

CREATING A SUSTAINABLE FUTURE FOR ALL LIFE ON EARTH



ANNUAL REPORT 2022

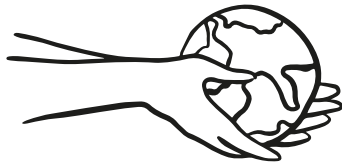


GOOD FOR YOU,
BETTER FOR EVERYONE.



WHY INVEST IN VEGANZ?

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1. A question of attitude: what can my money do for the planet?
2. As a pure sustainability player, we address a global megatrend!
3. As a pioneer of plant-based nutrition, we are innovative and agile!

€23.6 million SALES (€30.4 MILLION)

-33% PACKAGING MATERIAL 2022 COMPARED TO 2021

99.4%

SHARE OF REGENERATIVE ENERGY

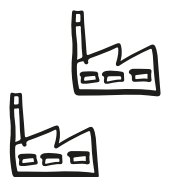
€-12.3 million EBITDA (€-9.8 MILLION)

SHARE OF WOMEN IN TOP MANAGEMENT

50%

Highlights 2022

1. Immediate measures initiated to overcome deteriorating market situation
2. In-house production share increased with additional facilities
3. Food service distribution channel expanded
4. Additional cost reduction and efficiency improvement programme launched
5. Mililk: revolutionary 2D printing technology for milk alternatives secured



A POSITIVE IMPACT FOR A SUSTAINABLE FUTURE

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Our mission

As a vegan multi-category supplier, we 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.

Our vision

We motivate people around the world 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.



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ONWARD WITH NEW IDEAS

Dear reader,

We were still coping with the impact and the aftermath of the COVID-19 pandemic when the Ukraine war broke out in February 2022 – triggering an economic crisis around the world, but especially in Europe and in our home market Germany.

For us, this meant a sharp rise in costs along the entire value chain (raw materials, logistics, energy, personnel), and at the same time falling sales due to consumer restraint and the general mood of uncertainty. We were forced to rethink our plans and adapt to these new circumstances very quickly. Flexibility and speed were now of the essence.

This is why the greatest challenge for management at the moment is reconciling the unpredictability and lack of planning certainty with regard to purchasing and sales markets with the costs and investments for future key technologies that will differentiate us from the competition and give us a decisive edge.

However, we have not lost sight of our focus on the real problems caused by climate change and the environmental crisis. There is no 'planet B'. The facts are clear, the solutions and measures have been described and discussed at length. Science, industry and a broad section of society are poised for action. And Veganz is right in the middle – as a pioneer and innovation driver of plant-based food, we are using our investors' money to make a significant contribution to mitigating climate change and the destruction of our environment.

Obviously, the economic crisis and its consequences for consumer behaviour are hitting us hard at the moment. But as an agile, value-driven company, we are highly confident that we can counteract these effects with short- and long-term strategies and rise to the challenge!

» 2022 was a truly challenging year, but we used the difficult situation for everyone involved as an opportunity to realign Veganz for the future: as well as repositioning ourselves from a retailer to an innovative food tech company, continuously expanding our in-house production, optimising our product range and focusing more on licensing business, we also secured an additional strategic pillar with the acquisition of an exclusive licence for the patented production and distribution of 2D-printed dairy alternatives in a fast-growing market.

Jan Bredack

30%
ANIMAL FOOD
PRODUCTION RESPONSIBLE
OF CO₂ EMISSIONS
Source: Science Vol 360, Issue 6392



■ Moritz Möller ■ Jan Bredack ■ Anja Brachmüller

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

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 primarily responsible for Sales as well as on an interim basis for Finance, Human Resources, IT, Legal Affairs and Investor Relations

ANJA BRACHMÜLLER

COO

Anja can look back on over 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 has been responsible for Purchasing, Logistics, Quality and Production as Chief Operating Officer since September 2018

How did the economic situation affect our performance in 2022?

We too had to contend with the ongoing economic slowdown: while the food retail and discount sectors focused on ensuring basic supplies for the population in the first few months of the year, our young core target group (Generation Z and Millennials+) were subsequently hit particularly hard by price increases due to their comparatively low incomes. The overall effect of this development was to make new listings of Veganz products and the implementation of promotional activities more difficult, leading to a decline in sales of Veganz Group AG to €23.6 million (prior year: €30.4 million).

By contrast, the number of points of sale (POS) as of 31 December 2022 increased to 28,217 (31 December 2021: 25,199) – mainly due to a Christmas promotion in the discount segment with a total of 4,538 POS in the fourth quarter of 2022 (prior year: 3,340 POS). Our gross profit margin rose to 32.4% in 2022 (prior year: 30.7%). With marketing expenses of €3.7 million (prior year: €3.5 million), adjusted EBITDA fell to €-11.3 million (prior year: €-5.5 million), due in part to the decline in sales.

AND WHAT ARE WE DOING ABOUT IT?

In order to get back on track **as quickly as possible**, we already implemented a wide range of measures in 2022:

1. Expanded our in-house production – but until the start of our Veganz Food Factory Germany focused on small, temporary and liquidity-preserving production facilities.
2. Significantly reduced the size of our sales force.
3. Reduced our planned marketing activities and costs and focused on key product categories.
4. Launched an additional cost reduction and efficiency improvement programme.
5. Closed two of our three stores in Berlin.
6. Secured a highly promising and innovative licence with Miiilk to print milk alternatives.

In the **medium term**, we will improve our profitability across various strategic dimensions:

1. Repositioning from a retail company to an innovative food tech company.
2. Steady increase in our share of in-house production with the possibility for white label manufacturing.
3. Regular review and optimisation of our product range, especially the core and focus categories.
4. Stronger focus on the licensing business.

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Given one-off expenses in the course of the cost reduction and efficiency improvement programme – among other things for personnel and consulting – amounting to €1.0 million (prior year: one-off expenses for the private placement and IPO of €4.3 million), EBITDA was €-12.3 million (prior year: €-9.8 million). Accordingly, EBIT and net loss for the year were €-13.3 million (prior year: €-10.8 million) and €11.0 million (prior year: net loss for the year of €13.3 million), respectively. Net cash and the equity ratio decreased to €0.5 million (31 December 2021: €16.2 million) and 46.5% (31 December 2021: 53.3%), respectively, as at 31 December 2022.

WANT TO HAVE A POSITIVE IMPACT ON THE FUTURE OF OUR PLANET!



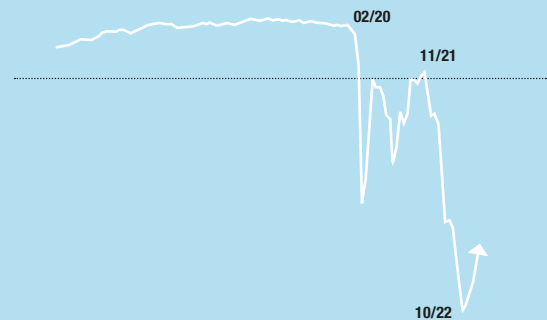
And what about in-house production?

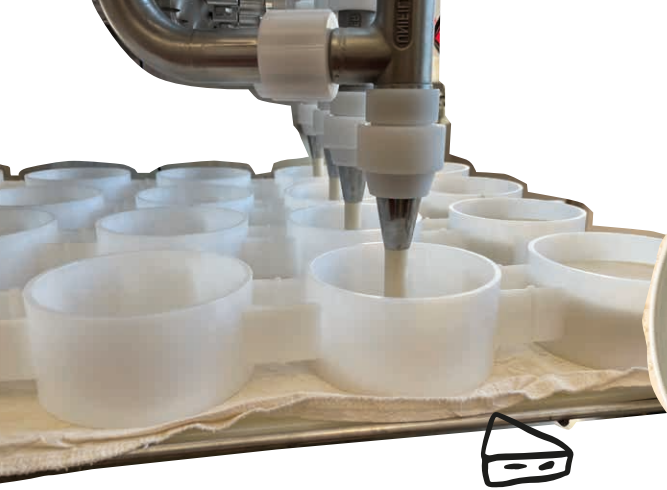
Our 'Cashewbert' is produced in Berlin – and since October 2022 also at our new production site in Styria, the Veganz Food Factory Austria. For our vegan smoked salmon, which we produce in Neubrandenburg, we are the only supplier to process microalgae and macroalgae – not only for its superior taste, but also to reproduce almost all nutritional properties of wild salmon, such as a high protein and omega-3 content.



**ANJA
BRACHMÜLLER
COO**

GFK CONSUMER CLIMATE INDEX FEB 2013 – FEB 2023





**SUPERIOR
TASTE AWARD**

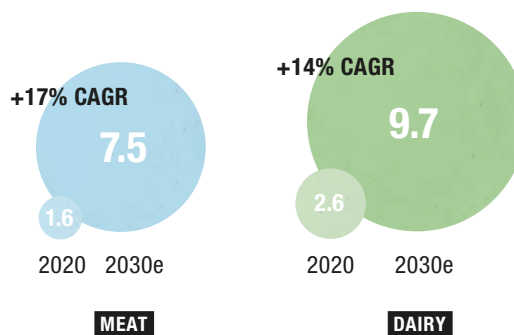


Moreover, the facility in Ludwigsfelde, Brandenburg, which we took over on 1 February 2023 for our Veganz Food Factory Germany, will be used to produce our new and innovative plant-based milk alternatives using the patented 2D printing process, as well as plant-based meat alternatives using peas (Textured Vegetable Protein, TVP). Last but not least, we plan to pool our current production capacities in Berlin and Neubrandenburg at a certified production facility and produce our plant-based cheese alternatives, algae-based fish alternatives and vegan eggs there.

Is the vegan trend over now?

Vegan products are in tune with the current zeitgeist, which favours a plant-based, healthy and, where possible, climate-friendly diet. This is being driven by changes in consumer behaviour: in western industrialised countries in particular, there is a growing awareness of the problems associated with the industrial production of animal products and climate change. There is increasing criticism of factory farming while a balanced diet with a lower proportion of animal products is more and more regarded as healthy as well as ethically and ecologically desirable. Although growth rates in the market for plant-based nutrition have slowed slightly of late, this trend is by no means a short-term phenomenon.

MARKET VOLUME PLANT-BASED ALTERNATIVES IN EUROPE (IN € BILLION)



Sources: Jefferies, Euromonitor, RBC Capital Markets, Presse, Nielsen, Ebner Stolz Research/Projection based on forecast for 2025.

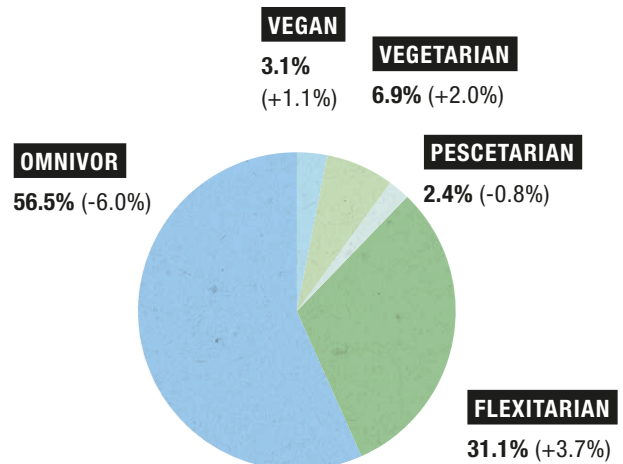


**MORITZ
MÖLLER
CMO**

Who exactly is our target group?

Interviews conducted as part of our Veganz Nutrition Study 2022 revealed that just under half of all vegans are aged 25 to 49 – and most of them are women: more than 80% of the vegans, vegetarians, and flexitarians interviewed identified as female. Only omnivores are different: 64% are male. Our target group consists primarily of customers who are aware of the planetary challenges and want to adopt an environmentally and climate-friendly lifestyle. In addition to their preference for fair trade goods and ecologically certified and non-polluting products, they believe in the power of consumers to drive change – or as the saying goes: it is better to set trends than to follow them. For our customers, challenges are there to be embraced and overcome.

HOW GERMANY ATE IN 2022 (+/- 2021)



What do our customers value?

A commitment to sustainability, openness and tolerance are among our core values and those of our customers. As an authentic brand, we are approachable and credible for consumers. We connect with them with strong topics placed wherever they are: in the digital space, via podcasts, on streaming platforms, at events and on the road.

With our sustainable vegan products, based on good and simple recipes of high quality ('clean label approach'), and a brand that inspires, we meet the wishes of our customers as well as our own standards. From snacks for events to convenience products for everyday life and meat substitutes, we offer our customers the perfect multi-category range wherever they happen to be. Always with the common goal of achieving less than 1.5°C global warming.

HAVE YOU REDUCED YOUR CONSUMPTION OF ANIMAL FOODS DUE TO THE INCREASE IN CLIMATE CATASTROPHES?

Yes



No, but I want to reduce it in future



No, I've reduced my consumption for other reasons



No, I've been reducing or avoiding the consumption of animal products for a long time



No, my consumption has stayed the same



2021
2022



100% CRADLE TO
CRADLE AT A CONCERT
OF DIE ÄRZTE IN 2022

How are we positioning ourselves for the future?

The competitive situation in the plant-based food segment has become much tougher due to high inflation, the entry of large food groups and the growth of private label brands. How are we dealing with this? We are continuously optimising our product range. This involves revising recipes and using the available scope for favourable pricing without sacrificing quality. We are analysing in which context our products make the most economic sense for us – as a contract-manufactured product, as an in-house manufactured product, as a white label product or as a licensed product.

And we are proactively developing our business model and distribution channels: over the past twelve years, we have evolved from the first vegan supermarket chain to an innovative food tech company and producer of vegan food. We launch product innovations such as our 'Cashewbert' or 'Das Vegane Ei' (the vegan egg) and develop our own patented technologies. With Mililk, we are using a cutting-edge, revolutionary 2D printing technology for dairy alternatives that helps us meet the needs of consumers in a healthy, environmentally friendly and sustainable way, while at the same time expanding our product portfolio to include new target markets. In addition, our steadily increasing share of in-house production is opening up new opportunities for white label production.

Sustainability, profitability and innovation are our guiding principles.



Vegan company restaurant: presentation at Aramark headquarters with Josita Hartanto



JAN
BREDACK
CEO

Where will Veganz products be available?

In 2022, the food retail sector continued to account for the largest share of our sales with 64% (prior year: 64%), followed by the drugstore business with 25% (prior year: 22%). However, we are also actively developing new sales channels: our new food service business – with our launch partners the football club RB Leipzig and the caterer Aramark – already contributed 8% to sales in its first full year (prior year: 1%). Our food service customers now also include Bakerman, Eurowings, Valora and Hack AG.

We will continue to drive and expand this highly successful channel so we can offer our products to customers at a wide variety of food contact points. However, our discount business – in which we have no fixed listings at present – suffered more than average compared to 2021 (with exceptionally strong promotional business) and only achieved a 3% share of sales in 2022 (prior year: 13%). Last but not least, since September 2022 we have been selling selected Veganz products as exclusive bundles via our online D2C business – enabling us to reach our target groups directly where they are: in the digital space.



What about the regional split?

With a 90% share of sales, the DACH region (Germany, Austria, Switzerland) remained our most important sales market in 2022 (prior year: 92%). At 74%, Germany remained the largest single market (prior year: 71%) and continues to be our strongest focus. At 10%, the rest of Europe was slightly above the prior-year level (prior year: 8%), and we see further potential here: after listings in Greece, we have initially declared France as a further target market. We are working on expanding our sales here.

And not to forget: the Europe-wide licence to print milk alternatives will give us the opportunity to open up new target markets with innovative products in the future.



What are we passionate about?

We want to motivate people all over the world to eat a plant-based diet and to treat our environment responsibly, thus creating a sustainable future for all living creatures on our planet. Of course, we want to offer our consumers products that suit their habits and are in no way inferior to conventional products in terms of appearance, smell, consistency, taste and price, while at the same time meeting our requirements in terms of climate and environmental protection! Only then can there be a sustainable change in awareness and consumption: Good for you, better for everyone.

Thank you, dear stakeholders!

We are very aware that it is much easier to stand up for your convictions and stick to them in a positive market environment with a strong company performance. In challenging times like these, we would like to thank all of you – our customers, employees, investors, business partners and many more – for your support and loyalty. We will do everything in our power not to disappoint your trust in us and to lead Veganz to sustainable and profitable growth.

Jan Bredack
CEO

Anja Brachmüller
COO

Moritz Möller
CMO

PERFECT STORM

Cooperation of Supervisory Board and Executive Board

In the fiscal year 2022, 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 information obligations. 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 had in each case sufficient opportunity to critically examine the reports and resolution proposals submitted by the Executive Board and to contribute their own 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 measures 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 addition to the balance sheet meeting, the Supervisory Board held a total of four ordinary and one extraordinary meetings in 2022, which were each attended by all members. Most of the meetings were held in person and some by hybrid means.

Outside of the Supervisory Board meetings, the Chairman 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 2022, our Supervisory Board consultations focused on:

- the development of sales and earnings as well as the financial position and performance of Veganz Group AG,
- the Annual Financial Statements 2021 of Veganz Group AG,
- corporate planning,
- the expansion of in-house production,
- the discussion of financing measures,
- the strategic optimisation of the product range,
- risk development and compliance, and
- the development of the economic environment in the 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, MSc, BSc, 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. Topics: Sales, Marketing, Finance

RONNY GOTTSCHLICH

Member

Dipl Kfm, after career at LIDL Group, including 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. Topics: Operations, Marketing

MICHAEL DURACH

Member

Dipl Kfm, together with his brother he has headed the Develey Group in the fourth generation since 1995, EY Entrepreneur of the Year Award 2019, German Sustainability Award 2020, Advisory Board Member at the Centre for Sustainable Corporate Management (Zentrum für Nachhaltige Unternehmensführung, ZNU) at the University of Witten/Herdecke. Topics: Sales, Marketing, Sustainability

ROLAND SIEKER

Chairman

Dipl Kfm, after 20-year international career with various leading positions at Unilever, he founded RSSC Roland Sieker Strategy Consulting, member of the Supervisory Board of Unilever Deutschland Holding GmbH, partner in The Future Business Partnership Ltd. Topics: Marketing, Strategy, Sustainability

JANINA MÜTZE

Deputy Chairwoman

BA in economics, career at BVK Federal Association of German Capital Corporations (BVK Bundesverband Deutscher Kapitalgesellschaften) since 2014, co-founded the start-up Civey in 2015, Managing Director of Civey since 2018. Topics: Marketing

Audit Committee

The Audit Committee 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 2022, the Audit Committee held two meetings, which were also attended by the auditor and the Chief Financial Officer of the Company at the time, Alexandra Vázquez Bea. The subject of these meetings was the audit of the 2021 Annual Financial Statements and Management Report, as well as the audit of the Interim Financial Statements and Interim Management Report for the first six months of 2022. The Supervisory Board determined that one member of the Audit Committee 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 12 July 2022, the Annual General Meeting appointed ECOVIS Audit AG Wirtschaftsprüfungsgesellschaft as external auditors of the Annual Financial Statements of the Company for the fiscal year 2022. The Annual Financial Statements of Veganz Group AG for the fiscal year 2022 and the Management Report for the fiscal year 2022, 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 the auditor and Ralph Riese as the responsible audit partner.

The Executive Board and the auditors provided each member of the Supervisory Board with the relevant documents. The Annual Financial Statements documentation, 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 and dealt with in detail at the Audit Committee meeting on 4 May 2023 in the presence of the auditors. The latter reported on the course of the audit and its main results as part of the detailed discussion of the Annual Financial Statements of Veganz Group AG and the Management Report. At the balance sheet meeting on 8 May 2023, the Executive Board explained the documents pertaining to the Annual Financial Statements, while the auditors reported on the scope, focus areas and material results of the audit.

The Annual Financial Statements and the Management Report were examined by the Supervisory Board. Based on the final result of our examination, 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 2022, as prepared by the Executive Board. The Annual Financial Statements were thus adopted.

Changes in the composition of the Executive Board

On 31 December 2022, Alexandra Vázquez Bea, Chief Financial Officer (CFO) of Veganz Group AG, left the Company at her own request and by mutual consent to pursue a new professional challenge. With effect from 1 July 2023, Massimo Garau will succeed her as CFO – also with responsibility for the areas of Finance, Human Resources, IT, Legal and Investor Relations. We are delighted to have been able to recruit Massimo Garau, a proven leader with many years of relevant international experience, for Veganz Group AG. He will play a key role in actively driving the next stage of the Company's development – towards sustainable profitable growth.

Concluding remarks

The past year was shaped by exceptionally adverse macroeconomic conditions: the Ukraine war, the energy crisis, the economic slowdown, disrupted supply chains and rising inflation. This 'perfect storm' inevitably also had a strong impact on the business of Veganz Group AG and led to considerable budget deviations and structural adjustments. Nevertheless, the Company reached important new milestones with the expansion of its in-house production and the development of new distribution channels in 2022. The manifold challenges we faced during this highly eventful period could not have been overcome without the dedication of our passionate and committed staff. We would therefore like to express our sincere thanks to the Executive Board and all employees of Veganz Group AG for their work in the past year.

Berlin, 8 May 2023

A handwritten signature in black ink, reading "Roland Sieker". The signature is written in a cursive style with a large initial 'R' and a distinct 'S'.

Roland Sieker

Chairman of the Supervisory Board

THE VEGANZ SHARE

Stock markets hit by rising interest rates

The stock markets were dominated by negative news in 2022: the Ukraine war, high inflation rates, more restrictive monetary policy, rising interest rates and corona lockdowns in China all took their toll. The fall in share prices was mainly attributable to the sharp rise in interest rates, which hit high-growth stocks particularly hard. The DAX and SDAX also suffered losses of around 12% and 27%, respectively.

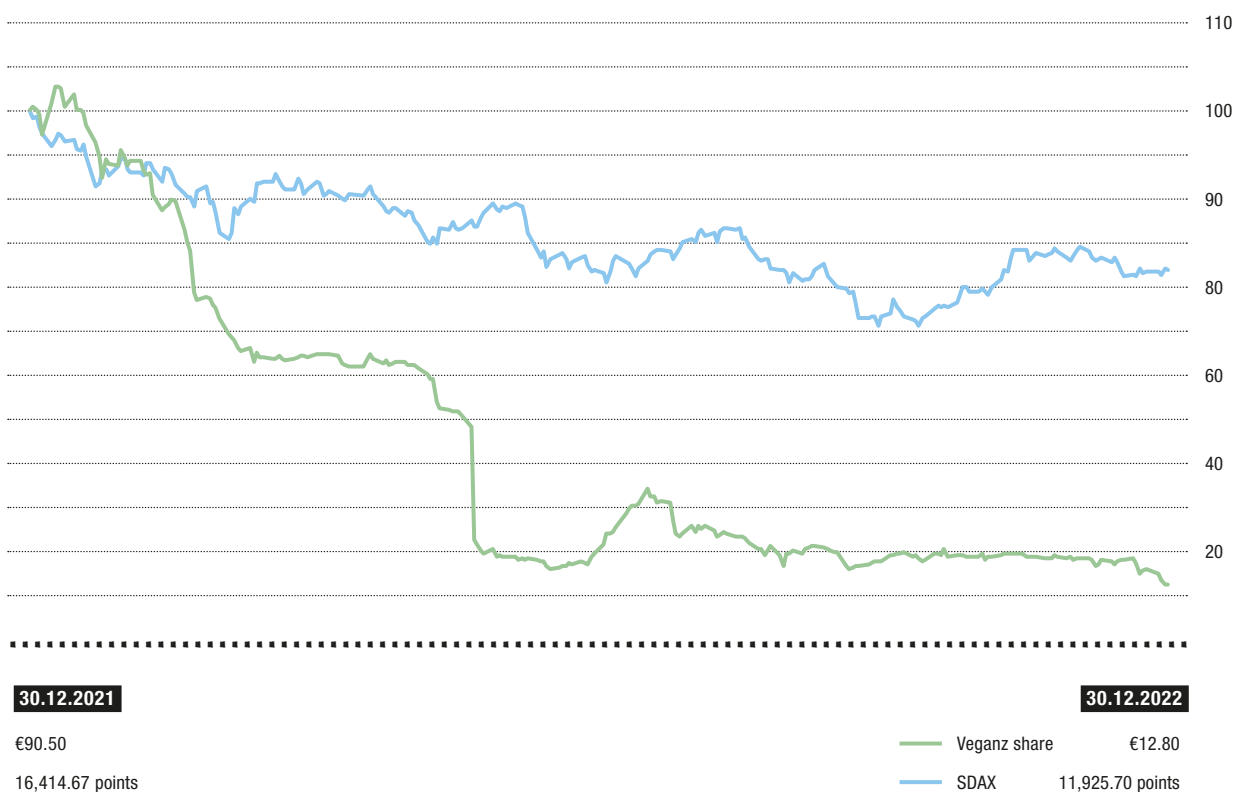
Share performance

Following its successful stock market debut on the Open Market of the Frankfurt Stock Exchange (Scale segment) on 10 November 2021, the Veganz share started 2022 at €90.86 and already reached its year-high of €94.51 on 12 January 2022.

After publishing our insider information on the postponement of earnings due to the later payment of subsidies for the planned new production facility on 24 February 2022, our share price fell to €60.70.

The subsequent stable to slightly negative trend was then followed by a further slide to €38.60 on 23 May 2022, the day we published insider information on the subdued start to our fiscal year 2022 and our outlook for the full year 2022. By the time we published our Annual Report 2022 and Quarterly Statement on the first three months (31 May 2022), our share price had fallen to just €17.40. The share then recouped some of its losses to reach €25.20 on 12 July 2022, the day of the first ordinary Veganz Annual General Meeting after the IPO. However, after publishing insider information on the adjustment of our full-year guidance for 2022 and the planned set of measures to cope with the economic slowdown on 19 September 2022, the share price fell again to €15.75. There followed a slight upward trend to €17.15 until the publication of our Quarterly Statement for the first nine months on 15 November 2022. The share then reached a year-low of €12.60 on 29 December and finally closed the stock market year on 30 December 2022 at €12.80 – a loss of almost 86%.

PERFORMANCE OF THE VEGANZ SHARE



Annual General Meeting

Our first Annual General Meeting after the IPO in November 2021 was held as a virtual meeting on 12 July 2022. With around 33% of the share capital present (including electronic postal votes cast), the resolutions proposed by management on all agenda items were adopted with large majorities. In addition to the presentation of the Annual Financial Statements 2021, the agenda included the ratification of the actions of the Executive Board and the Supervisory Board as well as the appointment of the auditor.

Share capital and shareholder structure

As of 31 December 2022, the share capital of Veganz Group AG amounted to €1,223,399, divided into 1,223,399 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.

After the end of the reporting period, on 23 January 2023, a capital increase against cash contributions was entered in the commercial register, thereby increasing share capital by €28,600 to €1,251,999. The number of shares increased accordingly. The capital increase was effected, under disapplication of shareholder subscription rights, from the Authorised Capital 2021/lb, which has thus been exhausted. Its purpose was to satisfy claims from employee participation programmes without affecting liquidity.

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 around 19% 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 retained earnings 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 intend to distribute dividends in the foreseeable future.

Conferences and roadshows

As a recently listed company, we attach great importance to the good contact we enjoy with existing and potential investors. In the fiscal year 2022, we therefore took the opportunity once again to regularly provide our investors with transparent information – both virtually and in person – about the latest Company developments and the Veganz equity story.

In the past year, we stepped up our presence at a wide range of capital market conferences, revised our Investor Relations website and held our first Annual General Meeting after the IPO. In order to provide as much transparency as possible, we introduced quarterly reporting (Q1 and Q3) and quarterly webcasts at Executive Board level – both voluntary for us as a member of the Scale market segment. In addition, we responded to the capital market's growing interest in sustainability issues by publishing our first ESG report.

All Annual and Half-Year Reports as well as the Quarterly Statements, presentations and webcasts of our conference calls are permanently available on our website ([/ir.veganz.com/publications/](http://ir.veganz.com/publications/)).

We are also planning a wide range of Investor Relations activities for 2023 in order to maintain contact with our existing investors and tap new investor groups.

Analysts

Deutsche Börse AG commissioned Edison Investment Research to prepare research reports for all issuers in the Scale segment until April 2022. In addition, both M.M.Warburg & CO and Quirin Privatbank AG analysed and evaluated us in the fiscal year 2022.

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	2022	2021
Number of shares on the reporting date	1,223,399	1,223,399
Year-high (in €)	94.51	100.60
Year-low (in €)	12.60	83.00
Share price on the reporting date (in €)	12.80	90.50
Market capitalisation on the reporting date (in € million)	15.7	110.7
Average daily trading volume (in €)	65,829.7	251,320.8
Earnings per share (in €)	-9.02	-10.88

¹ Start of stock exchange trading on 10 November 2021.

NON-FINANCIAL REPORT

Dear reader,

2022 was not an easy year in any way: the war in Ukraine led to turmoil around the world. Disrupted supply chains, increased raw material prices and, at the same time, reduced consumer spending as a result of high global inflation posed serious problems for many companies – including Veganz. The consequence for society as a whole is that many people have experienced a significant deterioration in their living conditions. Numerous climate and environmental problems were temporarily sidelined as governments attempted to deal with their acute energy crises.

One thing is clear: we cannot permanently ignore these social and environmental challenges. Even though the 1.5-degree target seems increasingly difficult to achieve, we must continue to work hard to reduce global CO₂ emissions. We ourselves were able to reduce our CO₂ emissions by 24% last year – due largely to the lower volume of food transported and correspondingly lower Scope 3 emissions. As a company, our daily challenge is to motivate as many people as possible to adopt a plant-based diet and to treat our environment responsibly. We achieve this by offering our consumers delicious and climate-friendly alternatives.

And we also try to set a good example as a company: although not yet obliged to report on sustainability due to our size, we are voluntarily providing detailed information for the second time on our current status with regard to environmental, social and governance (ESG) issues. In 2022, we took further steps in our development and conducted an ESG materiality analysis, together with our internal and external stakeholders and in line with international standards. For the first time, we defined the most important sustainability topics for Veganz and set ourselves the first concrete quantitative and qualitative ESG targets on the basis of these topics.

We are particularly proud of our large share of women – both in the workforce as a whole and at management level. However, it is not only gender representation that is important to us, but also gender-neutral and appropriate pay. One of the targets we have set ourselves is therefore to keep the adjusted gender pay gap at Veganz within a narrow range of -3% to +3%.

In 2023, we want to build on this and take another step towards our targets. After all, the demands placed on companies to make a positive contribution to combating climate change and establishing socially acceptable working conditions will continue to grow. We will therefore maintain our close and regular contact with investors, business partners and experts to share thoughts on environmental and social issues while also intensifying our dialogue with suppliers to ensure high sustainability standards along the entire supply chain.

Because one thing is clear: we can only overcome the challenges of our time if we tackle them together. With this in mind, we hope you will join us once again this year on our path to a sustainable future!

Berlin, 8 May 2023



**Jan
Bredack**
CEO



**Anja
Brachmüller**
COO

**Moritz
Möller**
CMO

ABOUT THIS REPORT

As a company whose shares are traded exclusively on the Open Market, we are not yet subject to the Corporate Social Responsibility (CSR) reporting obligation requiring the disclosure of material non-financial information as defined by sections 289b-e and 315b-c of the German Commercial Code ('Handelsgesetzbuch', HGB).

Nevertheless, we attach great importance to providing our stakeholders with regular updates on our ESG progress. When preparing this non-financial report for 2022, we based our approach on established ESG standards and frameworks: for the first time, we are structuring the report according to the GRI's 'Universal Standards 2021' and have created a GRI index for this purpose, which can be viewed on our website. As in the previous year, the non-financial key performance indicators (KPIs) reported below are based on the internationally recognised ESG criteria of the Sustainability Accounting Standards Board (SASB) for our sector (Processed Foods) and the Global Reporting Initiative (GRI) criteria – which can be found under SASB and GRI indices on our website: <https://vegan.com/sustainability/> – and the cross-sector core metrics of the World Economic Forum (WEF) from the WEF white paper 'Measuring Stakeholder Capitalism'.

In the chapter 'Our Strategy', we explain how we went about defining our ESG strategy for the first time in 2022. We openly explain the results of our materiality analysis and how we involved our stakeholders in the strategy process. We recorded the actual results of our strategy development in the chapter 'Our Targets'. Divided into our most material ESG topic areas, we present the concrete targets we have set ourselves as a company, while the section 'Our Contribution to the SDGs' describes 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 following chapters, we go into detail about our ESG work: the chapter 'Better for the Environment' contains environmental KPIs from our corporate activities and their development. Under 'Better for Society', we show how we continue to ensure the highest quality and safety standards for our food and how we remain committed to our employees. And last but not least, the section 'Better Corporate Governance' describes the structure of our Supervisory Board and our principles of ethical corporate governance.

One last note: the environmental KPIs presented in this non-financial report apply to the entire Vegan Group, which consists of the individual companies Vegan Group AG, Vegan Retail Berlin GmbH & Co. KG and Vegan Food Factory Austria GmbH. All KPIs and information relating to social and governance issues are limited to Vegan Group AG.

OUR ESG STRATEGY

With the aid of our products, we want to motivate people to treat our environment responsibly on a daily basis and thus create a sustainable future for our planet. However, we have no intention of simply relying on our fundamentally climate-positive business model, which is why we developed a sustainability strategy in 2022 whose objective is to continuously improve our environmental and social performance as well as our corporate governance.

A sustainability strategy like this needs a solid foundation. In 2022, we therefore conducted an ESG materiality analysis to involve all relevant Vegan stakeholders in the prioritisation of our main ESG issues and the development of key ESG targets.

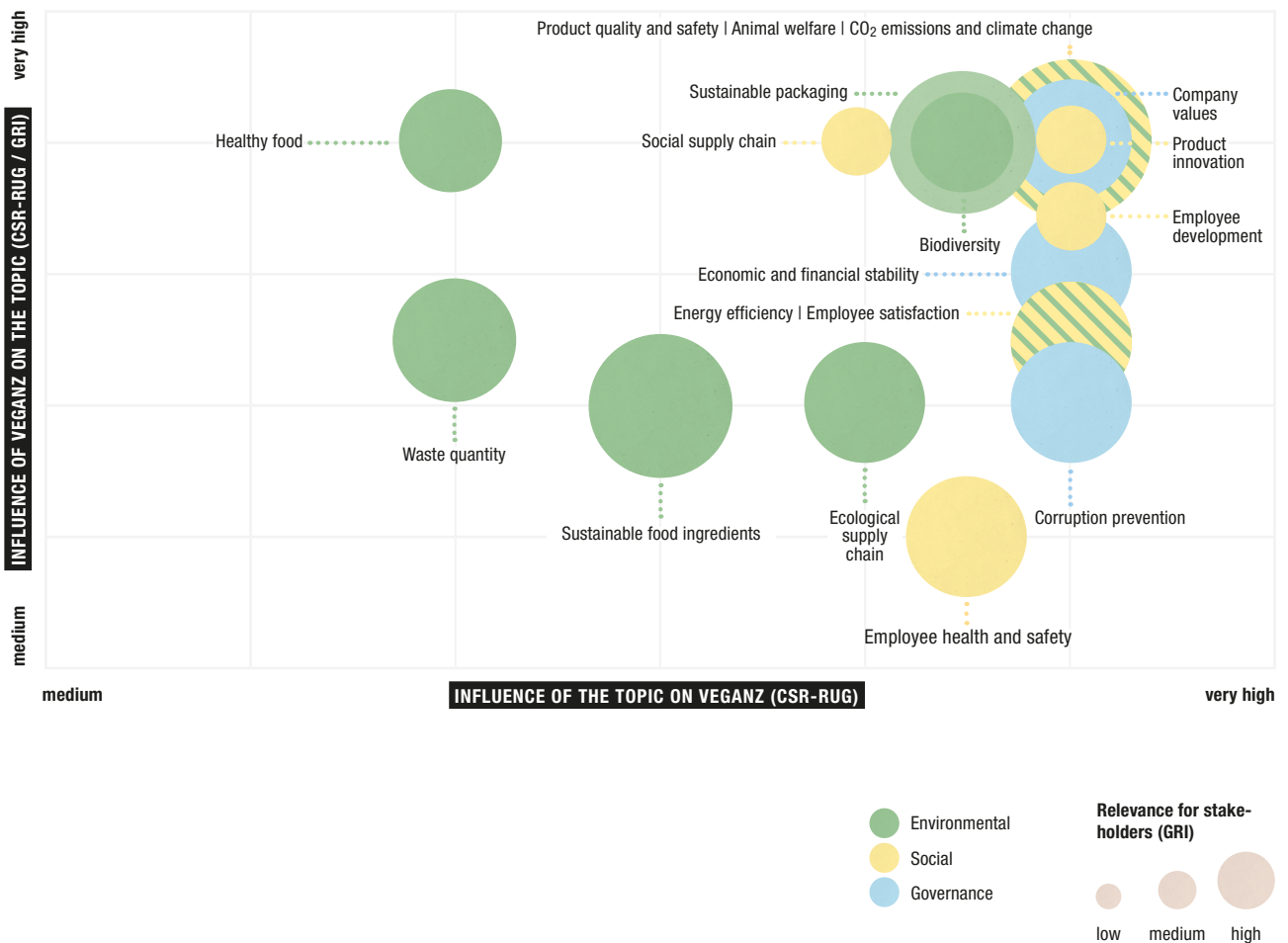
The materiality analysis was based on the GRI Universal Standards 2021 and the current requirements of the German Corporate Social Responsibility (CSR) reporting obligation (sections 289b-e and 315b-c HGB). In future, this reporting obligation will be replaced by the introduction of an EU-wide Corporate Sustainability Reporting Directive (CSRD), which will change the requirements for materiality analyses yet again. At the time of reporting, however, the requirements for determining material topics under the CSRD were only available in draft form. As soon as the requirements have been finally adopted, we will review our process for determining material ESG topics.

The first step of our materiality analysis was to identify potentially relevant ESG topic areas and stakeholder groups for the stakeholder survey. In a preliminary analysis based on various ESG laws, frameworks and standards (including CSR-RUG, GRI, SASB, WEF) and with reference to the key ESG topics of predefined peer group companies, 20 potentially relevant ESG topic areas were identified for Veganz. At a strategy workshop, the entire Veganz Executive Board reviewed and confirmed these topics as well as adding five additional potentially relevant ESG topic areas for Veganz. The most important stakeholder groups for the stakeholder survey as part of the materiality analysis were also discussed and defined: consumers, B2B customers, investors, suppliers, banks, employees and the Veganz Supervisory Board.

The stakeholder groups were then invited by email, via social media or by contacting them personally to participate in the stakeholder survey. The survey was conducted with the aid of a programmed online tool which asked the stakeholders for their assessment of the 25 pre-selected ESG topic areas. A total of 259 valid responses were subsequently evaluated and are presented in the materiality matrix below, whereby the size of the bubbles corresponds to the importance of the ESG topic area for the stakeholders.

At a second ESG strategy workshop, the 25 topics were discussed in detail by the Veganz Executive Board and assessments were made regarding the materiality dimensions 'Influence of Veganz on the topic' (y-axis of the chart below) and 'Influence of the topic on Veganz' (x-axis of the chart below). These assessments, in combination with the findings of the stakeholder survey, resulted in seven ESG topic areas of low materiality for Veganz. The original 25 topics were thus reduced to the 18 topics shown in the matrix below.

MATERIALITY MATRIX



OUR TARGETS

Based on the results of the materiality analysis, the Veganz Executive Board has identified seven of the 18 ESG topic areas as particularly relevant ESG focus topics and therefore defined concrete targets:

QUALITY MANAGEMENT

Product quality and safety

As a company, we need to ensure – by means of training, certification and audits – that both we and our suppliers work to the highest standards at all times so that we can continue to offer our customers food of the highest quality.

From 2023 onwards, we therefore aim to provide at least 15 hours of food safety training per year for our quality and production staff. In addition, we have set ourselves the target of conducting at least three detailed quality audits of our suppliers and production partners per year from 2023 onwards.

HUMAN RESOURCES

Employee satisfaction

Our employees are our top priority, as they are indispensable for the successful implementation of our objectives. We have therefore set ourselves the target of maintaining an average Employee Net Promoter Score (eNPS) of more than +15 points each year as a measure of employee satisfaction. When it comes to equal opportunities, we also attach great importance to the 'hard facts' and aim to keep the adjusted gender pay gap – as an indicator of equal pay – within a range of -3% to +3% at all times.

Employee health and safety

In addition to satisfaction and pay, health and safety is our third important employee indicator: we therefore aim to keep the absence rate due to illness and accidents at Veganz Group AG permanently below 5.5%.

SUPPLY CHAIN

Social supply chain

Our Code of Conduct for Business Partners should apply in the same way to everyone: we are therefore aiming for a signature rate among our suppliers of 100% from 2023 onwards.

Ecological supply chain

We not only want to operate sustainably ourselves, but also accept responsibility for our supply chain. We will therefore continue to guarantee organic certification for 100% of our purchased cashews. We will also continue to ensure that none of the ingredients in our products (including soy and palm oil) come from rainforest areas. We demonstrate this with an Eaternity rating of three stars for the category 'Rainforest'¹ or by collecting precise geodata.

PRODUCT

CO₂ emissions and climate change

Our vegan alternatives already have a significantly lower carbon footprint than their animal counterparts. Instead of resting on our laurels, however, we want to reduce the carbon footprint of our products by 6% to 2.5 kg of CO₂ emissions per kilogram of product by 2025.

Sustainable packaging

What's inside is the most important thing – but what's outside has to be right, too. This is why we aim to use packaging made from fully recycled or renewable raw materials for 50% of our products by 2025. Moreover, we are committed to using permanently recyclable packaging materials for all products in our portfolio.

¹ The Swiss institute Eaternity is an independent organisation that has developed a solution to measure the ecological footprint of food. Using state-of-the-art methods and our detailed raw material, supplier and producer data, Eaternity calculates a specific sustainability score for each of our products in a total of four categories: CO₂ emissions, water consumption, animal welfare and rainforest protection. Three stars are the maximum value in each category, and for the category 'Rainforest' this means that the basic ingredients demonstrably come from a non-critical area and no deforestation was caused for the cultivation.

OUR CONTRIBUTION TO THE UN SDGS

In 2015, the 17 UN Sustainable Development Goals (SDGs) were adopted by all UN member states as part of the '2030 Agenda for Sustainable Development'. Among other things, they contained concrete goals to protect the environment, end poverty and improve 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 contributing in particular to the achievement of the following UN 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 a wide product range 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).

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 12: Responsible Consumption and Production

For us, it's not only what's inside that counts, but also what's outside: for example, Veganz developed 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 causes a total of 473 g of CO₂ per pack, and thus less than a quarter compared to an animal-based cheese in conventional packaging, which consumes at least 1,942 g of CO₂ per item. With packaging innovations like this, we actively contribute to SDG sub-goal 12.4 (avoid release of chemicals and waste into the environment). We also actively contribute to sub-goal 12.5 (significantly reduce waste generation) by significantly reducing our waste generation through reuse and recycling: in 2022, around 20% of our product packaging was made entirely from renewable or recycled material – we aim to increase this proportion to 50% by 2025 and thus make our product packaging even more sustainable.



SDG 13: Climate Action

The German Federal Environment Agency puts the carbon footprint of a purely vegan diet at 940 kg per year, which is almost 50% less than that of an omnivorous diet, which is as much as 1,760 kg per year. A study on ways to reduce negative environmental impacts in the agricultural sector showed that a global switch to a purely plant-based diet would reduce CO₂ emissions in the food sector by almost 50%.¹ With our exclusively plant-based product portfolio, we are therefore helping to significantly reduce negative climate effects in the field of nutrition.

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 31.01.2023.



SDG 14: Life Below Water

Ever more overfishing is a global problem which SDG 14 in particular aims to address. With a broad range of attractive fish substitutes, such as vegan smoked salmon and tuna alternatives, Veganz also helps people used to fish products to reduce their fish consumption. The result: better protection of global fish stocks.

BETTER FOR THE ENVIRONMENT

BETTER FOR THE CLIMATE

Since 2020, we have regularly reported on our key climate indicators, as we did again this year. As a food supplier, we have a smaller environmental footprint than other players in the food industry. Nevertheless, we want to set a good example and be transparent about our consumption. We also want to motivate our customers and business partners to be aware of their own consumption and to make their own contribution to climate protection.

Our CO₂ emissions from Scope 1 according to Greenhouse Gas Protocol (GHG) increased last year (2022: 88.7 t CO₂e, 2021: 13.8 t CO₂e). This was mainly due to high refrigerant consumption. CO₂ emissions from Scope 2 according to GHG also in-

creased (2022: 25.1 t CO₂e, 2021: 7.2 t CO₂e), primarily as a result of the gradual decline of the pandemic and the return to increased use of our own fleet. In addition, we opened two more production facilities in 2022 – in Spielberg and Neu-brandenburg – which led to higher consumption. The 2021 figures for CO₂ consumption were corrected in this report, as the previously reported figures were calculated on the basis of an incorrect emission factor. This results in new, corrected consumption figures, which are listed in the tables on our Scope 1, 2 and 3 consumption.

CO₂ EMISSIONS: SCOPE 1¹

	2022	2021	Δ 2021-2022
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Natural gas	2.7	1.8	+50
Fuels	7.2	12.0	-40
Refrigerant	78.9	0	n/a
Total	88.8	13.8	+543

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

CO₂ EMISSIONS: SCOPE 2¹

	2022	2021	Δ 2021-2022
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Electricity and district heating	9.4	6.5	+45
E-vehicles	15.7	0.7	+2,143
Total	25.1	7.2	+249

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

As a food supplier, a large part of our emissions occur along the value chain – more precisely within our upstream supply chain. Our Scope 3 emissions according to GHG come almost exclusively from the cultivation, production and upstream

transport of our food. As we distributed fewer products in 2022, Scope 3 emissions decreased accordingly to 8.1 thousand t CO₂e (prior year: 10.8 thousand t CO₂e).

CO₂ EMISSIONS: SCOPE 3¹

	2022	2021	Δ 2021-2022
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Purchased goods and services	6,267.9	7,532.8	-17
Upstream transport	1,755.3	3,188.4	-45
Other sources	97.1	84.6	+14
Total	8,120.3	10,805.8	-25

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

In 2022, our emissions decreased by around 24% across all three scopes and thus fell more strongly than sales (2022: -22.7%). Our CO₂ intensity in 2022 amounted to 318 t CO₂e per €1 million sales and was thus below the intensity of the previous year (prior year: 323 t CO₂e per €1 million sales).

Our original goal was to set a binding temperature target for our own CO₂ emissions during the fiscal year 2022 which would be in line with the targets of the Paris Climate Agreement. The X-Degree Compatibility (XDC) model was to be used for this purpose. In the course of the target-setting project, the methodology underlying the XDC model proved to be increasingly impractical for comparatively small companies like Veganz – on the path to sustainable profitable growth. As a substitute, we have therefore initially set a product-related CO₂ target which aims to reduce the carbon footprint of our products by 6% to 2.5 kg CO₂ emissions per kilogram of product by 2025. However, we will maintain our plan of setting an overarching CO₂ temperature target for Veganz and will review alternative and more cost-effective models and methods in 2023.

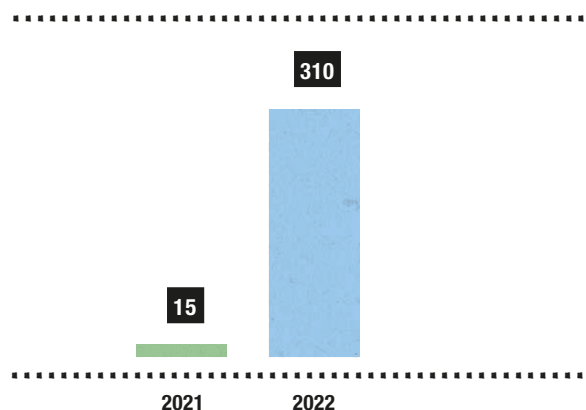
BETTER PRODUCTS

Everyone can reduce their diet-related CO₂ emissions by almost half by adopting a vegan diet. As a flexitarian, you can also help reduce emissions by a quarter.¹ We are therefore convinced that plant-based nutrition is an important lever for slowing climate change. With our purely vegan product range, we want to motivate as many people as possible to try plant-based alternatives and thus make their diet more climate-friendly.

With our plant-based foods we already cause significantly less CO₂ than comparable animal products, but emissions cannot be completely avoided yet. Last year, we were able to reduce the carbon footprint of the products we purchase by 16.8% to 6.3 thousand t CO₂e, which was slightly less than the decrease in sales (2022: -22.7%).

We want to continue to develop ourselves and our products in the future and are therefore focusing on constant innovation: in 2022, we invested around €310.0 thousand in our research and development, more than 20 times as much as in the previous year (prior year: around €14.8 thousand).

R&D EXPENDITURE IN € THOUSAND



We attach great importance to being transparent for our consumers – and not only with regard to our product ingredients. Since 2019, we have therefore been one of the few companies worldwide to disclose detailed figures for the respective eco-balance of all our products, thus making the climate impact of our products directly visible to everyone. In order to reliably collect this data, we cooperate with the Swiss institute Eaternity, an independent organisation that calculates the ecological footprint of food. With the aid of modern methodology and our extensive data on raw materials, suppliers and producers, Eaternity calculates a specific sustainability score for each of our products. This is recorded for a total of four categories: CO₂ emissions, water consumption, animal welfare and rainforest protection.

Of our basic ingredients, we consider palm oil, cocoa, cashews and soy to be the ones that require special attention. In order to guarantee minimum social and ecological standards, we rely on various certifications of our suppliers and producers. For example, 100% of our palm oil processors have RSPO (Roundtable on Sustainable Palm Oil) certification (prior year: 100%). With regard to our cocoa-processing producers, we were able to increase the proportion who can demonstrate either Fairtrade or UTZ certification – and thus confirm the socially and ecologically sustainable cultivation of cocoa – to 71% (prior year: 64%). The cashews we process in our in-house production are supplied by a company in Vietnam with several certifications: BIO, Fairtrade, IFS and BRC (Brand Reputation through Compliance). This supplier has also undergone an ethical trade audit to document its social responsibility and ethical behaviour, conducted by the organisation Sedex, an agency for sustainable supply chain studies.

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 31.01.2023.

BETTER FOR THE WATER – AND BETTER ENERGY

Due to the easing of pandemic-related restrictions, more employees returned to the office in 2022. As a result, our water consumption increased by 33% to 1,934 m³ (prior year: 1,454 m³), resulting in a water intensity of 74.7 m³ per €1 million of sales (prior year: 43.4 m³). We source our water 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). Once again, there were no violations of official water safety regulations in 2022.

More employees in the office not only means higher water consumption, but also higher electricity consumption: our electricity and district heating consumption in 2022 was 484 MWh (prior year: 455 MWh) – both purchased exclusively from external energy suppliers. Our electricity consumption from renewable energies is exactly the same as last year at 99.4%. The miss-

ing percentage points to the full 100% are due to the charging stations for electric vehicles, as these are not yet supplied from renewable energies.

Similar to water and electricity consumption, our natural gas consumption also increased slightly to 13 MWh (prior year: 9 MWh). Taken together, these increases result in an energy intensity of 18.7 MWh per €1 million of sales (prior year: 13.6 MWh).

Veganz will continue to use energy sparingly in the future. In 2022, we published our energy policy and thus reiterated our commitment to energy efficiency: <https://veganz.de/wp-content/uploads/2022/05/2022-04-25-energiepolitik-veganz-group-ag-en-signed.pdf>

ENERGY CONSUMPTION¹

	2022	2021	Δ 2021–2022
	(in kWh)	(in kWh)	(in %)
Emission sources			
Electricity and district heating	484,323	455,147	+6
thereof: share of fossil energies	0.6%	0.6%	0
Natural gas	13,128	8,890	+48
Total	497,451	464,037	+7

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

BETTER PACKAGING

Although our products are at the heart of what we do, we also care about everything around them – such as the packaging. We are therefore proud that in 2022, 100% of our product packaging was recyclable, reusable or compostable. The total weight of the products we sold in 2022 was 3,426 t. Of this, 436 t was pure packaging material (prior year: 649 t), the majority of which (295 t) consisted of easily recyclable paper

for transport. This means that our packaging intensity fell to 16.8 thousand kg per €1 million sales (prior year: 19.4 thousand kg per €1 million sales). The previous year's figures on packaging types were corrected within the scope of this report, as they were partly calculated incorrectly. This results in new, corrected values, which are listed in the table on packaging material.

PACKAGING MATERIAL

	2022	2021	Δ 2021–2022
	(in kg)	(in kg)	(in %)
Packaging type			
Paper/cardboard/carton	295,361	478,721	-38
Plastics	83,535	111,968	-25
Glass	48,255	46,705	+3
Iron	5,457	3,037	+80
Other composite packaging	3,139	3,187	-2
Aluminium	127	242	-48
Composite beverage carton	91	4,812	-98
Wood	0	7	n/a
Total	435,965	648,679	-33

In 2022, our waste volume decreased significantly year on year due to operational reasons and a lower specific weight of the products sold. We want to continue to move towards a circular economy in the future and have therefore set ourselves the target of using packaging made of fully recycled and/or renewable material for at least 50% of our products by 2025 – documented, for example, with the Blue Angel or the FSC seal (Forest Stewardship Council). In 2022, the proportion of packaging made from fully recycled materials was just under 20%.

Furthermore, we have implemented special measures in the area of packaging, such as the use of compostable films made from NatureFlex™ material, renewable packaging materials made from cellulose and starch, and almost exclusively mineral oil-free printing inks.

BETTER FOR SOCIETY

FOR GREATER SATISFACTION

In order to respond to the needs and wishes of our employees, we believe it is particularly important to frequently exchange information with them. We therefore conduct regular surveys of our employees and measure their current satisfaction with the Employee Net Promoter Score (eNPS), which ranges from -100 to a maximum of 100 points.

In 2022, we conducted a total of two wide-ranging surveys across Veganz Group AG. In addition to the macroeconomic developments and the adverse business environment, the results also reflect the associated challenges for Veganz and its structural changes in the fiscal year 2022, which affected both the Company itself and each individual employee: After all, it was with a heavy heart that we had to part with numerous employees from a wide range of departments as part of the cost reduction and efficiency improvement programme, in order to reposition ourselves under the changed framework conditions and, above all, make ourselves fit for the future. In the survey in the first half of 2022, we still achieved an eNPS of 10.9 points, which was significantly below the very strong prior-year score (32.7 points), but only slightly below the industry average (13.0

points). In the survey in the second half of the year, the eNPS fell further to -9.0 points so that the average value of the eNPS for 2022 was 1.0 points. Whereas satisfaction with the individual aspects of the employee's field of activity and their direct superiors declined moderately and remained at a good level, satisfaction with the other categories fell – in some cases significantly. In particular, the areas 'Information on corporate strategy' and 'Work processes at Veganz' were rated as in need of improvement with an average of 6.4 and 5.7 points out of a possible 10 – no doubt also in connection with the macroeconomic uncertainties and the correspondingly changeable business development. We have therefore used this economic crisis to work on our future viability: as well as repositioning ourselves from a retailer to an innovative food tech company, continuously expanding our in-house production, optimising our product range and focusing more on our licensing business, we have secured a promising licence for printing milk alternatives with 'Mililk'. Despite all these topics, however, we never lost sight of our core concern – climate and environmental protection – and are striving to enhance our internal communication.

SATISFACTION DIMENSIONS

	2022 (scale of 0-10 pts.)	2021 (scale of 0-10 pts.)	Δ 2021–2022 (in pts.)
Satisfaction with direct superiors	8.4	8.7	-0.3
Satisfaction with own field of activity	7.7	8.4	-0.7
Loyalty to Veganz	7.1	8.2	-1.1
Satisfaction with management	7.0	8.1	-1.1
Belief in Veganz products	6.7	7.7	-1.0
Information on corporate strategy	6.4	7.1	-0.7
Work processes at Veganz	5.7	6.6	-0.9

The lower overall rating was also reflected – at least in part – by the fluctuation rate of Veganz Group AG, which rose slightly to 16.7% from 15.0% in the previous year.

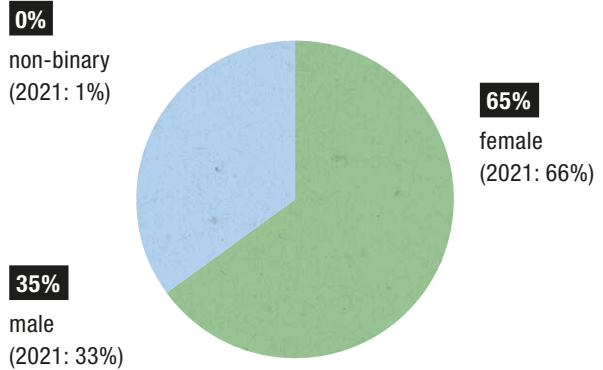
BETTER OPPORTUNITIES FOR EMPLOYEES

Reconciling work and private life is becoming increasingly important these days. To ensure that all our employees are able to meet their private and professional commitments, they are free to work their contractually agreed working hours within the framework of our 'trust-based working hours' scheme. In addition, we offer them the possibility to work part-time – which 42% of employees utilised in 2022 (prior year: 40%). 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. In order to avoid uncertainties, most employment contracts at Veganz are open-ended. In 2022, the ratio of fixed-term contracts at Veganz was just 18% (prior year: 11%) and only applies to our working students.

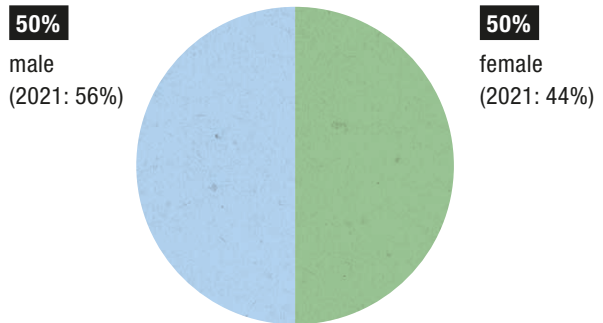
We also want to make it easier for staff – beyond the statutory regulations – to handle important private matters. As in the previous year, we therefore offer paid days off for moving home, birthdays, weddings and the birth of a child, and grant employees paid vacation days if a child is ill.

We are particularly proud of our consistently high level of gender diversity at Veganz. The proportion of women was 65% in 2022 (prior year: 66%) – and even increased to 50% at management level (prior year: 44%). In 2022, we hired a total of 19 new employees, of which ten were women. Eight of the new employees were aged under 30, eight between 30 and 50, and three over 50. Within the existing workforce – including the new employees – a total of 24 employees are aged under 30, 56 employees are aged between 30 and 50 and 13 employees are older than 50.

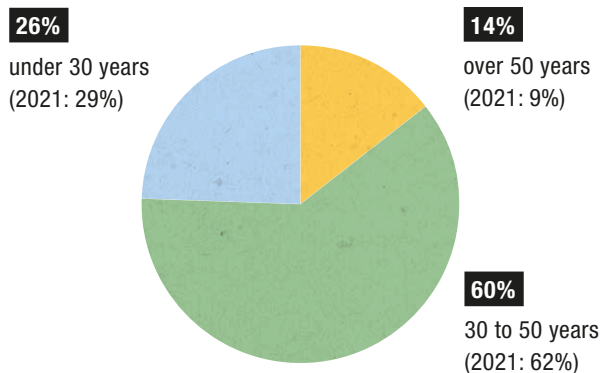
GENDER DIVERSITY AT VEGANZ 2022



GENDER DIVERSITY AT MANAGEMENT LEVEL AT VEGANZ 2022



AGE DISTRIBUTION AT VEGANZ 2022



BETTER CAREER PROSPECTS WITH VEGANZ

Fair and appropriate remuneration for our employees is vital for us – and of course independent of personal characteristics, such as gender or origin. This is why we also monitor the difference in salaries between female and male colleagues – the gender pay gap – throughout the Company.

As of 31 December 2022, we had 93 employees in total (prior year: 72). As some of our staff work part-time, the number of full-time equivalents (FTE) is somewhat lower and currently amounts to 73.4 (prior year: 61.2). Due to our comparatively low headcount, individual salary differences have a major impact on the gender pay gap – even if they result from non-gender-related factors such as greater work experience. In 2022, these factors led to an unadjusted gender pay gap in the remuneration of men and women across the whole of Veganz Group AG of -8.8% (prior year: -0.1%).¹ Adjusted for the 'position' factor, the salary difference in 2022 was -2.5% (prior year: +1.2%). As a result, our adjusted gender pay gap continues to be in the low single-digit percentage range and within our target corridor of -3% to +3%. To ensure that all employees can earn a decent living, Veganz Group AG has set a minimum wage of €12.50 per hour – and thus above the statutory minimum.

As in the past, all employees attend performance review meetings with their supervisors once a year. This is an opportunity to discuss the achievement of individual targets, as well as cooperation and the outlook for the next twelve months.

In addition to a salary commensurate with performance, we also offer our employees various benefits: to promote sustainable mobility, we subsidise (e-)bike leasing and provide local public transport tickets. We are also keen to promote the health of our employees and offer free subscription memberships in the field of sports and wellness, so that employees can choose the offer that suits them best. In addition to physical health, we are also conscious of the importance of mental health for our employees. We therefore entered into a cooperation with the leading platform for mental health in the workplace in 2022 and offer this possibility for our employees – of course completely anonymously and free of charge.

Besides promoting fitness and health, we also invest in the professional and personal development of our employees: in addition to self-organised internal training, we invested around €431 per FTE in external continuing education and training in 2022 (prior year: €102). The courses are both general and technical: 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, so that we are always up to date on the key topic of food safety. From 2023, we will also be able to record all internal and external education and training hours.

¹ Excluding Veganz Retail Berlin GmbH & Co. KG, Veganz Food Factory Austria, apprentices and interns.

BETTER HEALTH, BETTER SAFETY

The risk of occupational accidents is comparatively low for us, as only a small part of our team is employed in food production. Nevertheless, we are aware of our responsibility as an employer to protect our employees from accidents as effectively as possible. We therefore take various measures to ensure health and safety: these include safety officers in the Company, the availability of Company doctors and regular first aid courses.

As in previous years, there were no work-related fatalities at Veganz in 2022 and only one reportable occupational accident resulting in 19 lost days. The Lost Time Injury Rate (LTIR) was 6.1 in 2022 (prior year: 6.3). The Total Recordable Injury Frequency Rate (TRIFR) was also 6.1, as there were no further accidents resulting in restricted working capacity and/or medical treatment (prior year: 6.3).

We also want to avoid work-related accidents as far as possible in future and therefore provide regular staff training as well as systematic checks on the appropriateness of our health and safety measures in the workplace.

BETTER PRODUCT QUALITY

When it comes to our products, only the best quality is good enough. We want to use these products to promote a plant-based diet and encourage more people to try something new – thus making the switch to vegan alternatives as easy and delicious as possible.

The many positive properties of our food help us achieve this: 'Cashewbert' is based on high-quality nuts with just a few ingredients and no coconut oil or starch base. Our premium chocolates are also of exceptional quality: they come from a traditional Swiss chocolate maker and are conched there for up to 40 hours. Our customers also benefit from the nutritional value of our products, such as the high level of omega-3 in our vegan smoked salmon.


49% of our product range
is **certified organic**

Another focus in the production of our products is on their organic (or 'bio') status: as of 31 December 2022, a total of 49% of our products were certified organic (prior year: 55%). This demonstrates that not only the contents of the products are important to us, but that we also pay attention to the external conditions during the production process. An organic certificate denotes the protection of environmental aspects in connection with the production of raw materials, with a positive impact on the environment and our products. No genetic engineering is used in any of our products.

Quality is also important when it comes to food safety: in 2022, we received the top rating once again according to IFS Broker (International Featured Standards Broker), Version 1.3¹, with a 'Higher Level' rating and a compliance rate of 97.7% (prior year: 95.7%).

As announced, our first in-house production site, the cheese factory in the heart of Berlin, was certified in 2022 with a compliance rate of 95.0% according to IFS Global Market Food Audit.

As in the previous year, there were no recalls of Veganz products in 2022. Likewise, no violations of official food safety regulations were identified.

We also pay attention to fair play in our marketing: we are aware of our responsibility and always communicate openly and honestly. As a result, we have not breached any statutory labelling and marketing regulations in the past three years and thus not incurred 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. Most of our products are currently manufactured by contractors – and here too we pay particular attention to suitable quality standards.

In 2022, all 32 of our active suppliers were certified according to an internationally recognised food management system standard. Of these, 25 were certified according to IFS Food, two were certified according to BRC, FSSC 22000 and IFS Broker, and one was certified according to IFS Global Market.

Under normal circumstances, we conduct our own random audits of our suppliers. However, no audits were conducted in 2022 due to the ongoing after-effects of the pandemic. As the overall situation is gradually easing, we have set ourselves a target of at least three detailed audits per year from 2023 onwards.

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.veganz.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.

We plan to strengthen our initiative for more transparency in the food industry, which we launched with Eaternity. Beginning with our own self-manufactured products, we have started to make our supply chains fully transparent for consumers by entering the relevant data on the Seedtrace platform: <https://products.seedtrace.org/bio-veganz-cashewbert>

The first product for which we uploaded data is 'Cashewbert'. By simply scanning the QR code on its packaging, the customer is automatically directed to the 'Cashewbert' product page where its full journey can be traced – from the origin of the raw materials, via our two production sites in Berlin and Spielberg to our warehouse. The page also lists further details about the production of our delicious cheese alternative, such as its carbon footprint, water consumption and information about animal and rainforest protection.

We intend to add other products in future and gradually expand the information provided.

If violations of the minimum requirements of our Code of Conduct are not remedied, we reserve the right to terminate the partnership. This has not occurred so far, as we are not aware of any violations. The risk of problematic business practices among Veganz suppliers is relatively low, as almost all of our direct suppliers are based in the EU and the standards applicable here are comparatively high. For this reason, we do not currently see any risk of child or forced labour among our suppliers or in other areas in which Veganz operates.

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.

To give our team members and all other stakeholders the opportunity to report any suspicion of a possible breach of ethical conduct, we have set up a whistleblower system, which is available on our corporate website at <https://ir.vegan.com/whistleblowing-system/>. 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. Such notifications are always treated as strictly confidential. In 2022, no reports were received via the newly introduced whistleblower system.

OUR CODE OF CONDUCT: WORKING FOR VEGANZ

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

- The non-discriminatory appreciation of all people we have contact with – irrespective of age, gender, religion, abilities, origin or sexual orientation.
- The prohibition of any unauthorised granting of benefits to, or acceptance of benefits from, our business partners.
- The protection of operational, corporate and personal data by using all appropriate and reasonable means.
- The avoidance of conflicts of interest that might arise from secondary employment or equity investments.

Our full Code of Conduct can be viewed online at: <https://ir.vegan.com/compliance-management/>

With regard to breaches of ethical behaviour or cases of corruption, we continued to have a clean slate in 2022 with zero cases (prior year: 0). 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.

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 last audit conducted by our external service provider was successfully completed in early 2022 and the several recommended actions were implemented in 2022.

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. This person can be contacted by mail at datenschutz@vegan.com.

BETTER SUPERVISION

As the highest governing body at Veganz, our Supervisory Board ensures that our corporate strategy is being implemented as effectively and sustainably as possible. This kind of self-regulation is important and requires expertise. The Supervisory Board currently consists of one female and four male members, all of whom are non-executive members in accordance with the German Stock Corporation Act. The longest-serving member has been on the Supervisory Board for more than

three years, two other members have served for more than two years, and the most recently elected members have performed their duties as Supervisory Board members for over a year. They have a wide range of expertise in the field of sales, marketing, operations, finance and sustainability. In addition, four of the Supervisory Board members have experience 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"> Chairman 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 Chairwoman of the Supervisory Board 	Market research	Marketing	24 June 2021	Annual General Meeting 2023
Dr Jens Pippig	<ul style="list-style-type: none"> Supervisory Board member Chairman of the Audit Committee Independent 	Food (retail)	Sales; marketing; finance	20 August 2020	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

¹ Definition of independence in accordance with recommendations C.6 and C.7 of the current German Corporate Governance Code (GCGC): https://dcgk.de/files/dcgk/usercontent/de/download/kodex/220627_Deutscher_Corporate_Governance_Kodex_2022.pdf

Further information on the activities of the Supervisory Board members and their remuneration can be found on pages 10–13, in the Remuneration Report on page 49 and under Other Disclosures on page 60 of this Annual Report. Information on the current mandates of Supervisory Board members and their detailed professional backgrounds 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 figures that are regarded as core financial KPIs by the ESG standard of the World Economic Forum (WEF): in 2022, Veganz paid €1,790 thousand in corporate tax (prior year: €1,930 thousand). The employer's share of social security contributions was €702 thousand in 2022 (prior year: €471 thousand). As in the previous years, expenses for property tax and non-creditable sales taxes were not incurred.

In 2022, Veganz qualified for various government financial grants and received a total of €14 thousand (prior year: €21 thousand). This amount consisted of prize money for the Food Industry Innovation Award, the Brandenburg Innovation Award and funding for participation in the Anuga food fair.

MANAGEMENT REPORT

BASIC PRINCIPLES AND CONDITIONS OF THE COMPANY

BUSINESS MODEL

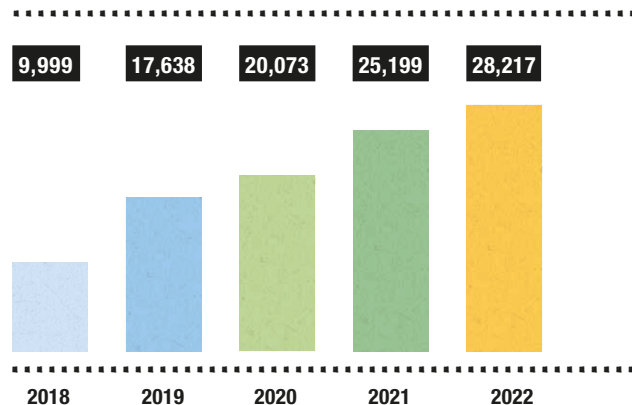
Veganz Group AG is a German public limited company ('Aktien-gesellschaft') based in Berlin. As Europe's sole multi-category provider of vegan food products, we pick up on global food trends for our product offerings and develop concepts and products that are placed and sold exclusively under our Veganz 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, cheese and egg alternatives – as well as meat and fish alternatives, protein products, ready meals, sweets and snacks.

In December 2022, we also secured a new and unique patent-protected 2D printing process for producing printed oat, almond, soy and other milk alternatives called 'Miliik'. This will enable us to produce a line of both market-ready and patent-protected, as well as environmentally friendly and competitive printed milk alternatives, in various formats for the food service sector and directly for consumers.

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 28,000 points of sale (POS) around the world. In addition, we are continuously optimising our product range – not only with high-quality new items, but also by concentrating more on our focus categories¹ – and thereby constantly enhancing our value chain.

¹ Our focus categories include plant-based fish, cheese, egg and milk alternatives, as well as textured protein for the production of unrefrigerated meat substitutes.

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 the classic retail chains, such as REWE, EDEKA, Kaufland, SPAR Austria and Coop Switzerland, via drugstore chains such as Rossmann, dm Germany and Austria, Müller and Budnikowsky, and the promotion business of German discounters such as LIDL or ALDI. Internationally, our products are also sold primarily via food retailers such as SPAR International, Kaufland International, dm International, Albert Heijn Netherlands, MPreis Italy, Ahold Czech Republic and Coop Denmark.

For reasons of profitability and efficiency, we decided to significantly reduce the store business of Veganz Retail Berlin GmbH & Co. KG – in other words our 'Stores' distribution channel, which included the sale of our own articles as well as vegan products from other manufacturers around the world via our own Veganz stores in Berlin. Of the three existing Veganz stores in Berlin, we closed two already in the fourth quarter of 2022.

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

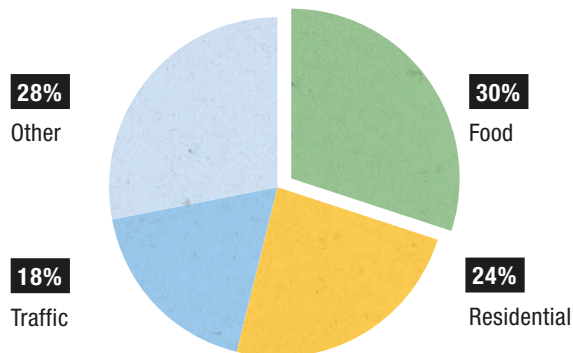
Since late 2021, we have also been using the distribution channel Food Service in the form of cooperation agreements and brand licensing partnerships – for example with one of Germany's largest caterers Aramark, the football club RB Leipzig, the baked goods company Bakerman, the German airline Euro-wings, the foodvenience provider Valora as well as Hack AG, one of the leading manufacturers of bakery and confectionery products. As a result, our customers not only come into contact with our products and our brand in the supermarket, but also in a wide variety of everyday situations.

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 loss¹. This makes nutrition a major driver of global warming. Veganz regards itself as a pioneer and innovation driver for plant-based and climate-friendly food.

¹ Source: Science Vol 360, Issue 6392.

SOURCES OF CO₂ EMISSIONS



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. 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 Generation Z customers.

During our evolution from a single purely vegan supermarket to an innovative food tech company, we have not only expanded our distribution channels, but also increasingly focused on making our own products. So far, we have largely outsourced production to external suppliers, providing recipe and process know-how and enabling our partners to produce the desired products for us.

In future, we aim to realise an increasing number of our product ideas ourselves. To this end, we are already using a production site for cheese alternatives in the heart of Berlin, which currently specialises in the production of vegan cashew-based Camembert. In addition, we opened a further production facility on 4 October 2022 in Spielberg, Austria – the Veganz Food Factory Austria. As demand from retailers and consumers for ‘Cashewbert’ exceeded the capacity of the production facility in Berlin, which already opened in 2020, the cheese alternative is now being produced at a further production site, from where it will primarily serve the demand of retail partners in Austria, Switzerland, Italy and Slovenia. We have also been producing our vegan smoked salmon – a sustainable algae-based fish alternative – in Neubrandenburg since June 2022.

The Veganz Food Factory Germany, originally planned for Werder (Havel), Brandenburg, has now been opened in Ludwigsfelde, also Brandenburg. On 1 February 2023, we already took over the production facility of around 3,000 square metres, newly built in 2022, in an excellent location in the Berlin-Brandenburg metropolitan region with first-class transport links directly next to the Berliner Ring motorway. We will benefit from the site’s high-quality building infrastructure, enabling a liquidity-preserving start-up and optimal production ramp-up. The new and innovative plant-based milk alternatives will be produced here in future using the patented 2D printing process, as well as the plant-based meat alternatives using peas (Textured Vegetable Protein, TVP).

In addition, we are planning to pool our current production capacities in Berlin and Neubrandenburg at a certified production site for the production of our plant-based cheese alternatives ‘Cashewbert’ and ‘Bluebert’, the algae-based fish alternatives and ‘Das Vegane Ei’ (the vegan egg).

The declared target of this forward-looking decision towards more in-house production is to improve profitability and strengthen our innovative power by increasing the vertical integration of our value chain.

We think brand and products from the customer perspective

Despite the difficult market environment and the corresponding adjustments made to our marketing activities, our brand awareness fell only slightly to 24% in the fiscal year 2022 (prior year: 28%). At the same time, however, we succeeded in raising awareness in the 18–29 age group from almost 25% to around 28%¹. In addition, the rapid and successful development of a direct-to-consumer (D2C) shop and our highly effective influencer strategy not only helped boost brand awareness, but also direct sales of our products.

¹ Source: Veganz Brand Monitoring Germany via Civey, sample size > 5,000, question: ‘Which of these brands have you heard of?’, December 2022.

We expanded our own media channels (Instagram, Facebook, website, email) with further relevant channels for our core target group, including TikTok, Twitch and a podcast. Moreover, we have strong connections 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.

In a macroeconomic environment marked by consumer uncertainty due to the Ukraine war and the resulting inflation, however, environmental and climate protection issues have recently fallen in the list of consumer priorities¹: 48% of Germans are concerned about rising prices, 24% about the Ukraine crisis. The issue of climate change currently concerns 10% of Germans. In addition, 80% of Germans agree with the statement 'I am concerned about my personal financial situation'². Following the introduction of gas and electricity price caps and the recent union wage negotiation rounds, consumer sentiment has stabilised slightly. Nevertheless, the propensity to buy remains low as paid food prices recently increased by 13%³. However, within the core Veganz target groups, Generation Z and Millennials+, the sustainable lifestyle has actually intensified: 30% of these target groups are willing to pay higher prices for food – despite inflation and rising costs⁴. In a representative Veganz survey conducted in February 2023, 42% of Germans also said they always or often choose not to consume meat.

¹ Source: McKinsey, 'Sorge vor steigenden Preisen verfestigt sich', July 2022.

² Source: Appinio Hype Train No. 6, June 2022.

³ Source: GfK Consumer Index October 2022.

⁴ Source: bunq study, February 2023.

With the restructuring of our Marketing and Sales organisation and the creation of a Data Science department, we have strategically linked the areas of Data Science, Product Management, Brand, Communication and Sales even more closely so that we can make faster and more market-oriented decisions about distribution and product lines. The exclusive partnership between Veganz and epap GmbH, Hanover, represents the first successful milestone for joint campaigns and data connection: starting already in the second quarter of 2023, Veganz will be able to advertise products to individual target groups across different channels – exclusively and, so far uniquely, both locally and across retail partners – and will have the possibility to receive live data on the respective offline purchases. This will enable us to automatically optimise the performance of the respective campaigns on the digital advertising platforms (such as Facebook, Google and TikTok).

More and more of our products are being developed and manufactured in-house. We believe that this approach enables us to quickly and flexibly adapt our purely plant-based product portfolio to changing food market trends and also to produce white label products. This flexibility and the innovative strength that goes with it have already helped us win several awards – for example as Germany's most innovative food brand¹ or as one of Germany's most innovative brands². However, we also continuously review our product range, especially the core and focus categories, and analyse in which context our products make the most economic sense for us – as a contract-manufactured product, as an in-house manufactured product, as a white label product or as a licensed product, which is now also part of our ongoing optimisation of product range profitability. In this way, Veganz, as the licensor, can open up new product range categories together with strong partners such as Bakerman or Hack AG. This enables us to profitably drive brand expansion, maintain our product range in the contract

manufacturing categories and expand the depth of our range in growth categories. In addition, our products are not generally only based on good and simple recipes ('clean label approach') but also on complex manufacturing processes that can be protected as intellectual property. As a result, we are increasingly able to offer a unique and innovative product portfolio – an advantage that increases the chance for new listings of our products in the food retail sector to enhance the respective private label brands.

¹ Source: Handelsblatt, June 2021.

² Source: Capital, February 2022.

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.

Financial KPIs

We use the following main KPIs to steer our business activities:

- **Sales:** Veganz Group AG generates its revenue from selling plant-based product offerings under the Veganz brand. Sales 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.
- **EBITDA:** EBITDA of Veganz Group AG is its earnings before interest, taxes, amortisation and depreciation. 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).

KPI	2022	2021
Sales (in € thousand)	23,617	30,417
EBITDA (in € thousand)	-12.305	-9,789

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

- **Gross profit margin:** The gross profit margin is 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 of the Company's value creation and competitive intensity.

KPI	2022	2021
Gross profit margin (in %)	32.4	30.7

Non-financial KPIs

In addition to our financial KPIs, we also report on certain non-financial KPIs in this annual report:

- **Employee satisfaction (eNPS):** 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.
- **Brand awareness:** Another important non-financial KPI is aided brand awareness. 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.
- **CO₂ temperature target:** As part of the expansion of our non-financial KPI reporting, we announced last year that we intended to use the X-Degree Compatibility (XDC) model to set a binding temperature target for our own CO₂ emissions in line with the targets of the Paris Climate Agreement. However, in the course of the calculation process it became increasingly apparent that the underlying methodology of the XDC model was impractical for comparatively small companies like Veganz – on the path to sustainable growth. As an alternative, we have therefore initially defined a product-related CO₂ target to reduce the carbon footprint of our products by 6% to 2.5 kg of CO₂ emissions per kilogram of product by 2025. Nevertheless, we will continue to pursue our objective of also setting an overarching CO₂ temperature target for Veganz and will examine alternative models that are more suitable for us in 2023.

KPI	2022	2021
Employee satisfaction (eNPS) ¹	1.0	32.7
Brand awareness (aided) ²	24%	28%

¹ Source: Average eNPS based on two surveys (2021: three surveys).

² Source: Veganz Brand Monitoring Germany via Civey, sample size > 5,000, question: 'Which of these brands have you heard of?', December 2022.

RESEARCH AND DEVELOPMENT

As an active member of the German Association for Alternative Protein Sources ('Bundesverband für Alternative Proteinquellen e.V.', BALPro), we regularly network with other members and promote innovative ideas and projects.

In addition, 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. Moreover, we support projects of the Research Association of the German Food Industry ('Forschungskreis der Ernährungsindustrie e.V.', FEI) of relevance to us, such as the solidification of plant protein-based foods as well as extruded and 3D-printed vegan scaffolds for cultured meat.

Last but not least, since June 2022 we have been working on the cultivation of peas in vertical farming as part of a research cooperation project with the Fraunhofer Institute for Molecular Biology and Applied Ecology IME in Aachen ('Fraunhofer-Institut für Molekularbiologie und Angewandte Oekologie IME'). We have thus found the perfect partner for testing sustainable cultivation options for the resources we need, enabling us to systematically drive the agricultural turnaround required to feed the world's steadily growing population in a sustainable and climate-friendly manner. This not only decouples us from volatile commodity markets and makes us more independent, but also reduces CO₂ emissions and water consumption.

We do not currently 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 and 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 buy our 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) 848/2018 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 biological', 'controlled ecological farming' and '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, also 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 product-based risks. Retailers may also become subject to the even more extensive regulations for producers relating to product safety, for example if they modify their products in a way that affects the safety of these products.

ECONOMIC CONDITIONS

Plant-based substitutes have entered the mainstream¹

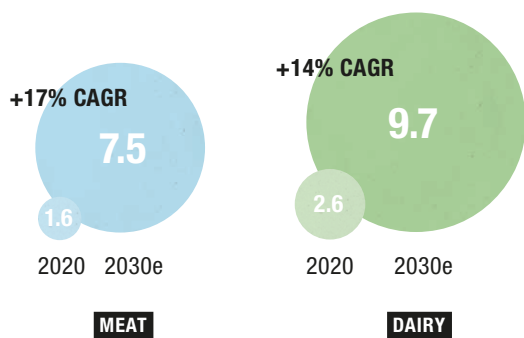
There have been numerous plant-based substitutes based on established protein sources (especially soy, wheat and almond) for many years now. Oat and almond drinks, vegan sausage or vegan chocolate are just a few examples of such product alternatives. However, they were long a niche market in Europe, as the core target groups were a comparatively small number of vegetarians and vegans. Over the past few years though, the latest generation of plant-based substitutes has become increasingly popular with 'regular' food customers, the so-called flexitarians. They are in tune with the current zeitgeist, which favours a plant-based, healthy and, where possible, climate-friendly diet.

This transformation is being driven by changes in consumer behaviour: in western industrialised countries in particular, there is a growing awareness of the problems associated with the industrial production of animal products and climate change. There is increasing criticism of factory farming and consumers' consumption habits are changing. A balanced diet with a lower proportion of animal products is increasingly regarded as healthy as well as ethically and ecologically desirable. Plant-based alternatives to animal products help consumers to act ethically, sustainably and ecologically. Key segments such as plant-based meat and milk alternatives have grown into billion-dollar markets. Although growth rates in the market for plant-based nutrition have slowed slightly of late, this trend is by no means a short-term phenomenon. While the forecast ranges for this relatively young market are fairly broad, there is general consensus that the growth trend will

continue. Plant-based meat and milk alternatives are by far the largest segments in Europe – with €1.6 billion and €2.6 billion (2020), respectively – with substantial market volumes and attractive long-term growth potential. According to forecasts, this growth trend will remain intact until 2030 with average rates of around 17% and 14% per year, respectively. Germany is already one of the leading European markets in these segments.

¹ Source: Ebner Stolz, M&A Quarterly, Q4/2022.

MARKET VOLUME PLANT-BASED ALTERNATIVES IN EUROPE (IN € BILLION)



Sources: Jefferies, Euromonitor, RBC Capital Markets, Presse, Nielsen, Ebner Stolz Research/Projection based on forecast for 2025.

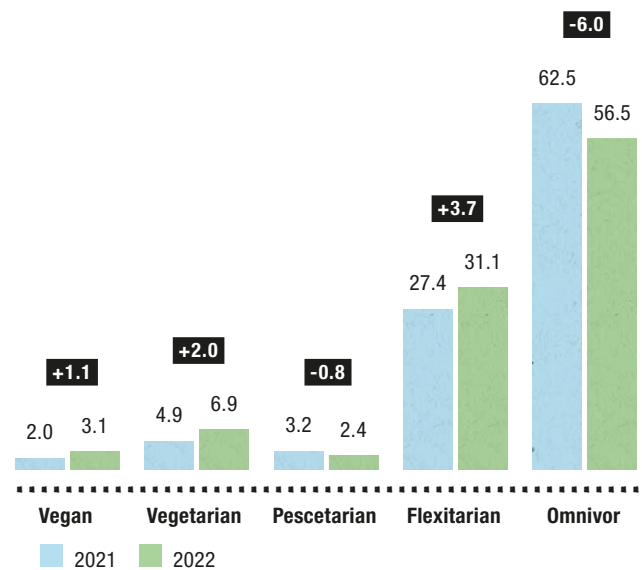
Fourth Veganz nutrition study

In the fiscal year 2022, we once again examined the consumption and eating habits of people living in Germany and asked 2,733 participants between the ages of 15 and 64 about their attitudes to nutrition and environmental protection.

The results in brief:

- Over 57% of non-vegans in Germany intend to reduce their consumption of animal products in the future.
- Almost 80% of vegetarians want to go vegan in the future.
- Almost one third of all Germans have already adopted a flexitarian diet.
- Lab-grown meat and cheese are very popular: about 44% of Germans would eat lab-grown meat and about half of all Germans would eat lab-grown cheese.
- As in the previous year, vegan milk alternatives are the most popular substitutes – followed by yoghurt and quark alternatives as well as alternatives for sweets and snacks.
- The vegan community grew by about 183,200 people last year. In addition, just under half a million people opted for a vegetarian lifestyle during this period.

HOW GERMANY ATE (IN %)



In 2022, there were about 1.7 million vegans living in Germany (3.1%, prior year: 2.0%), as well as 3.7 million vegetarians (6.9%, prior year: 4.9%) and 1.3 million pescatarians (2.4%, prior year: 3.2%). In addition, about 16.7 million people had adopted a flexitarian diet (31.1%, prior year: 27.4%) and only about 30.4 million people (56.5%, prior year: 62.5%) were still omnivorous. This means that the vegan, vegetarian and flexitarian movement continues to gain ground. Other findings from our survey also support this trend: 80.0% of vegetarians can imagine going vegan in the future. Moreover, 57.3% of non-vegans intend to eat less animal products in general. And 44.5% of them are prepared to reduce their animal food consumption to help mitigate the increasing impact of climate change.

Vegan: an entirely plant-based diet that excludes meat and fish as well as any products of animal origin like milk, eggs or honey.

Vegetarian: excludes meat and fish, but still includes products of animal origin like milk, eggs or honey.

Pescetarian: excludes meat, but includes fish and other seafood.

Flexitarian: meat is generally consumed, but consumption is reduced and more conscious.

Source: German Association for Nutrition ('Deutsche Gesellschaft für Ernährung e.V. '), October 2022.

The Ukraine war and its consequences

The war in Ukraine has fundamentally changed our world: apart from the incalculable human tragedy, there have also been major economic repercussions and significant risks for the real economy – especially with regard to global supply chains and sales markets, as well as energy needs and the provision of credit. As a consequence, the shortage of vital commodities continued and caused inflation to soar. Prices rose in almost all relevant areas of consumption, leading to general uncertainty among consumers and severely curbing their propensity to consume¹ – especially with regard to groceries: sales in the food retail sector fell more sharply than at any time since 1994². Due to their lower incomes, the current price increases have hit our young core target group (Generation Z and Millennials+) particularly hard. However, the resulting scaling back of their lifestyle does not mean a fundamental change in their values and attitudes: climate and environmental protection continue to be strong drivers of the younger generation's consumption decisions, even if their focus naturally shifts to other issues in times of crisis. As a result, many parts of the sector are continuing to grow: according to the latest Nielsen data³, the market for vegetarian products (including vegan products) in Germany grew by around 7% to €5.5 billion in 2022 (prior year: €5.1 billion). These figures are based on recommended retail prices (RRP) in the German retail sector – spread across a total of 72 categories (prior year: 64) and based on all market participants (including private label brands). The market of relevance to us grew by a total of 16.3% to €2.25 billion (prior year: €1.94 billion). In Germany, the consumer research institute GfK reports a growing interest that has only temporarily cooled⁴. According to their data, people have not lost their appetite – in terms of sales, meat alternatives are still the fastest-growing category in the retail sector.

While the overall market slumped by 3% in the first half of 2022, sales of meat alternatives increased by 12%. However, this figure was significantly below the original expectations. The reason why demand for meat alternative products is outperforming the overall market is inflation: in August 2022, prices for conventional meat, for example beef (22%), rose significantly faster than those for meat substitutes (3%) – thus boosting the consumption of meat substitutes. Consequently, the price gap is currently getting smaller every month. The extent to which the market will continue to grow is determined by two factors: consumers and the producer mix. 30% of all German households already buy meat substitutes at least once every six months. Assuming that all meat consumers are also potential consumers of substitutes, further growth is likely.

¹ Source: McKinsey Survey, June 2022.

² Source: GfK Konsumklimaindex, June 2022.

³ Source: Nielsen Connect Express Veggy Total Database, 2021 vs. 2022, CW1-52, Food Stores+Drugstores+Discount, Market Share Sales per Category.

⁴ ntv.de, November 2022.

BUSINESS DEVELOPMENT

Comparison of actual business development and forecast business development

2022 was a year of crisis that nobody could have imagined in this form and on this scale: the COVID-19 pandemic, global supply chain problems, the war in Ukraine and rising inflation are just some of the challenges that the food sector – and thus we too – had to deal with on a daily basis. On 19 September 2022, the economic slowdown therefore forced us to downgrade our full-year guidance for the fiscal year 2022 published on 23 May 2022.

GUIDANCE COMPARISON (in € million)	Guidance (23 May 2022/19 September 2022)	2022 ²	2021 ²
		Actual	Actual
Sales (Veganz Group) ¹	Slight decline/ significant decline	25.9	33.5
Sales (Veganz Group AG)	Slight decline/ significant decline	23.6	30.4
EBITDA (Veganz Group AG)	Slightly reduced	-12.3	-9.8

¹ Includes sales at Company level plus sales of Veganz Retail Berlin GmbH & Co. KG. Due to the closure of two stores of Veganz Retail GmbH & Co. KG in the fourth quarter of 2022 and the resulting significant decline in sales, Veganz Group AG refrained from consolidating as of 31 December 2022.

² Unconsolidated

POSITION

EARNINGS POSITION

The earnings position of Veganz Group AG developed as follows in 2022:

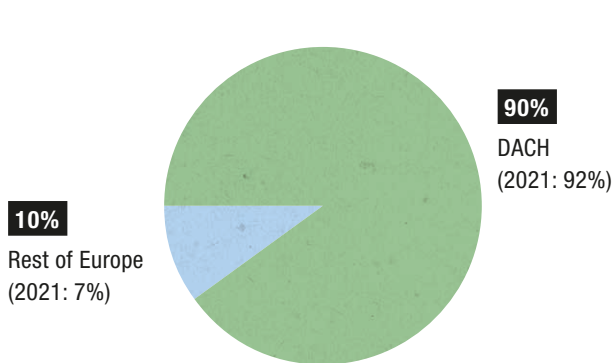
	1 Jan.– 31 Dec. 2022	1 Jan.– 31 Dec. 2021
	in € thousand	in € thousand
Sales	23,617	30,417
Other operating income	724	229
Cost of materials	15,966	21,077
Personnel expenses	4,594	3,426
Other operating expenses	15,078	11,594
Marketing expenses	3,724	3,459
Direct costs	5,630	5,011
Indirect costs	5,724	3,124
Adjusted EBITDA	-11,297	-5,450
One-off expenses	1,008	4,339
EBITDA	-12,305	-9,789
Amortisation and depreciation	1,031	1,018
EBIT	-13,337	-10,807
Other interest and similar income	22	252
Interest and similar expenses	918	3,019
Earnings before taxes	-14,233	-13,575
Taxes on income	-3,201	-260
Other taxes	0	0
Net loss for the year	-11,032	-13,315

In the fiscal year 2022, sales fell year on year by 22% to €23,617 thousand (prior year: €30,417 thousand). This development was driven in particular by the absence of promotional business and consumer restraint.

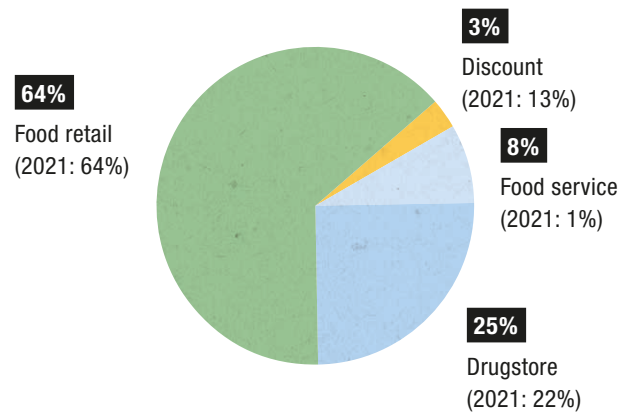
Our sales activities focused once again on Germany, Austria and Switzerland, where we generated 90% of sales (prior year: 92%).

The food retail sector continued to account for around 64% of Veganz Group AG's total sales in 2022 (prior year: 64%), whereby the sales volume in 2022 was down 22% on the previous year. We established a further 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 – gratifying proof that major companies are keen to cooperate with the Veganz brand. In its first full year, food service accounted for 8% of Veganz Group AG's total sales (prior year: 1%).

SALES BY REGION 2022



SALES BY DISTRIBUTION CHANNEL 2022



In line with the development of sales, there was also a year-on-year decrease in the cost of materials of 24% (prior year: €21,077 thousand), while the cost of materials ratio (cost of sales ratio) fell slightly to 68% (prior year: 69%). We attribute this development to the systematic optimisation of our product mix and plan to optimise our range further in the current fiscal year with a focus on higher-margin products.

Due in particular to the further increase in staff in vacant key positions, changes in management as well as one-off expenses in connection with the COVID-19 pandemic (so-called one-off Corona bonus), personnel expenses increased year on year by €1,168 thousand to €4,594 thousand (prior year: €3,426 thousand).

Mainly driven by the scheduled amortisation of our capitalised brands, amortisation and depreciation totalled €1,031 thousand (prior year: €1,018 thousand).

Other operating expenses increased year on year by €3,484 thousand to €15,078 thousand in 2022 (prior year: €11,594 thousand), mainly due to expenses for the product portfolio (for example, vegan smoked salmon and 'Cashewbert'), as well as sales and marketing expenses. Further causes were short-term personnel leasing due to sick leave as well as the increase in rental and operating costs, especially rent for the originally planned production site in Werder (Havel); the corresponding investments for the construction of the planned Veganz Food Factory in Werder (Havel) were stopped in the course of 2022.

Compared to the previous year, in which one-off expenses from the adjustment of the financial structure were incurred which were no longer incurred in 2022, the financial result mainly included interest expenses of €1,034 thousand in fiscal year 2022 (prior year: €3,019 thousand). These were largely attributable to the bond and crowdfunding.

At €-12,305 thousand, EBITDA was significantly down on the prior-year level (prior year: €-9,789 thousand) – driven in part by one-off expenses from the set of measures adopted in summer 2022. These mainly included one-off legal and consulting costs, as well as restructuring costs for personnel. In the previous year, one-off expenses mainly included legal costs, consulting costs and auditing fees as well as other one-off costs in connection with the IPO. Adjusted for these one-off expenses, our EBITDA was €-11.297 thousand (prior year: €-5,450 thousand).

The net loss for the year improved to €11,032 thousand (prior year: net loss for the year of €13,315 thousand). Nevertheless, we assess the fiscal year 2022 as unsatisfactory.

FINANCIAL POSITION

	1 Jan.– 31 Dec. 2022	1 Jan.– 31 Dec. 2021	Change
	in € thousand	in € thousand	in € thousand
Cash flow from operating activities	-13,200	-13,226	26
Cash flow from investing activities	-1,524	-208	-1,316
Cash flow from financing activities	-1,545	44,079	-45,624
Cash effective changes of cash and cash equivalents	-16,270	30,645	-46,915
Cash and cash equivalents at the beginning of the period	28,602	-2,042	30,644
Cash and cash equivalents at the end of the period	12,333	28,602	-16,270

In 2022, cash flow from operating activities of €-13,200 thousand was slightly above the prior-year figure by €26 thousand (prior year: €-13,226 thousand) – driven mainly by the net loss for the year of €-11.032 thousand, while items of cash flow from operating activities largely offset each other. In line with the investments made in non-current assets, cash flow from investing activities fell to €-1,524 thousand (prior year: €-208 thousand). Due to the redemption of loans and interest paid, cash flow from financing activities also declined significantly compared to the previous year – which was shaped by the successful private placement and the IPO – to €-1,545 thousand (prior year: €44,079 thousand).

The Veganz Group AG was thus 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. We also expect to be able to finance the business development in 2023 from our own resources.

Our medium-term goal is to generate positive cash flow from operations: in addition to sales growth, this will necessitate in particular a significant improvement of our gross margin.

ASSET POSITION

	1 Jan.– 31 Dec. 2022	1 Jan.– 31 Dec. 2021	Change	Change
	in € thousand	in € thousand	in € thousand	in %
Non-current assets	13,660	13,145	515	4
Current assets	20,325	37,459	-17,134	-46
Prepaid expenses	436	115	322	281
Balance sheet total	34,322	50,718	-16,297	-32
Equity	15,995	27,027	-11,302	-41
Accruals	2,703	2,834	-140	-5
Liabilities	15,724	17,593	-1,869	-11
Deferred tax liabilities	–	3,255	-3,255	-100
Balance sheet total	34,322	50,718	-16,297	-32

In 2022, non-current assets were primarily shaped once again by the capitalised brands and their pro rata amortisation. In addition, we invested in technical equipment and machinery as well as in planning for the originally planned production site in Werder (Havel). We stopped these investments in summer 2022 and are using the completed plans under different conditions at our new site in Ludwigsfelde (also in the German federal state Brandenburg).

Due to the decline in business volume, current assets fell to €20,325 thousand (prior year: €37,459 thousand). The decrease is mainly attributable to a fall in cash and cash equivalents to €12,336 thousand (prior year: €28,650 thousand). Moreover, this item includes merchandise for our operating business amounting to €2,340 thousand (prior year: €2,813 thousand) and trade receivables of €2,504 thousand (prior year: €3,512 thousand).

Compared to the previous year, receivables and other assets decreased by 6% to €5.650 thousand (prior year: €5,997 thousand).

Cash and cash equivalents mainly comprised bank balances of €12,336 thousand and are not subject to any restrictions on disposal (prior year: €28,650 thousand). The decrease is due in particular to the negative development of business in 2022.

There was also a decline in the equity ratio to 47% in 2022 (prior year: 53%), mainly as a result of the adverse business performance.

Accrued expenses relate in particular to obligations from outstanding invoices, as well as outstanding interest claims, and decreased by 5% to €2,703 thousand in 2022 (prior year: €2,843 thousand).

Compared to the previous year, total liabilities declined by 11% to €15,724 thousand (prior year: €17,593 thousand), due in particular to the fall in trade payables.

In the course of the fiscal year 2022, we almost completely repaid our liabilities due to banks with an outstanding balance of €4 thousand (prior year: €48 thousand).

As a result of the offsetting of deferred tax liabilities with deferred tax assets on tax losses carried forward, deferred tax liabilities of €3,255 thousand were completely reversed through profit or loss (prior year: €265 thousand).

RISK AND OPPORTUNITY REPORT

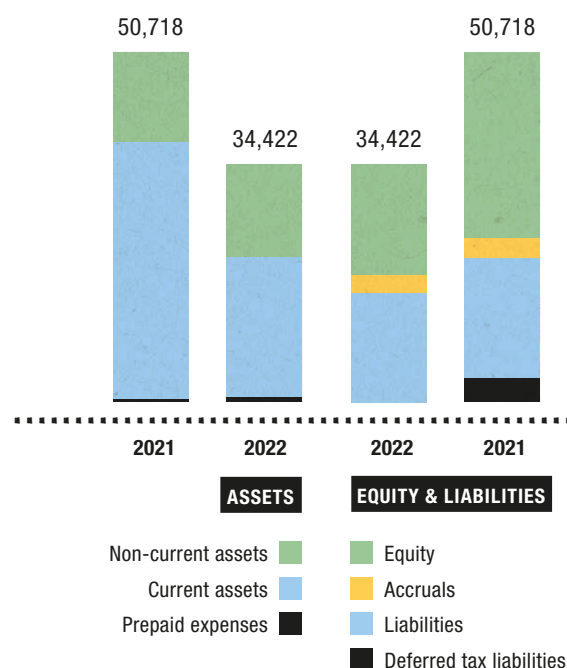
RISK MANAGEMENT SYSTEM

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. We use a risk management system for this purpose.

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.

BALANCE SHEET STRUCTURE



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.

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. In 2022, our business continued to be impacted by COVID-19. The resulting adverse impacts compounded existing inflation fears in Europe, underpinned by weak economic growth and rising inflation rates. If the current inflation is not successfully combated in our European markets, this might further 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, albeit reduced, use of marketing measures. In addition, we are systematically working on the implementation of product innovations, aided by our advanced organisational structure and our fast product development cycles.

▪ 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. 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 ours, 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. We also regularly check the quality, safety and authenticity of our products to provide our customers with a high-quality shopping experience.

▪ 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 synthetic aromas.

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. We cooperate here with various scientific institutions, such as the Technical University of Berlin.

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 2022, we set up our second production site for cheese alternatives in Spielberg, Austria, where we have been producing 'Cashew-ber' since late October 2022. 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 higher 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 took over an additional larger production site for the Veganz Food Factory Germany in Ludwigsfelde, Brandenburg, in February 2023. At this site, we want to produce milk alternatives using the patented 2D printing process, as well as plant-based meat alternatives using peas (Textured Vegetable Protein, TVP). There is a risk that the conversion and production set-up may be delayed and involve unforeseen additional costs. In addition, we plan to pool our current production capacities in Berlin and Neu-Brandenburg at a certified production facility and produce our plant-based cheese alternatives, algae-based fish alternatives and our vegan egg there.

▪ 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 also have 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 currently 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 are continuously increasing the proportion of in-house production with the possibility of white label manufacturing and are focusing increasingly on licensing. We are also 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, such as the online D2C business, 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 sites, 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, Denmark, Portugal and Greece. Even after the construction of our new production sites, a large part of our product portfolio will still be manufactured in this way. We 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 of aggression in Ukraine can 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 our further growth and 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 central 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 2022, 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. Besides data privacy implications, disruptions or failures can lead to a loss of revenue. Another risk is cybercrime, which is increasing in line with market growth. Internal disruptions in the IT environment, for example in the field of goods and logistics, can have a significant impact on the business success of Veganz Group AG and result in a short-term decline in sales. In order to avoid the failure of IT systems as well as criminal intervention in our systems, regular monitoring for early detection and monitoring of the relevant processes has been developed and implemented and is controlled by the Data Protection Officer. We believe that regular updates of hardware and software help to ensure the security and stability of our systems. In addition to the necessary economic efficiency, this enables us to guarantee the compatibility and security of the IT systems and databases.

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.

Personnel risks

Veganz Group AG relies on competent, committed specialists and managers to help it achieve its strategic objectives. The loss of specialists and managers as well as the increasing difficulty of recruiting junior staff, specialists and managers represent a significant risk. As a result of demographic change and growing competition in the labour market, the recruitment of skilled personnel remains a challenge.

To counteract this risk, we invest in HR management at Veganz Group AG – including training and continuing education measures, the promotion of flexible working models and mental health, and fitness programmes – with the aim of increasing employee satisfaction and strengthening long-term staff retention.

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 rising costs along the entire value chain (raw materials, energy, personnel) and falling sales due to reduced consumer spending and a climate of uncertainty, we focused primarily on the continuous optimisation of our product portfolio and raising brand awareness in 2022. 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 checking our product portfolio and expanding our own products, we are strengthening our position as Europe's only vegan multi-category supplier. In the current fiscal year, we will continue to invest in high-growth and high-margin categories, such as 'Das Vegane Ei' (the vegan egg) and thus pursue the targeted expansion of our multi-category vegan range in order to reach our profitability targets. Moreover, we are using a cutting-edge, revolutionary 2D printing technology for milk alternatives with our 'Mililk' product.

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 trade in the DACH region. Our comparatively new food service business – with our launch partners, the football club RB Leipzig and the caterer Aramark – has made a positive contribution to these efforts. With Bakerman, Eurowings, Valora and Hack AG, we were able to win further high-quality customers in the food service sector for Veganz. In addition, we have been selling selected Veganz products also as exclusive bundles via our online D2C business since September 2022.

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 conscious of the planetary challenges and 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 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 continues to target sustainable and profitable growth – 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 – also in terms of diversity – as part of our transformation process. Equality is a top priority at Veganz: we are proud and grateful to have a very well 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 in Spielberg, Austria, 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 our larger production facility in Ludwigsfelde, Brandenburg. This will be used in future to produce our new and innovative plant-based milk alternatives using the patented 2D printing process, as well as plant-based meat alternatives using peas (Textured Vegetable Protein, TVP). The expansion of our in-house production capacities will not only enable the sustainable improvement of gross margins, but also underline our technological leadership and innovative strength.

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 refining our accounting-related internal control system, in addition to our 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 workshops and recommendations for implementation and potential improvements were discussed. Veganz Group AG expects to achieve a further improvement of the internal control system by deploying data analysts in the existing Controlling department.

FORECAST REPORT

EXPECTED EARNINGS POSITION

Guidance 2023

Depending on the macroeconomic conditions – in particular the negative effects of the energy crisis and the inflationary pressure on consumer behaviour – we expect sales of Veganz Group AG in the fiscal year 2023 to be roughly at the previous year's level (prior year: €23.6 million). However, due to our extensive cost reduction and efficiency enhancement programme, as well as the expansion of in-house production with the start of the production facility in Ludwigsfelde, we anticipate a significantly improved EBITDA compared to the previous year (prior year: €-12.3 million).

	2023	2022
in € million	Guidance	Actual
Sales	Roughly at the previous year's level	23.6
EBITDA	Significantly improved compared to the previous year	-12.3

REMUNERATION REPORT

SETTING REMUNERATION

Executive Board remuneration is reviewed regularly, at least every two years. When doing so, the Supervisory Board takes into account the following aspects:

- growth in the prior-year period as well as its projected growth in future periods,
- achievement of defined key performance indicators,
- the Company'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 IN THE FISCAL YEAR 2022

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 2022 consisted of remuneration with a short-term incentive (STI). In 2022, 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 Chairman 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 by 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 2022.

Anja Brachmüller, COO	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2022	115.0	–	–	115.0
Target 2022	115.0	34.5	–	149.5
Granted 2022	115.0	–	–	115.0
Maximum 2022	115.0	34.5	–	149.5
Granted 2021	100.1	–	–	100.1

Mario Knape, CFO (until 30 September 2021)	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2022	–	–	–	–
Target 2022	–	–	–	–
Granted 2022	–	–	40.5*	40.5
Maximum 2022	–	–	–	–
Granted 2021	100.1	–	35.0	135.1

* Compensation payment

Alexandra Vázquez Bea, CFO (1 July 2021 – 31 December 2022)	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2022	142.5	–	–	142.5
Target 2022	142.5	42.8	–	185.3
Granted 2022	142.5	–	–	142.5
Maximum 2022	142.5	42.8	–	185.3
Granted 2021	60.0	20.0*	–	80.0

* One-off special payment for IPO implementation

Moritz Möller, CMO	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand				
Minimum 2022	105.0	–	–	105.0
Target 2022	105.0	31.5	–	136.5
Granted 2022	105.0	–	–	105.0
Maximum 2022	105.0	31.5	–	136.5
Granted 2021	45.0	–	–	45.0

REMUNERATION RECEIVED BY THE EXECUTIVE BOARD

Remuneration received corresponds to the remuneration paid to the members of the Executive Board in 2022.

Executive Board members	Year	Fixed remuneration	Variable remuneration	Pension and other benefits	Total
in € thousand					
Anja Brachmüller	2022	115.0	–	–	115.0
Anja Brachmüller	2021	100.1	–	–	100.1
Mario Knape	2022	–	–	40.5*	40.5
Mario Knape	2021	100.1	–	35.0**	135.1
Alexandra Vázquez Bea	2022	142.5	–	20.0***	162.5
Alexandra Vázquez Bea	2021	60.0	–	–	60.0
Moritz Möller	2022	111.5	–	–	111.5
Moritz Möller	2021	45.0	–	–	45.0

* Compensation payment, ** One-off special payment, *** Bonus for IPO

No use was made of the option to reclaim variable remuneration in 2022. The members of the Executive Board did not receive any loans from the Company in fiscal year 2022 or in fiscal year 2021.

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 2022

The remuneration of the members of the Supervisory Board was set by a resolution of the Annual General Meeting on 19 September 2019. 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 Chairman 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

	2022	2021
in € thousand		
Roland Sieker	15.0	15.5
Dr Manon Littek (until 24 June 2021)	–	10.0
Janina Mütze (as of 24 June 2021)	12.0	11.0
Michael Durach (as of 24 June 2021)	12.5	11.0
Ronny Gottschlich	12.5	13.0
Dr Jens Pippig	12.5	13.0
Total	64.5	73.5

The members of the Supervisory Board did not receive any loans from the Company in fiscal year 2022 or in fiscal year 2021.

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

as of 31 December 2022

	31 Dec. 2022	31 Dec. 2021
	in € thousand	in € thousand
ASSETS		
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Software acquired for consideration	1	1
2. Brands	10,668	11,604
	10,669	11,605
II. Property, plant and equipment		
1. Technical equipment and machinery	378	257
2. Other equipment, operating and office equipment	146	88
3. Prepayments made and construction in progress	1,672	419
	2,197	763
III. Long-term financial assets		
1. Holdings in affiliated companies	794	777
2. Long-term equity investments	-	-
	794	777
	13,660	13,145
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	40	32
2. Finished goods and merchandise	2,268	2,574
3. Prepayments made	31	206
	2,340	2,813
II. Receivables and other assets		
1. Trade receivables	2,504	3,512
2. Receivables from affiliated companies	722	518
3. Receivables from companies in which an equity investment is held	-	18
4. Other assets	2,423	1,949
	5,650	5,997
III. Cash in hand, bank balances	12,336	28,650
	20,325	37,459
C. PREPAID EXPENSES	436	115
D. DEFICIT NOT COVERED BY EQUITY	-	-
	34,422	50,718

	31 Dec. 2022	31 Dec. 2021
EQUITY AND LIABILITIES	in € thousand	in € thousand
A. EQUITY		
I. Subscribed capital	1,223	1,223
II. Capital reserves	48,300	48,300
III. Accumulated deficit	-33,529	-22,497
	15,994	27,027
B. ACCRUALS		
1. Other accrued expenses	2,703	2,843
	2,703	2,843
C. LIABILITIES		
1. Bonds	9,853	10,000
2. Liabilities to banks	4	48
3. Trade payables	3,475	4,723
4. Liabilities to affiliated companies	302	-
5. Liabilities to companies in which a long-term equity investment is held	-	156
6. Other liabilities	2,090	2,667
	15,724	17,593
D. DEFERRED TAX LIABILITIES	-	3,255
	34,422	50,718

INCOME STATEMENT

for the period from 1 January to 31 December 2022

	1 Jan.– 31 Dec. 2022	1 Jan.– 31 Dec. 2021
	in € thousand	in € thousand
1. Sales	23,617	30,417
2. Other operating income	724	229
3. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	15,966	21,077
4. Personnel expenses	4,934	3,426
a) Wages and salaries	4,065	2,766
b) Social security and retirement costs		
– of which for retirement €5.5 thousand (prior year: €5.6 thousand)	869	660
5. Amortisation and depreciation of intangible assets and depreciation of property, plant and equipment	1,031	1,018
6. Other operating expenses	15,631	15,933
7. Other interest and similar income	22	252
8. Interest and similar expenses	1,034	3,019
9. Taxes on income	-3,201	-260
10. Earnings after taxes	-11,032	-13,315
11. Other taxes	0	0
12. Net loss for the year	-11,032	-13,315
13. Losses carried forward from prior year	-22,497	-9,182
14. Balance sheet loss	-33,529	-22,497

STATEMENT OF CASH FLOWS

for the period from 1 January to 31 December 2022

	1 Jan.– 31 Dec. 2022	1 Jan.– 31 Dec. 2021
	in € thousand	in € thousand
Net loss for the year	-11,032	-13,315
+ Amortisation and depreciation of non-current assets	1,031	1,018
+/- Increase/ decrease of accruals	-140	1,511
+/- Other non-cash effective expenses/income	561	131
-/+ Increase/ decrease of inventories, trade receivables as well as other assets which are not classified as investing or financing activities	-172	-2,738
+/- Increase/decrease of trade payables as well as other liabilities which are not classified as investing or financing activities	-1,314	-2,376
-/+ Gain/loss from the disposal of non-current assets	–	40
+/- Interest expense/interest income	1,013	2,768
+/- Income tax expense/income tax income	-3,201	-260
-/+ Income tax payments	55	-6
= Cash flow from operating activities	-13,200	-13,226
- Payments for investments in intangible assets	-12	–
- Payments for investments in property, plant and equipment	-1,517	-460
- Payments for additions to financial assets	-18	–
+ Interest received	22	252
= Cash flow from investing activities	-1,524	-208
+ Proceeds from equity contributions	–	45,088
+ Proceeds from loans taken on from the shareholders	–	–
- Disbursements for the repayment of shareholder loans	-55	-2,933
+ Proceeds from taking on (financing) loans	–	7,046
- Disbursements for the repayment of (financing) loans	-456	-2,102
- Interest paid	-1,034	-3,020
= Cash flow from financing activities	-1,545	44,079
= Cash-effective changes of cash and cash equivalents	-16,270	30,645
+ Cash and cash equivalents at the beginning of the period	28,602	-2,042
= Cash and cash equivalents at the end of the period	12,333	28,602

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 2022

		Acquisition and production costs	
	1 Jan. 2022	Additions	31 Dec. 2022
in € thousand			
I. Intangible assets			
1. Software acquired for consideration	321	–	321
2. Brands	14,210	12	14,222
Intangible assets	14,531	12	14,543
II. Property, plant and equipment			
1. Technical equipment and machinery	288	165	453
2. Other equipment, operating and office equipment	674	98	772
3. Prepayments made and construction in progress	419	1,254	1,672
Property, plant and equipment	1,380	1,517	2,897
I. Long-term financial assets			
1. Holdings in affiliated companies	1,089	18	1,106
2. Long-term equity investments	25	–	25
Long-term financial assets	1,114	18	1,131
Total non-current assets	17,025	1,546	18,572

	Accumulated amortisation/ depreciation		Carrying values	Carrying Ovalues
1 Jan. 2022	Amortisation/depreciation in the fiscal year	31 Dec. 2022	31 Dec. 2022	31 Dec. 2021
320	0	321	1	1
2,606	948	3,554	10,668	11,604
2,926	948	3,875	10,669	11,605
31	44	75	378	257
586	40	626	146	88
-	-	-	1,672	419
617	83	700	2,197	763
312	-	312	794	777
25	-	25	-	-
337	-	337	794	777
3,881	1,031	4,912	13,660	13,145

NOTES

GENERAL INFORMATION ON THE ANNUAL FINANCIAL STATEMENTS

Disclosures on the Annual Financial Statements

The Annual Financial Statements for the fiscal year 2022 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 ('Aktiengesetz', 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.

Partial use was made of the size-related disclosure simplifications pursuant to section 288 HGB.

According to section 293 (1) sentence 1 HGB, Veganz Group AG is exempt from the obligation to prepare consolidated financial statements and a group management report.

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

Identifying information with respect to the Company

Company name as per the register court:	Veganz Group AG
Legal seat as per the register court:	Berlin
Business address:	An den Kiefern 7, 14974 Ludwigsfelde
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. Deferred tax assets were recognised on tax losses carried forward that could be used for tax purposes for the first time; these amounted to €2,990 thousand as at 31 December 2022. The deferred tax liabilities to be recognised resulted from the capitalisation of own brands and also amounted to €2,990 thousand as at 31 December 2022. Deferred tax assets on tax losses carried forward were not recognised for the amount exceeding the deferred tax liabilities. The valuation of the deferred tax assets and 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.

The presentation currency is euro. Unless otherwise stated, all amounts are disclosed in thousands of euros (€ thousand), which may result in rounding differences in individual cases.

Changes in disclosure compared to the previous year

In the previous year, trade receivables included receivables from Veganz Retail Berlin GmbH & Co. KG in the amount of €686 thousand, which related to goods and services. In the current fiscal year, all receivables from Veganz Retail Berlin GmbH & Co. KG are reported in receivables from affiliated companies. An adjustment of the previous year's figures was waived.

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 holdings in other companies of at least 20%

Company name/legal seat	Holding in %	Equity in € thousand	Annual results in € thousand	
Veganz Retail Berlin GmbH & Co. KG, Berlin	100,0	-2,027	-509	*
Veganz Retail GmbH i.L., Berlin	100,0	-8,430	133	**
Veganz Verwaltungs GmbH, Berlin		17	-1	***
Veganz Food Factory Austria GmbH, Spielberg, Austria	100,0	175	-193	*

* Preliminary annual financial statements as of 31 December 2022

** The company is currently in insolvency proceedings under own management; figures presented here are preliminary figures as of 29 January 2022

*** Annual financial statements as of 31 December 2020

The assets of Veganz Food Trailer GmbH were merged with those of Veganz Group AG as of 1 January 2022. The merger of Veganz Food Trailer GmbH (assets: property, plant and equipment €4 thousand, current assets €96 thousand, deficit not covered by equity €672 thousand; equity and liabilities: accruals €4 thousand, liabilities due to shareholders €768 thousand) resulted in a gain of €56 thousand.

Disclosures on receivables and other assets

As of 31 December 2022, receivables and other assets had a remaining term of less than one year.

Disclosures on property, plant and equipment

The breakdown and development of property, plant and equipment is presented in the statement of changes of non-current assets.

The other assets of €2,423 thousand (prior year: €1,949 thousand) include tax receivables of €799 thousand (prior year: €790 thousand) and a rent deposit of €460 thousand (prior year: €0.0 thousand) for the originally planned production site in Werder (Havel) which is due to be repaid in April 2023, as well as receivables from shareholders of €221 thousand (prior year: €172 thousand), which have the nature of a loan.

Disclosures on receivables from affiliated companies

The receivables from affiliated companies of €722 thousand (prior year: €518 thousand) mainly comprise trade receivables.

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.

Disclosures on subscribed capital

After the end of the reporting period, on 23 January 2023, a capital increase against cash contributions was entered in the commercial register, thereby increasing share capital by €28.6 thousand to €1,252.0 thousand. The number of shares increased accordingly. The capital increase was conducted under exclusion of the shareholder subscription rights from Authorised Capital 2021/lb, which has now expired. It was used to settle claims from employee share ownership programmes without affecting liquidity.

Disclosures on capital reserves

The amounts recorded within the capital reserves include, on the one hand, 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) number 4 HGB. On the other hand, the capital increase from the private placement and the IPO resulted in a transfer to capital reserves of €44,532 thousand in the fiscal year 2021.

Disclosures on other accrued expenses

Other accrued expenses totalling €2,703 thousand (prior year: €2,843 thousand) include accruals for outstanding invoices of €1,157 thousand (prior year: €1,570 thousand), accruals for outstanding interest payments of €820 thousand (prior year: €1,005 thousand), personnel accruals of €639 thousand (prior year: €174 thousand), accruals for preparing the Annual Financial Statements and audit fees of €66 thousand (prior year: €73 thousand) as well as other items totalling €21 thousand (prior year: €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	–	9,853	9,853
Previous year	–	10,000	10,000
To banks	4	–	4
Previous year	48	–	48
Trade payables	3,475	–	3,475
Previous year	4,723	–	4,723
To affiliated companies	302	–	302
Previous year	–	–	–
To companies in which an equity investment is held	–	–	–
Previous year	156	–	156
Other	83	2,007	2,090
Previous year	568	2,099	2,667
Total	4,221	11,860	16,081
Previous year	5,495	12,099	17,593

Disclosures on other liabilities

The other liabilities include subordinated loans totalling €1,979.8 thousand (prior year: €2,098.8 thousand), tax liabilities of €61.6 thousand (prior year: €137.9 thousand) and liabilities for social security of €0.0 thousand (prior year: €0.7 thousand).

Liabilities due to shareholders included within other liabilities and attributable to loans amount to €0.0 thousand (prior year: €190.0 thousand).

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. By offsetting the deferred tax assets due to the first-time use of the tax losses carried forward, it was possible to release the existing deferred tax liabilities of €3,255.3 thousand in the fiscal year.

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 €444.3 thousand (prior year: €573.0 thousand), of which €303.2 thousand relates to rental obligations with an average remaining term of 2.75 years and an amount of €141.1 thousand for leasing transactions with an average remaining term of 1.75 years.

In addition, there were obligations to holders of profit participation rights and silent partners to replenish the profit participation and silent partner capital from future profits totalling €70.0 thousand (prior year: €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 €0.0 thousand (prior year: €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	2022	2021
DACH	21,318	27,851
Rest of Europe	2,293	2,290
Rest of the world	6	276
Total	23,617	30,417

in € thousand	2022	2021
Food Retail	15,120	19,418
Drugstore	5,865	6,741
Food Service	1,899	207
Discount	733	4,052
Total	23,617	30,417

Disclosures on other operating income

Other operating income includes income attributable to other periods of €183.6 thousand (prior year: €43.9 thousand) as well as income from foreign currency translation of €6.3 thousand (prior year: €0.2 thousand).

Disclosures on other operating expenses

Other operating expenses mainly include sales and marketing expenses of €9,354.0 thousand (prior year: €8,470.0 thousand) and administrative expenses of €1,561.6 thousand (prior year: €2,180.3 thousand). Furthermore, they include operating and rental costs of €1,015.0 thousand (prior year: €396.5 thousand), expenses attributable to other periods of €294.6 thousand (prior year: €119.3 thousand) and expenses from foreign currency translation of €1,0 thousand (prior year: €0.5 thousand).

Disclosures on auditor's fees

The breakdown of fees charged by the external auditor for the fiscal year 2022 is as follows:

in € thousand	2022	2021
Audit of financial statements	30	30
Other assurance services	14	57
Other services	0	19
Total auditor's fees	44	106

Disclosures on interest and similar expenses

Interest and similar expenses mainly include interest expenses for the bond totalling €747,2 thousand (prior year: €750,0 thousand), as well as for subordinated loans and other loans totalling €286,9 thousand (prior year: €1,581.4 thousand). There were no expenses for the replenishment of profit participation capital and silent participations (prior year: €1,032.8 thousand).

Disclosures on taxes on income

Taxes on income include releases of deferred tax liabilities of €3,255.3 thousand (prior year: €265.7 thousand) as a result of the offsetting of deferred tax assets from tax losses carried forward that can be used for the first time.

OTHER DISCLOSURES

Average number of employees

The average number of employees in the Company as of 31 December 2022 was 67.6, of which 43.9 were female and 22.7 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
Moritz Möller, Berlin	CMO
Alexandra Vázquez Bea, Hanover	CFO (until 31 December 2022)

Supervisory Board

Roland Sieker, Berlin	Chairman Current profession: consultant
Janina Mütze, Berlin	Deputy Chairwoman Current profession: CEO
Michael Durach, Unterhaching	Current profession: CEO
Ronny Gottschlich, Halle/Saale	Current profession: consultant
Dr Jens Pippig, Munich	Current profession: Managing Director

Remuneration of the Executive Board members

The members of the Executive Board are Jan Bredack, Anja Brachmüller, Moritz Möller (since 1 July 2021) and Alexandra Vázquez Bea (until 31 December 2022). Mario Knape was a member of the Executive Board until 30 September 2021.

Short-term benefits

in € thousand	2022	2021
Salaries		
Jan Bredack*	–	–
Anja Brachmüller	115.0	100.1
Moritz Möller	111.5	45.0
Alexandra Vázquez Bea	162.5	60.0
Mario Knape	40.5	135.1
Share-based remuneration		
Granting of options	–	–
Total	429.5	340.2

* Instead of a service agreement, the Chairman 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 €64.5 thousand in 2022 (prior year: €73.5 thousand). No share-based payments were made to the Supervisory Board.

Advances and loans granted to Executive Board members

No advances were granted to members of the Executive Board in the reporting period (prior year: €18.6 thousand).

Events of particular significance subsequent to the balance sheet date

Massimo Garau becomes new Chief Financial Officer at Veganz

The Supervisory Board of Veganz Group AG has appointed Massimo Garau (59) as the Company's Chief Financial Officer (CFO) with effect from 1 July 2023. In this role, he will be responsible for the areas of Finance, Human Resources, IT, Legal and Investor Relations.

Berlin, 8 May 2023



**Jan
Bredack**
CEO



**Anja
Brachmüller**
COO



**Moritz
Möller**
CMO

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 2022, and the income statement for the fiscal year from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022. In addition, we have audited the Management Report of Veganz Group AG, Berlin, for the fiscal year from 1 January 2022 to 31 December 2022.

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 31 December 2022 and of its financial performance for the fiscal year from 1 January 2022 to 31 December 2022, 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 (i.e. fraudulent financial reporting and misappropriation of assets) 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.

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, 8 May 2023

ECOVIS Audit AG
Wirtschaftsprüfungsgesellschaft

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

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

FINANCIAL CALENDAR

6 July 2023	Annual General Meeting 2023
14 September 2023	Half-Year Report 2023
15 November 2023	Quarterly Statement Q3 2023

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FROM
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TO DINNER



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