. In this way, we create a sustainable future for all living beings on our planet. The specific steps to realise this can be described as follows with a focus on our 5 Cs:

Categories – By continuously expanding our product portfolio, especially in the refrigerated and frozen sectors, we are strengthening our position as Europe's only vegan multi-category supplier. We have already set important milestones with the roll-out of vegan pizzas and 'Cashewbert'. In the current fiscal year, we will continue to develop the high-growth and high-margin refrigerated and frozen categories and thus pursue the targeted expansion of our multi-category vegan range in order to reach our profitability targets.

Channels – With successful special offers and targeted fixed listings in the discount segment, we are making Veganz products available throughout the DACH region. By doing so, we are expanding our target group to include more price-sensitive consumers and raising the general visibility of the brand. However, our focus channel remains the food retail sector in the DACH region, which we will continue to develop in the current year with the help of our field sales force. In addition, we are establishing a further pillar for an even more stable business model with initial approaches in the food service distribution channel and are further increasing our brand awareness through targeted partnerships.

Customers – Our core target group is the structurally growing group of Millennials+ and Generation Z. In addition to an increasing number of vegans, vegetarians and flexitarians within these groups, they are characterised above all by a high degree of awareness for the protection of nature and the environment. Climate change continues to be a key issue in our culture and has brought the topics of environmental protection and animal welfare, as well as a sustainable lifestyle, into stronger public focus. We therefore expect the market to continue to grow strongly in the medium to long term. As a consequence, we plan to further increase our sales by addressing additional target groups beyond our core target group and by pursuing a corresponding product range strategy. Moreover, this is directly linked to the improvement of gross profit by increasing the sales share of those products with above-average margins.

The Veganz brand enjoys a high level of credibility, especially among our core target group – not least because it addresses the issues of climate and environmental protection and sets high quality standards. This is also reflected in the steadily growing number of users of our social media channels.

Countries – In order to reach as many people as possible, Veganz is already available in many European markets – as well as internationally – and has become one of the leading providers of vegan food in Europe. As we continue to deliver on our vision of motivating as many people as possible to eat a plant-based diet and to treat our environment responsibly, Veganz will expand its international footprint in the future – but only with appropriate market entry strategies in selected target markets with the aim of achieving our planned profitability.

Capabilities – In order to meet the objectives described above, we have made good internal preparations as part of our transformation process. This was one of the reasons we were able to quickly and effectively take measures to cope with the COVID-19 pandemic and ensure the protection of our employees through hygiene measures and extensive work-from-home regulations. These measures were very positively received and will continue to strengthen the expansion of our business in a post-pandemic period. We are also well positioned in terms of diversity: equality is a top priority at Veganz – we are proud and grateful for a balanced gender ratio, also at management level! In addition to these organisational parameters, we set a milestone in the Company's history with our first in-house production facility and have taken an important step towards leveraging a further important stage of the value chain. With the current organisation and many years of experience as a food retailer, from supplier to branded goods manufacturer, we now see ourselves ideally equipped for the development of a larger production facility.

The expansion of our in-house production capacities – in order to sustainably improve gross margins, while at the same time underlining our technological leadership and innovative strength – has taken us to a new development stage: a production facility for vegan cheese, meat and fish alternatives with over 50 new jobs is being built on the outskirts of Berlin.

ASSESSMENT OF RISKS AND OPPORTUNITIES

We assess the probability of the above mentioned risks occurring differently in each case and regard the overall risk situation as moderate. The probability of risks occurring that might endanger the continued existence of the Veganz Group is regarded as low. Moreover, in the case of legal risks, we would exhaust the existing legal protection options. Beyond that, we are currently not aware of any risks that might jeopardise the continued existence of the Veganz Group. Overall, we believe that the Group's opportunities outweigh the risks to which we are exposed.

The opportunities and risks presented are assessed and considered during corporate planning as well as on an ongoing basis. Nevertheless, they may still influence sales and EBITDA in the coming years. From the current perspective, an assessment of the probability of occurrence cannot be made conclusively due to the existing uncertainties.

ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

The more extensive obligations under section 91 (3) AktG to establish a comprehensive internal control system (ICS) and risk management system only apply to companies listed on a regulated market and thus not to Veganz Group AG. However, we have set ourselves the target of introducing an accounting-related internal control system by the end of 2022, as well as an early detection system for risks threatening the Company's existence. To this end, the maturity of the current processes and existing ICS approaches were analysed in a workshop run by an external consultant and recommendations for implementation and potential improvements were discussed.

FORECAST REPORT

EXPECTED EARNINGS POSITION

For the fiscal year 2022, we plan to expand brand awareness consistently further. Depending on the general conditions – in particular the expected worsening of supply chain bottlenecks, further negative effects of the Ukraine crisis and inflationary pressure on the consumer behaviour of customers, which cannot be assessed conclusively – we expect a slight sales decrease for the fiscal year 2022, both at Group level and at individual company level of Veganz Group AG. Despite the non-recurrence of the one-off expenses required in the previous year due to comprehensive financing measures, we expect a slightly lower EBITDA compared to the previous year due to the sales decrease and the expected costs for the construction and expansion of the Veganz Food Factory.

	2022*	2021
	(consolidated)	(unconsolidated)
in € million	Guidance	Actual
Sales Veganz Group	Slight decrease	33.5
Sales Veganz Group AG	Slight decrease	30.4
EBITDA Veganz Group AG	Slightly lower	-9.8

* 2022: Reported at consolidated Group level for the first time as of Q1 2022

REMUNERATION REPORT

SETTING REMUNERATION

Proposals for the remuneration of each Executive Board member, as well as for the structure of Executive Board remuneration and its breakdown into fixed and variable components, are submitted to the Supervisory Board. Executive Board remuneration is reviewed regularly, at least every two years. When doing so, the Supervisory Board takes into account the following aspects:

- the Group's growth in the prior-year period as well as its projected growth in future periods,
- the achievement of defined key performance indicators
- the Group's performance compared to other companies operating in the same sector
- the corresponding expectations of stakeholders and
- the general external environment and customary executive remuneration in the industry.

Under no circumstances is our remuneration policy designed to reward inappropriate results or excessive risk.

EXECUTIVE BOARD REMUNERATION SYSTEM FOR THE FISCAL YEAR 2021

The total remuneration and individual remuneration components of the Executive Board members are commensurate with their respective duties, their respective personal performance, the performance of the Executive Board as a whole and the economic situation of Veganz. Moreover, remuneration is also set on the basis of a horizontal remuneration comparison relative to a peer group of companies in Germany. Executive Board remuneration comprises both fixed and variable, performance-based compensation. Executive Board members receive a target annual income as remuneration for their work, which consists of fixed and variable remuneration components based on 100% target achievement.

FIXED REMUNERATION

As a fixed, non-performance-related component of remuneration, the annual basic salary is paid out in monthly instalments. This basic remuneration is reviewed regularly, at the latest every two years, and, if necessary, adjusted by mutual agreement with the Executive Board member concerned. In addition to their basic remuneration, Executive Board members are also granted appropriate contributions to private pension plans. However, there are no pension commitments. Moreover, Executive Board members are reimbursed for travel and entertainment expenses as well as for other expenses incurred in the interest of the Company.

VARIABLE REMUNERATION

Variable remuneration in 2021 consisted of remuneration with a short-term incentive (STI). In 2021, this accounted for a maximum of 30% of total remuneration for the Executive Board members (based on 100% target achievement). Target achievement is measured on the basis of individually defined quantitative and qualitative targets. The quantitative targets include, in particular, financial targets such as sales, EBITDA and net profit. Qualitative targets include strategic objectives such as employee satisfaction, climate and ESG targets, as well as dealing with regulatory challenges. The specific targets are set by the Supervisory Board at the beginning of each fiscal year. The degree to which targets have been achieved is reviewed annually (in January or February of the following year) with a different weighting of the aforementioned targets. Irrespective of whether the degree of target achievement is actually higher, no more than single variable remuneration is paid out.

CONSULTANCY AGREEMENT OF THE CHIEF EXECUTIVE OFFICER

Instead of a service agreement, the Chairperson of the Company's Executive Board (CEO), Jan Bredack, as well as Bredack Vermögensverwaltungsgesellschaft mbH (BVV), whose sole shareholder is Jan Bredack, concluded a consultancy agreement with the Company on 11 December 2019.

With an addendum to the consultancy agreement dated 9 June 2021, the term was extended until 31 December 2024. Under the consultancy agreement, BVV receives a flat fee of €28.6 thousand gross per month (of which €25.0 thousand is basic pay), or €342.7 thousand gross per year. In addition, BVV is reimbursed for all travel expenses and other out-of-pocket expenses necessary for the provision of the consultancy services.

With payment of the monthly flat fee and any additional costs, all expenses incurred by BVV and/or Jan Bredack are deemed to be settled. If the situation of the Company deteriorates to such an extent that the continued payment of the remuneration to BVV would be unreasonable, the Supervisory Board is entitled pursuant to section 87 (2) AktG to reduce the remuneration to an appropriate amount.

There is no agreement regarding variable remuneration.

REMUNERATION GRANTED TO THE EXECUTIVE BOARD

The remuneration granted corresponds to fixed and variable remuneration as well as pension and other benefits granted to the members of the Executive Board for their activities in the fiscal year 2021.

Anja Brachmüller, COO	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2021	100.1	–	–	100.1
Target 2021	100.1	30.0	–	130.1
Granted 2021	100.1	–	–	100.1
Maximum 2021	100.1	30.0	–	130.1
Granted 2020	100.1	–	–	100.1

Mario Knape, CFO (Until 30.09.2021)	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2021	100.1	–	–	100.1
Target 2021	100.1	30.0	–	130.1
Granted 2021	100.1	–	35.0	135.1
Maximum 2021	100.1	30.0	–	130.1
Granted 2020	100.1	–	–	135.1

Alexandra Vázquez Bea, CFO (As of 01.07.2021)	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2021	60.0	–	–	60.0
Target 2021	60.0	18.0	–	78.0
Granted 2021	60.0	20.0*	–	80.0
Maximum 2021	60.0	18.0	–	78.0
Granted 2020	–	–	–	–

* One-off special payment for IPO implementation

Moritz Möller, CMO (As of 01.07.2021)	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2021	45.0	–	–	45.0
Target 2021	45.0	13.5	–	58.5
Granted 2021	45.0	–	–	45.0
Maximum 2021	45.0	13.5	–	58.5
Granted 2020	–	–	–	–

REMUNERATION RECEIVED BY THE EXECUTIVE BOARD

Remuneration received corresponds to the remuneration paid to the members of the Executive Board in 2021.

Executive Board members	Year	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand					
Anja Brachmüller	2021	100.1	–	–	100.1
Anja Brachmüller	2020	100.1	–	–	100.1
Mario Knape	2021	100.1	–	35.0*	135.1
Mario Knape	2020	100.1	–	–	100.1
Alexandra Vázquez Bea	2021	60.0	–	–	60.0
Moritz Möller	2021	45.0	–	–	45.0

* One-off severance payment

The option to reclaim variable compensation was not exercised in 2021. The members of the Executive Board did not receive any loans from the Company in fiscal year 2021 or in fiscal year 2020.

BENEFITS UPON TERMINATION OF EXECUTIVE BOARD MEMBERSHIP

The service agreements of the Executive Board members contain standard market provisions in the event of premature termination of the employment relationship without good cause and a limit on the severance payment to be made in accordance with recommendation G.13 of the German Corporate Governance Code.

REMUNERATION OF SUPERVISORY BOARD MEMBERS IN THE FISCAL YEAR 2021

The remuneration of the members of the Supervisory Board is defined in section 5 of the Company's Articles of Association. It consists of basic remuneration as well as supplements granted for performing certain duties in view of the additional workload involved:

Basic remuneration

The members of the Supervisory Board receive fixed annual remuneration of €10.0 thousand for each full fiscal year in office. This amount is based on the assumption of four ordinary meetings of the Supervisory Board per fiscal year. If extraordinary meetings are convened in addition to the ordinary meetings of the Supervisory Board, €0.5 thousand per meeting is paid for attendance of these meetings.

Supplements

The Chairperson of the Supervisory Board receives a supplement of €2.5 thousand.

If a Supervisory Board member does not attend one or more meetings of the Supervisory Board, the total remuneration to which the member is entitled is reduced in proportion to the number of Supervisory Board meetings held in the fiscal year compared to the number of Supervisory Board meetings not attended by the Supervisory Board member.

If a member joins (or leaves) the Supervisory Board during the fiscal year, the respective remuneration is reduced on a pro rata basis.

Supervisory Board members are also reimbursed for all expenses incurred in connection with the performance of their Supervisory Board duties as well as the respective value added tax. The Company also pays the value added tax due on the total remuneration to Supervisory Board members.

Total remuneration for the members of the Supervisory Board is shown in the following table:

SUPERVISORY BOARD REMUNERATION		
	2021	2020
in € thousand		
Roland Sieker	15.5	13.5
Dr Manon Littek (until 24 June 2021)	10.0	11.0
Janina Mütze (as of 24 June 2021)	11.0	–
Michael Durach (as of 24 June 2021)	11.0	–
Ronny Gottschlich	13.0	2.5
Dr Jens Pippig	13.0	8.5
Total	73.5	46.5

The members of the Supervisory Board did not receive any loans from the Company in fiscal year 2021 or in fiscal year 2020.

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

as of 31 December 2021

	31.12.2021	31.12.2020
	€ thousand	€ thousand
ASSETS		
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Software acquired for consideration	1	4
2. Brands	11,604	12,551
	11,605	12,555
II. Tangible assets		
1. Technical equipment and machinery	257	256
2. Other equipment, operating and office equipment	88	114
3. Prepayments made and construction in progress	419	–
	763	371
III. Long-term financial assets		
1. Holdings in affiliated companies	777	817
2. Long-term equity investments	–	–
	777	817
	13,145	13,743
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	32	43
2. Finished goods and merchandise	2,574	1,914
3. Prepayments made	206	144
	2,813	2,101
II. Receivables and other assets		
1. Trade receivables	3,512	2,073
2. Receivables from affiliated companies	518	1,062
3. Receivables from companies in which an equity investment is held	18	15
4. Other assets	1,949	880
	5,997	4,029
III. Cash in hand, bank balances	28,650	100
	37,459	6,230
C. PREPAID EXPENSES	115	187
D. DEFICIT NOT COVERED BY EQUITY	–	4,746
	50,718	24,907

	31.12.2021	31.12.2020
EQUITY AND LIABILITIES	€ thousand	€ thousand
A. EQUITY		
I. Subscribed capital	1,223	668
II. Capital reserves	48,300	3,768
III. Balance sheet loss/profit	-22,497	-9,182
IV. Deficit not covered by equity	-	4,746
	27,027	0
B. ACCRUALS		
1. Other accruals	2,843	1,332
	2,843	1,332
C. LIABILITIES		
1. Bonds	10,000	3,360
2. Liabilities to banks	48	2,143
3. Trade payables	4,723	6,658
4. Liabilities to affiliated companies	-	135
5. Liabilities to companies in which a long-term equity investment is held	156	11
6. Other liabilities	2,667	7,746
	17,593	20,054
D. DEFERRED TAX LIABILITIES	3,255	3,521
	50,718	24,907

INCOME STATEMENT

for the period from 1 January to 31 December 2021

	01.01.– 31.12.2021	01.01.– 31.12.2020
	€ thousand	€ thousand
1. Sales	30,417	26,765
2. Other operating income	229	474
3. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-21,077	18,775
4. Personnel expenses	3,426	2,924
a) Wages and salaries	2,766	2,432
b) Social security and retirement costs		
- of which for retirement €5.5 thousand (prior year: €5.6 thousand)	660	492
5. Amortisation and depreciation of intangible assets and depreciation of property, plant and equipment	1,018	1,042
6. Other operating expenses	15,933	8,773
7. Other interest and similar income	252	8
8. Interest and similar expenses	3,019	871
9. Taxes on income	-260	-199
10. Earnings after taxes	-13,315	-4,939
11. Other taxes	0	1
12. Net loss for the year	-13,315	-4,940
13. Losses carried forward from prior year	-9,182	-4,242
14. Balance sheet loss/profit	-22,497	-9,182

STATEMENT OF CASH FLOWS

for the period from 1 January to 31 December 2021

	01.01.– 31.12.2021	01.01.– 31.12.2020
	€ thousand	€ thousand
Net loss for the year	-13,315	-4,939
+ Amortisation and depreciation of non-current assets	1,018	1,058
+/- Increase/ decrease of accruals	1,511	-131
+/- Other non-cash effective expenses/income	131	1
-/+ Increase/ decrease of inventories, trade receivables as well as other assets which are not classified as investing or financing activities	-2,738	-191
+/- Increase/decrease of trade payables as well as other liabilities which are not classified as investing or financing activities	-2,376	621
-/+ Gain/loss from the disposal of non-current assets	40	-
+/- Interest expense/interest income	2,768	863
+/- Income tax expense/income tax income	-260	-199
-/+ Income tax payments	-6	-67
= Cash flow from operating activities	-13,226	-2,985
- Payments for investments in intangible assets	-	-
- Payments for investments in property, plant and equipment	-460	-281
+ Proceeds from the disposal of non-current assets	-	-
+ Interest received	252	8
= Cash flow from investing activities	-208	-273
+ Proceeds from equity contributions	45,088	-
+ Proceeds from loans taken on from the shareholders	-	2,330
- Disbursements for the repayment of shareholder loans	-2,933	-150
+ Proceeds from taking on (financing) loans	7,046	3,583
- Disbursements for the repayment of (financing) loans	-2,102	-124
- Interest paid	-3,020	-871
= Cash flow from financing activities	44,079	4,768
= Cash effective changes of cash and cash equivalents	30,645	1,510
+ Cash and cash equivalents at the beginning of the period	-2,042	-3,552
= Cash and cash equivalents at the end of the period	28,602	-2,042

In accordance with GAS 21, cash and cash equivalents include not only cash in hand and bank balances, but also liabilities to banks due at any time in the form of credit lines.

STATEMENT OF CHANGES OF NON-CURRENT ASSETS

as of 31 December 2021

	Acquisition and production costs				
	01.01.2021	Additions	Reclassifications	Disposals	31.12.2021
in € thousand					
I. Intangible assets					
1. Software acquired for consideration	321	–	–	–	321
2. Brands	14,210	–	–	–	14,210
Intangible assets	14,531	–	–	–	14,531
II. Tangible assets					
1. Technical equipment and machinery	260	28	–	–	288
1. Other equipment, operating and office equipment	660	14	–	0	674
2. Prepayments made and construction in progress	–	419	–	–	419
Tangible assets	920	461	–	0	1,380
I. Long-term financial assets					
1. Holdings in affiliated companies	1,395	–	–	306	1,089
2. Long-term equity investments	25	–	–	–	25
Long-term financial assets	1,420	–	–	306	1,114
Total non-current assets	16,871	461	–	306	17,025

Accumulated amortisation/depreciation				Book values	Book values
01.01.2021	Amortisation/ depreciation in the fiscal year	Disposals	31.12.2021	31.12.2021	31.12.2020
317	3	–	320	1	4
1,659	947	–	2,606	11,604	12,551
1,976	950	–	2,926	11,605	12,555
3	28	–	31	257	256
546	40	–	586	88	114
–	–	–	–	419	–
549	68	–	617	763	371
578	–	266	312	777	817
25	–	–	25	–	–
603	–	266	337	777	817
3,128	1,018	266	3,881	13,145	13,743

NOTES

GENERAL INFORMATION ON THE ANNUAL FINANCIAL STATEMENTS

Disclosures on the Annual Financial Statements

The Annual Financial Statements for the fiscal year 2021 were prepared pursuant to the accounting principles as per the German Commercial Code (sections 242 et. seqq. 'Handelsgesetzbuch', HGB) and the supplementary regulations for corporations (sections 264 et. seqq. HGB). In addition to these regulations the stipulations of the German Stock Corporation Act ('Aktien-gesetz', AktG) were observed.

Disclosures which can electively be made on the balance sheet, the income statement or in the notes are all made in the notes.

The total cost method was selected for the income statement.

As per the size classifications in section 267 HGB, the Company is classified as a medium-sized corporation.

Use was, in part, made of the size-related disclosure simplifications pursuant to section 288 HGB.

At the time of preparing these Annual Financial Statements, it was assumed that Veganz Group AG was a going concern.

Identifying information with respect to the Company as per the register court

Company name as per the register court:	Veganz Group AG
Legal seat as per the register court:	Berlin
Business address as per the register court:	Warschauer Straße 32, 10243 Berlin
Register entry:	Commercial register
Register court:	Local court of Charlottenburg
Register number:	HRB 219813 B

DISCLOSURES ON ACCOUNTING POLICIES AND VALUATION PRINCIPLES

Accounting policies and valuation principles

Acquired intangible assets were recorded at acquisition costs and are, to the extent that they have finite useful lives, reduced by scheduled amortisation.

As a result of the merger with Veganz GmbH in 2019, recognisable own brands were recorded at fair values and are reduced by scheduled amortisation.

Property, plant and equipment was recorded at acquisition or production costs and, to the extent that they have finite useful lives, reduced by scheduled depreciation.

Scheduled depreciation was recorded on the straight-line basis based on the expected useful lives of the assets.

Financial assets were recognised and valued as follows:

- Holdings in affiliated companies at acquisition costs
- Equity investments at acquisition costs

To the extent required as a result of a permanent impairment, the lower value as of the balance sheet date was recorded.

Inventories were recorded at acquisition or production costs. To the extent that the current values as of the balance sheet date were lower, these were recorded.

Receivables and other assets were valued considering all identifiable risks and recognised at nominal value.

Cash and cash equivalents were recorded at their nominal values. There were no deposits in foreign currencies as of the balance sheet date.

Prepaid expenses give consideration to disbursements prior to the balance sheet date for expenses for periods subsequent to the balance sheet date.

Other accrued expenses were recorded for all other uncertain liabilities at their settlement amounts. All identifiable risks were given consideration.

Accrued expenses with a remaining term of more than one year are discounted using an average market interest rate of the previous seven fiscal years appropriate for the remaining term.

Liabilities were recorded at their settlement amounts.

Deferred taxes are recorded for temporary differences between balance sheet line items as per the commercial accounts and the tax accounts. The deferred tax liabilities to be recorded result

from the capitalisation of own brands and amount to €3,300 thousand as of 31 December 2021. Deferred tax assets attributable to tax losses carried forward were not recorded as, based on the current projections, it is not considered probable that the losses will be offset within the next five years. The valuation of the deferred tax liabilities was determined using a tax rate of 30.175% (15.825% – corporate income taxes including solidarity surcharge and 14.350% – municipal trade tax).

Items in a foreign currency are valued using the exchange rate in effect on the date of the transaction and are translated into euros (€). Furthermore, assets and liabilities in a foreign currency are translated using the mean average exchange rate as of the balance sheet date. To the extent that the remaining term is one year or less, the realisation principle and the acquisition cost principle are not applied pursuant to section 256a HGB.

BALANCE SHEET DISCLOSURES

Disclosures on intangible assets

Brands were capitalised for the first time subsequent to the merger of Veganz GmbH, Berlin, with the Company in 2019. They are amortised over a period of 15 years.

Disclosures on tangible assets

The breakdown and development of tangible assets is presented in the statement of changes of non-current assets.

Disclosures on holdings in other companies of at least 20%

Company name/legal seat	Holding in %	Equity € thousand	Annual results € thousand	
Veganz Retail Berlin GmbH & Co.KG, Berlin	100.0	726.7	-141.8	*
Veganz Retail GmbH i.l., Berlin	100.0	-8.467.6	-1.033.1	**
Veganz Verwaltungs GmbH, Berlin	100.0	16.6	-1.2	***
Veganz Food Trailer GmbH, Berlin	100.0	-672.5	-28.8	****

* Preliminary Annual Financial Statements as of 31 December 2021

** The company is currently in insolvency proceedings under own management; figures presented here are preliminary figures as of 31 December 2019

*** Annual Financial Statements as of 31 December 2020

**** Annual Financial Statements as of 31 December 2021

Disclosures on receivables and other assets

The receivables and other assets have a remaining term of less than one year.

The other assets of €1,949 thousand include receivables from shareholders totalling €172 thousand (prior year: €171 thousand), which have the nature of a loan.

Disclosures on the classes of shares

The Company's subscribed capital of €1,223.4 thousand is divided into 1,223,399 no-par value bearer shares with a nominal share of subscribed capital of €1.00 each.

As a result of the utilisation of the complete Authorised Capital 2020/I and 2021/Ia, the subscribed capital was increased by €555.7 thousand to €1,223.4 thousand in the fiscal year. By resolution of the General Meeting on 6 October 2021, the Executive Board was authorised to increase the share capital of the Company in the period until 5 October 2026 by issuing new shares against cash and/or non-cash contributions once or several times in connection with the exercise of options by up to a total of €28.6 thousand (Authorised Capital 2021/Ib).

Disclosures on capital reserves

The amounts recorded within the capital reserves on the one hand include amounts resulting from the merger of Veganz GmbH with Veganz Group AG and thereby comprise additional capital contributions to equity by shareholders pursuant to section 272 (2) no. 4 HGB. The capital increase from the private placement and the IPO on the other hand 2021 resulted in €44,532 thousand newly being transferred to capital reserves.

Disclosures on other accruals

Other accruals totalling €2,843 thousand accruals for outstanding invoices of €2,577 thousand, accruals for the Annual Financial Statement preparation and audit fees of €73 thousand, personnel accruals of €174 thousand as well as other items totalling €21 thousand.

Disclosures on remaining terms

The amount of liabilities and their remaining terms is presented below:

Liabilities in € thousand	Up to 1 year	2 to 5 years	Total
Bonds	–	10,000	10,000
Prior year	–	3,360	3,360
To banks	48	–	48
Prior year	2,143	–	2,143
Trade payables	4,723	–	4,723
Prior year	6,658	–	6,658
To affiliated companies	–	–	–
Prior year	135	–	135
To companies in which an equity investment is held	156	–	156
Prior year	11	–	11
Other	568	2,099	2,667
Prior year	3,814	3,932	7,745
Total	5,495	12,099	17,593
Prior year	12,761	7,292	20,053

Disclosures on other liabilities

The other liabilities include tax liabilities amounting to €137.9 thousand (prior year: €137.9 thousand) and liabilities for social security of €0.7 thousand (prior year: €10.6 thousand).

Furthermore, subordinated loans totalling €2,098.8 thousand are included in other liabilities.

Liabilities due to shareholders included within other liabilities amount to €190.0 thousand (prior year: €2,658.2 thousand) and are attributable to loans.

Disclosures on deferred tax liabilities

Deferred tax liabilities result from the capitalisation of brands in the prior fiscal year due to the differences between the amounts recorded in the commercial accounts and those in the tax accounts. The release is recorded in a manner corresponding with the term of the capitalised brands and the remaining useful life of 13 years.

Other financial obligations not disclosed in the balance sheet

In addition to the liabilities disclosed in the balance sheet, there are other financial obligations totalling €573.0 thousand, of which €449.0 thousand comprise rental obligations with an average remaining term of four years and an amount of €124.0 thousand for leasing transactions with an average remaining term of three years.

In addition, there are obligations to holders of profit participation rights and silent partners to replenish the profit participation and silent partner capital from future profits totalling €275.0 thousand. With a resolution of the Company's Annual General Meeting on 6 October 2021, the Executive Board was instructed to repay the holders of profit participation rights and the silent partners the initial financing they provided by concluding termination agreements, waiving the contractually provided loss/profit participation in the amount of the nominal sum originally paid.

The other financial obligations attributable to factoring total €226.0 thousand and result from the financing provided in advance by the factor for the trade receivables.

DISCLOSURES ON THE INCOME STATEMENT

Disclosures on sales

The breakdown of sales by region and distribution channel is as follows:

in € thousand	2021	2020
DACH	27,851	24,996
Rest of Europe	2,290	1,692
Rest of world	276	77
Total	30,417	26,765

in € thousand	2021	2020
Food retail	19,418	16,745
Drugstore	6,741	7,157
Discount	4,052	2,864
Food service	207	–
Total	30,417	26,765

Disclosures on other operating income

Other operating income includes income attributable to other periods of €43.9 thousand as well as income from foreign currency translation of €0.2 thousand.

Disclosures on other operating expenses

Other operating expenses include expenses attributable to other periods of €119.3 thousand, expenses from foreign currency translation of €0.5 thousand and one-off IPO/private placement costs of €3,818 thousand (extraordinary expenses).

Disclosures on auditor's fees

The fees charged by the external auditor for the fiscal year 2021 are as follows:

in € thousand	2021	2020
Audit of financial statements	30	29
Other assurance services	57	10
Other services	19	9
Total auditor's fees	106	48

Disclosures on interest and similar expenses

Interest and similar expenses include expenses for subordinated loans and other loans in particular in the amount of €1,581.0 thousand, as well as the repayment of profit participation rights and silent participations, totalling €1,033 thousand (extraordinary expenses).

Disclosures on taxes on income

Taxes on income include releases of deferred tax liabilities of €265.7 thousand.

OTHER DISCLOSURES

Average number of employees

The average number of employees in the Company as of 31 December 2021 was 69.33, of which 46.58 are female and 22.75 are male.

Statement of cash flows

In accordance with GAS 21.34, cash and cash equivalents comprise cash and cash equivalents less liabilities to banks due at any time in the form of overdraft facilities. In the statement of cash flows, it corresponds to the balance sheet items 'Cash in hand, bank balances' and proportionately to 'Liabilities to banks'.

Executive Board

Jan Bredack, Schwielowsee	CEO
Anja Brachmüller, Berlin	COO
Mario Knape, Berlin	CFO (until 30 September 2021)
Moritz Möller, Berlin	CMO (since 1 July 2021)
Alexandra Vázquez Bea, Hannover	CFO (since 1 July 2021)

Supervisory Board

Roland Sieker, Berlin	Chairperson Current profession: consultant
Dr Manon Sarah Littek, Berlin	Deputy Chairperson (until 24 June 2021)/ Current profession: consultant
Janina Mütze, Berlin	Deputy Chairperson (since 24 June 2021) Current profession: CEO
Michael Durach, Unterhaching	(since 24 June 2021) Current profession: CEO
Ronny Gottschlich, Halle/Saale	(since 20 August 2020) Current profession: consultant
Dr Jens Pippig, Munich	(since 19 June 2020) Current profession: member of the Management Board

Remuneration of the Executive Board members

The members of the Executive Board are Jan Bredack, Anja Brachmüller, Moritz Möller (since 01.07.2021) and Alexandra Vázquez Bea (since 01.07.2021). Mario Knape was a member of the Executive Board until 30 September 2021.

Benefits due at short notice		
in € thousand	2021	2020
Salaries		
Jan Bredack*	–	–
Anja Brachmüller	100.1	100.1
Moritz Möller	45.0	–
Alexandra Vázquez Bea	60.0	–
Mario Knape	135.1	100.1
Share-based remuneration		
Granting of options	–	–
Total	340.2	200.2

* Instead of a service agreement, the Chairperson of the Company's Executive Board (CEO), Jan Bredack, as well as Bredack Vermögensverwaltungsgesellschaft mbH (BVV), whose sole shareholder is Jan Bredack, concluded a consultancy agreement with the Company on 11 December 2019. With an addendum to the consultancy agreement dated 9 June 2021, the term was extended until 31 December 2024. Under the consultancy agreement, BVV receives a flat fee of €28.6 thousand gross per month (of which €25.0 thousand is basic pay), or €342.7 thousand gross per year. In addition, BVV is reimbursed for all travel expenses and other out-of-pocket expenses necessary for the provision of the consultancy services.

Remuneration of the Supervisory Board members

Expenses for the remuneration of Supervisory Board members amounted to €73.5 thousand in 2021 (prior year: €46.5 thousand). No share-based payments were made to the Supervisory Board.

Advances and loans granted to Executive Board members

In the reporting period the following advances were granted to members of the Executive Board:

Development of advances	
in € thousand	Amount
Balance as of 1 January 2021	18.6
Newly issued in reporting period	-18.6
Balance as of 31 December 2021	0.0

Events of particular significance subsequent to the balance sheet date

In February 2022, war broke out between Russia and Ukraine. In addition to the almost incalculable human tragedy, this momentous event is likely to have economic repercussions and pose significant risks for the real economy, with particular implications for global supply chains and sales markets, as well as for energy requirements and the provision of credit. At present, Veganz Group AG expects that the conflict will have a direct impact on the Company in the form of raw material price

increases as well as delays and rising costs for the planned construction of its production site in Werder (Havel) due, among other things, to the shortage of global steel supplies. Apart from this, there are no other events subsequent to the balance sheet date with a significant impact on the Company's financial position and performance.

Berlin, 25 May 2022



**Jan
Bredack**
CEO



**Anja
Brachmüller**
COO



**Moritz
Möller**
CMO



**Alexandra
Vázquez Bea**
CFO

AUDITOR'S REPORT

Independent Auditor's Report

To Veganz Group AG, Berlin

Audit opinions

We have audited the Annual Financial Statements of Veganz Group AG, Berlin, which comprise the balance sheet as of 31 December 2021, and the income statement for the fiscal year from 1 January 2021 to 31 December 2021, and notes to the financial statements, including the recognition and measurement policies presented therein as well as the cash flow statement for the fiscal year from 1 January 2021 to 31 December 2021. In addition, we have audited the Management Report of Veganz Group AG, Berlin, for the fiscal year from 1 January 2021 to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying Annual Financial Statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2021 and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021, in accordance with German Legally Required Accounting Principles, and
- the accompanying Management Report as a whole provides an appropriate view of the Company's position. In all material respects, this Management Report is consistent with the Annual Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the Annual Financial Statements and of the Management Report.

Basis for the Opinions

We conducted our audit of the Annual Financial Statements and of the Management Report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the Annual Financial Statements and on the Management Report.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of a Management Report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the Annual Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Management Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Management Report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the Annual Financial Statements and of the Management Report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Management Report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the Annual Financial Statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements and this Management Report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements and of the Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the Annual Financial Statements and of arrangements and measures (systems) relevant to the audit of the Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Annual Financial Statements and in the Management Report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements present the underlying transactions and events in a manner that the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the Management Report with the Annual Financial Statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the Management Report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 25 May 2022

ECOVIS Audit AG
Wirtschaftsprüfungsgesellschaft

Dipl.-Fin.wirt Andreas Frericks
Wirtschaftsprüfer
[German Public Auditor]

Dipl.-Kfm. Ralph Riese
Wirtschaftsprüfer
[German Public Auditor]

FINANCIAL CALENDAR

12 July 2022	Annual General Meeting 2022
29 September 2022	Half-Year Report 2022
15 November 2022	Quarterly Statement Q3 2022

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