WE DRIVE INNOVATION IN THE VEGAN WORLD!

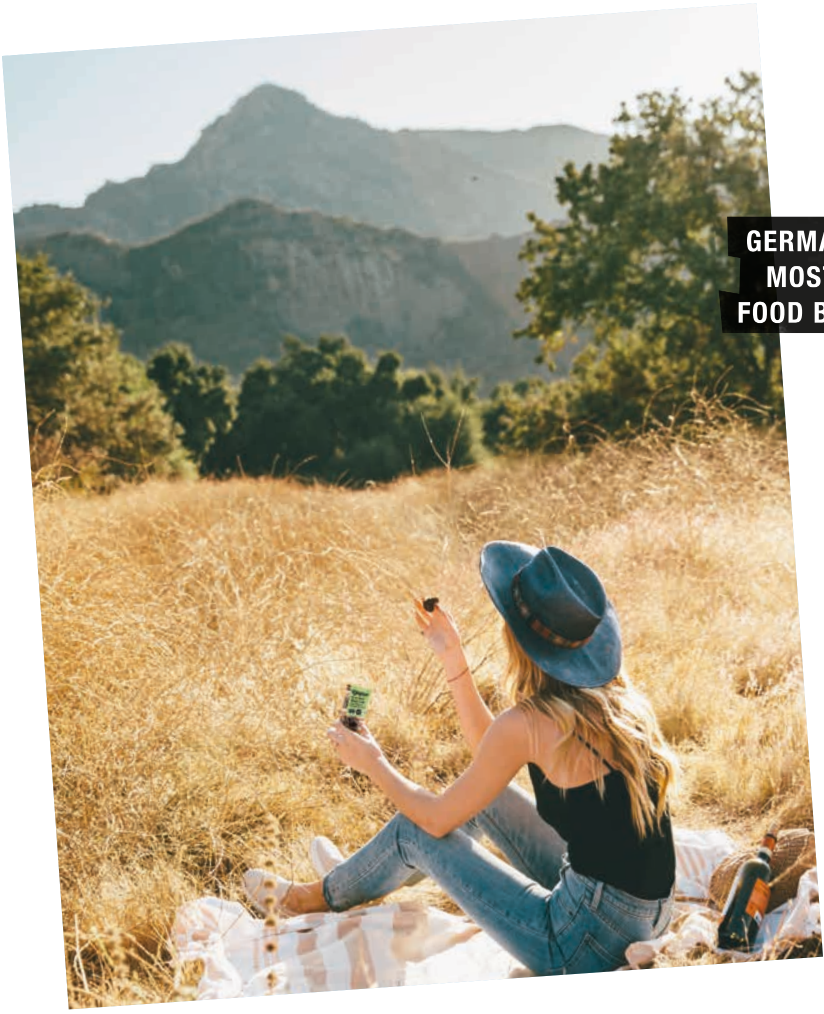
HALF-YEAR REPORT 2022

Veganz

GOOD FOR YOU,
BETTER FOR EVERYONE.

A CLIMATE-FRIENDLY LIFESTYLE!

We animate, change, make people think and get involved in order to drive change in society. We love indulgence, facilitate a climate-friendly lifestyle and think about the future. Veganz is sustainable, conscious and tasty!
With our innovative products, we do pioneering work every day and create top-quality offerings for vegan enjoyment. Our products are available in more than 25 countries and at over 22,000 points of sale. From breakfast to dinner, we offer climate-friendly food for a better life and a sustainable personal lifestyle based on a purely plant-based diet.



GERMANY'S MOST INNOVATIVE FOOD BRAND IN 2021
Handelsblatt

PETA DEUTSCHLAND
VEGAN FOOD AWARD
2021

CONTENT

Foreword

A WORLD IN TRANSITION

Ladies and gentlemen,

The first six months of 2022 were dominated by the war in Ukraine: 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 supply of credit. Compounded unfortunately by the ongoing COVID-19 pandemic, 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 consume[1] – especially with regard to groceries: sales in the food retail sector declined more sharply than at any time since 1994[2].

We were not spared from the effect of these developments whereas in the first few months of the year the food retail and discount sectors focused on ensuring basic supplies for the population, our young core target group (Generation Z and Millennials+) have recently been hit particularly hard by the current price increases due to their lower incomes. 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. Overall, these developments made new listing of Veganz products and the planning of promotional activities in the discount sector almost impossible during the first six months of 2022. Due in particular to the loss of promotional business and the dwindling propensity of consumers to purchase goods, Veganz Group sales of €12.6 million in the first six months of 2022 were down on the previous year (prior year: €16.9 million). Likewise, sales at the individual company level of Veganz Group AG decreased to €11.5 million (prior year: €15.6 million). The number of points of sale (POS) as of 30 June 2022 decreased to 22,410 (31 December 2021: 25,199), whereby the decline by 3,340 POS in the discount sector due to the absence of promotional business was partially offset by the increased number of POS in our regular business. In a year-on-year comparison, the growing number of POS in our regular business more than compensated for the decline in our discount business by 2,160 POS (prior year: 22,264).

Lack of discount business, further growth in food service
In the first six months of 2022, food retail continued to account for the largest share of our sales at 68% (prior year: 62%), with drugstores in second place at 24% (prior year: 24%).

With a sales share of 8% (prior year: –%), the new food service distribution channel achieved encouraging growth – at a time when many sporting events and company restaurants were and are still struggling with limited guest numbers and restrictions due to the ongoing COVID-19 pandemic. In addition to our cooperation with the German airline Eurowings, which has enabled passengers to enjoy our climate-friendly 'Veganz Gummy Bears' on board its planes since May 2022, we have also been cooperating with the foodvenience provider Valora since June 2022, which now offers a selection of Veganz snacks at kiosks and petrol stations in Germany and Switzerland.

In the first six months of 2022, our discount business, in which we do not yet have any fixed listings, suffered disproportionately from the Ukraine war compared to the prior year period, when we had exceptionally strong promotional activities: due to the absence of promotions, we were unable to generate any sales in this sector (prior year: 14%).

[1] Source: McKinsey Survey, June 2022
[2] Source: GfK Konsumklimaindex, June 2022

Focus on Germany and Europe
With a 92% share of sales, the DACH region (Germany, Austria, Switzerland) was once again our most important market in the first six months of 2022 (prior year: 92%). At 81%, Germany remained the largest single market and continues to be our main focus (prior year: 78%). At 8%, the share of sales in the rest of Europe was slightly up on the previous year (prior year: 7%) and we see further potential here: after being listed with the supermarket chains AB Basilopoulos, Market In, Sklavenitis and Krhtikos in Greece, among others, we have declared France as an initial further target market in which we aim to expand sales and business with Veganz products in the future.

Development of earnings
Our gross profit margin decreased to 28.1% (prior year: 31.5%), due in part to price increases imposed by our suppliers. However, we were able to partially offset these higher purchasing costs by negotiating prices with our customers, which began to take effect at the end of the second quarter of 2022. As marketing expenses remained high at €2.0 million (prior year: €2.0 million), EBITDA and EBIT fell to €-5.8 million (prior year: €-3.0 million) and €-6.3 million (prior year: €-3.5 million), respectively. In addition to the decline in sales, this was due in particular to increased costs for our expanded sales force. The net loss for the period was €6.8 million (prior year: net loss for the period of €4.0 million). Thanks to our IPO in November 2021, net cash and our equity ratio as at 30 June 2022 remained significantly above the previous year at €7.2 million (prior year: €-13.8 million) and 48.9% (prior year: –%), respectively.

Set of measures adopted
We stand by the statements we made in our Annual Report 2021 regarding the Group's business model, strategy and targets. In particular, we will continue to focus on increasing the sales share of innovative and high-margin products from our own production. However, the development of the first six months of 2022 has prompted us to give top priority to securing liquidity.

To take account of the changed market environment, we have initiated three major measures with regard to in-house production, field sales force and marketing:

<u>In-house production</u>
We have stopped the investments for the construction of our Veganz Food Factory in Werder (Havel) and will implement our completed plan in a new context at a different site in the German state of Brandenburg. The main reasons for this decision were the substantial delays caused by planning restrictions, as well as drastically increased construction costs. After successfully completing our search for a new site, we are currently assessing the available options with regard to all parameters. In the meantime, we are continuing to invest in smaller, temporary production facilities for our own meat, fish, cheese and egg alternatives. This will ensure a liquidity-conserving ramp-up of our in-house production, while at the same time enabling us to quickly adapt to the respective demand situation and minimise production start-up risks. Since June 2022, we have been employing this approach to produce our Veganz 'Räucherlaxs', a sustainable algae-based fish alternative, at our second rented production facility in Neubrandenburg. Further temporary production facilities will follow.

<u>Field sales force</u>
Despite the substantial expansion of our field sales force in 2021, we were unable to achieve the anticipated impact on sales in the current market and competitive environment. In order to improve our sales efficiency, we therefore downsized the sales force from 50 to 30 as of 31 July 2022 and will gradually reduce it further to approximately 20 by April 2023. In the event of any positive development in market conditions, however, we will be able to quickly and flexibly ramp up capacities at any time.

<u>Marketing</u>
As demand for innovations was modest in the first six months of 2022 due to adverse market conditions, we used the time to review the ingredient lists, positioning and price points of our existing and planned new products and to optimise them in light of the current raw material price increases. At the same time, we worked on new products and, for example, launched our 'Choc Bar Peanut Caramel', an excellent alternative to one of Germany's most popular peanut chocolate bars. In order to adapt our strategic marketing to the current business situation, we have changed the focus of our product communication and the selection of our marketing channels. In doing so, we will remain true to our multi-category strategy and continue to pursue our objective of being perceived as THE supplier of vegan food. Nevertheless, we will reduce our marketing activities and costs and concentrate on the defined core and focus categories as well as on products from our in-house production.

These measures are a first important step towards strengthening the Group's operational performance already in the fiscal year 2022. We have identified further areas where we need to take action and are continuously working on improvements to our structures and processes as well as on improving our earnings power and competitiveness.

Innovations to navigate turbulent times

As part of a research cooperation project with the Fraunhofer Institute for Molecular Biology and Applied Ecology IME in Aachen, we have been working on the cultivation of peas in vertical farming since June 2022. 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 CO_2 emissions and water consumption.

Guidance 2022 adjusted

Depending on the macroeconomic conditions, we now expect a significant (previously: slight) decrease in sales for the fiscal year 2022, both at Group level and at individual company level of Veganz Group AG (prior year: €33.5 million and €30.4 million, respectively), but continue to assume a slightly lower EBITDA compared to the previous year (prior year: €-9.8 million). Due to our adapted marketing activities we no longer anticipate a general expansion of brand awareness, but rather a target group-specific increase in awareness of the Veganz brand in the fiscal year 2022.

Dear shareholders,

We are currently in the midst of a crisis that, just a year ago, none of us would have thought possible in this form and on this scale. The COVID-19 pandemic, global supply chain problems, the Ukraine war and rising inflation are just a few of the current challenges which the food sector – and by extension also we – have to deal with on a daily basis. We are convinced that the multiple crises and their effects will once again significantly accelerate a realignment of the food system. By optimising our distribution and products, improving our liquidity management and cutting costs, we have risen to this challenge and hope that you will continue to accompany us on this journey.

Berlin, 28 September 2022

Jan Bredack
CEO

Anja Brachmüller
COO

Moritz Möller
CMO

Alexandra Vázquez Bea
CFO

INTERIM MANAGEMENT REPORT

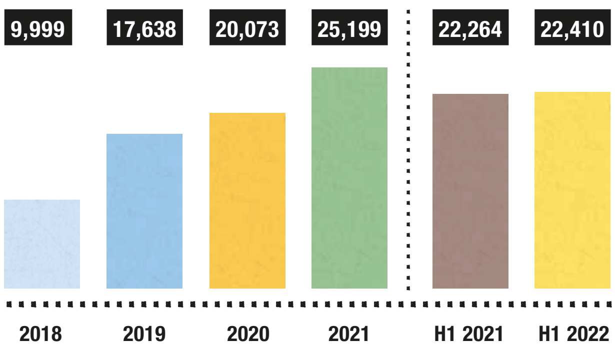
BASIS AND FRAMEWORK OF THE COMPANY

BUSINESS MODEL

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

Our offerings are characterised by a complete absence of all animal ingredients or products which use animal ingredients in their production and are available at over 22,000 points of sale (POS) around the world. In addition, we continuously optimise our product range with high-quality, innovative articles and constantly enhance our value chain.

POINTS OF SALE AT THE END OF THE PERIOD



We utilise the relevant distribution channels
Our main distribution channel is the branded goods business of the food retail sector. In our core market, the DACH region (Germany, Austria, Switzerland), we market our purely plant-based food via classic retail chains, such as REWE, EDEKA, Kaufland, SPAR Austria and Coop Switzerland, as well as via drugstore chains such as Rossmann, dm Germany and Austria, Müller and Budnikowsky, as well as the German discounters LIDL and ALDI. Internationally, our products are also mainly sold via food retailers such as SPAR International, Kaufland International, dm International, Albert Heijn Netherlands, Mpreis Italy, Ahold Czechia and Coop Denmark.

Our distribution channel ‘stores’ comprises the sale of our own products, as well as vegan products from producers around the world, via our own Veganz stores in Berlin. In order to reach consumers online, we also offer our products via 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.

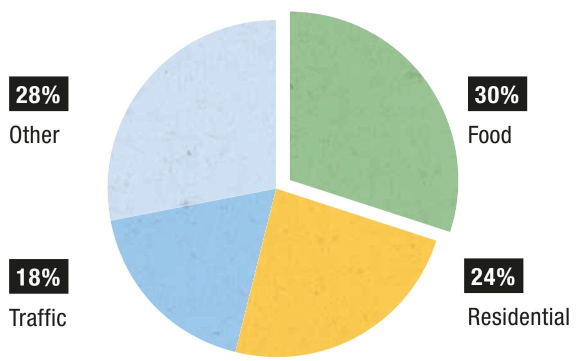
Since late 2021, we have been using the new distribution channel food service in the form of cooperation agreements and brand licensing partnerships – for example with one of Germany’s largest caterers, Aramark, the football club RB Leipzig, the baked goods company Bakerman, the German airline Eurowings and the foodvenience provider Valora. 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 life situations.

Our strategy integrates sustainability and economic efficiency

According to scientific studies, animal-based food production is responsible for 30% of global CO_2 emissions and 70% of biodiversity loss[1]. This makes nutrition a major driver of global warming. Veganz regards itself as a pioneer and innovation driver for plant-based, climate-friendly food.

[1] Source: Science Vol 360, Issue 6392

SOURCES OF CO_2 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-based 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 Generation Z and Millennials+ consumers.

During our evolution from a single purely vegan supermarket to a self-producing multi-category provider of vegan food, 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, however, we aim to realise an increasing number of our product ideas ourselves. To this end, we are already using a small production site for cheese alternatives in the heart of Berlin, which currently specialises in the production of vegan cashew-based Camembert. For our fast-growing and high-margin vegan core segments – in other words, purely plant-based cheese, fish and egg alternatives as well as textured protein for the production of unrefrigerated meat substitutes – we continue to pursue our plan to build a Veganz Food Factory. Until this can be opened, we are producing at temporary sites such as the facility in Neubrandenburg, where the Veganz product ‘Räucherlaxs’ (a sustainable algae-based fish alternative) has been produced since June 2022.

This forward-looking move towards in-house production is driven by our desire to increase vertical integration and thus our profitability, as well as to expand and protect our innovative strength.

We think brand and products from the customer perspective

In the first six months of 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 a strong connection with market-relevant, non-governmental organisations (NGOs) such as PETA and 'Deutsches Tierschutzbüro' (German Animal Welfare Office), as well as bloggers and influencers. Our media campaigns have twice won the M4F Award (2020, 2021) of the Alliance for Climate Positive Behavior. We are currently a finalist in the category ‘Social Commitment’ of the Brand Awards 2022 of the German Marketing Association (‘Deutscher Marketing Verband’).

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 priorities[1]: 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].

Although we succeeded in increasing brand awareness in this difficult environment with targeted marketing and communication activities in the first six months of 2022 – from almost 25% to around 33% in the 18-29 age group and by 6 percentage points to 77% within the vegan target group – our overall brand awareness among consumers fell by 8 percentage points to 22%[3] as of June 2022.

[1] Source: McKinsey, ‘Sorge vor steigenden Preisen verfestigt sich’, July 2022
[2] Source: Appinio Hype Train No. 6, June 2022
[3] Source: Veganz brand monitoring Germany via Civey, sample size > 5,000, question: ‘Which of these brands have you heard of?’, June 2022

As a rule, our products are not only based on good and simple recipes (‘clean label approach’) but also on complex manufacturing processes that can also be protected as intellectual property. As a result, we are increasingly able to offer a unique and innovative product portfolio – an advantage that fundamentally increases the chance for new listings of our products in the food retail sector to enhance the respective private label brands. More and more of our product development and manufacturing is done in-house. We believe that this approach enables us to quickly and flexibly adapt our purely plant-based product portfolio to changing trends in the food market. This ability and the innovative strength that goes with it have already helped us win several awards – for example as Germany’s most innovative food brand[1] or as one of Germany’s most innovative brands[2].

[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 KPIs to steer our business activities:

- Sales (Veganz Group AG): sales at the individual company level of Veganz Group AG are generated from the sale of our plant-based product offerings under the Veganz brand. They are recognised after delivery of the products and invoicing of our customers and correspond to receivables for delivered goods, less discounts, bonuses, rebates, refunds and value added tax.
- Sales (Veganz Group): sales at Group level comprise the sales of Veganz Group AG plus sales of Veganz Retail Berlin GmbH & Co. KG, in other words of our own Veganz stores in Berlin, less internal sales between the two separate companies. Sales of Veganz Retail Berlin GmbH & Co. KG correspond to the goods sold in our stores, less advertising discounts, credits, refunds and VAT, plus income from letting, licensing and agency agreements.
- EBITDA (Veganz Group AG): EBITDA of Veganz Group AG is its earnings before interest, taxes, depreciation and amortisation. It is calculated by first adding together sales and other operating income. Subtracted from this amount are the cost of materials (consisting of the cost of raw materials, consumables and supplies and of purchased merchandise), personnel expenses (consisting of wages and salaries as well as social security contributions, pension and other benefit costs) and other operating expenses (adjusted for one-off expenses that are not part of the normal course of business).

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 strength.

Non-financial KPIs
In addition to the financial KPIs, we also plan to report non-financial KPIs from our Annual Report 2022 onwards.

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

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

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

RESEARCH AND DEVELOPMENT

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

As part of a research cooperation project with the Fraunhofer Institute for Molecular Biology and Applied Ecology IME in Aachen, we have also been working on the cultivation of peas in vertical farming since June 2022. 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 CO_2 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.

We reported extensively on various regulations that apply to our business in the Management Report 2021. There were no significant regulatory changes as at 30 June 2022.

ECONOMIC CONDITIONS

In the Management Report 2021, we reported extensively on the economic framework conditions and market trends that applied in the past and – at least in part – continue to apply.

However, the world has been changed profoundly by the war in Ukraine: 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. Compounded unfortunately by the ongoing COVID-19 pandemic, 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 consume[1] – especially with regard to groceries: sales in the food retail sector fell more sharply than at any time since 1994[2]. Our young core target group (Generation Z and Millennials+) have been hit particularly hard by the current price increases due to their lower incomes. 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.

[1] Source: McKinsey Survey, June 2022
[2] Source: 'GfK Konsumklimaindex', June 2022

Stronger focus on private label products
According to the latest Nielsen data[1], the market for vegetarian products (including vegan products) in Germany grew by around 8% to €2.03 billion in the first six months of 2022 (prior year: €1.88 billion). The figures for this are based on the recommended retail price (RRP) in Germany – divided into a total of 64 categories based on all market participants (incl. private labels). The relevant market for us increased by a total of 9% to €1.35 billion (prior year: €1.24 billion). With growth of 648%, the vegetarian salmon category recorded the strongest increase – followed by vegetarian frozen meals (312%), vegetarian bars (87%) and vegetarian biscuits (65%).

Although we achieved year-on-year increases in various growth categories such as vegetarian grated cheese (164%), vegetarian salmon (154%) and vegetarian fish specialities (73%), our share of sales, and therefore our overall market position, declined by 45% in the first six months of 2022 due to the changing consumer landscape, with a significant increase in demand for lower-cost private label products and the absence of business in the discount sector. Nevertheless, we were able to defend our market leadership among manufacturer brands in the categories of vegetarian bars, vegetarian biscuits, vegetarian slices and vegan soft cheese and continue to be among the top 5 manufacturer brands in the three categories of vegetarian chocolate, vegetarian frozen pizza and vegetarian soft cheese according to Nielsen data.

[1] Source: Nielsen Connect Express Veggy Total Database, 2021 vs. 2022, CW1-26, Food Stores+Drugstores+Discount, Market Share Sales per Category

EARNINGS POSITION

In the first six months of 2022, the earnings position of Veganz Group AG developed as follows:

	1 January– 30 June 2022	1 January– 30 June 2021
	in € thousand	in € thousand
Sales	11,517	15,555
Other operating income	148	121
Cost of materials	-8,285	-10,654
Personnel expenses	-2,268	-1,699
Other operating expenses	-6,777	-5,554
Marketing expenses	-2,049	-1,968
Direct costs	-2,898	-2,417
Indirect costs	-1,829	-1,170
Adjusted EBITDA	**-5,665**	**-2,230**
One-off expenses	-114	-723
EBITDA	**-5,778**	**-2,954**
Amortisation and depreciation	-505	-511
EBIT	**-6,283**	**-3,465**
Other interest and similar income	0	9
Interest and similar expenses	-606	-658
Earnings before taxes	**-6,889**	**-4,113**
Taxes on income	133	127
Other taxes	0	0
Net loss for the period	**-6,757**	**-3,986**

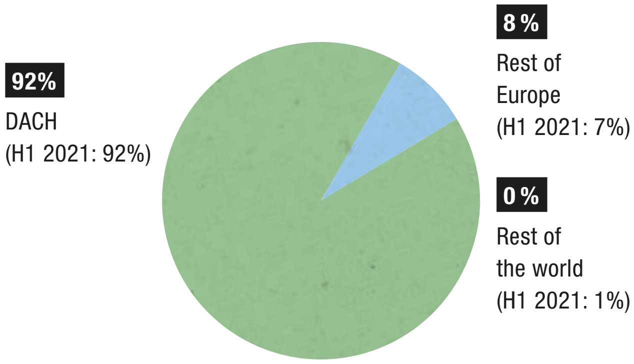
Veganz Group sales of €12,566 thousand in the first six months of 2022 were down on the previous year (prior year: €16,911 thousand). Likewise, sales of Veganz Group AG decreased year-on-year by 26% to €11,517 thousand (prior year: €15,555 thousand). This development was driven in particular by the absence of discount business (prior year: €2,141 thousand) and a general decline in the purchasing behaviour of end customers due to rising inflation in the wake of the war in Ukraine. In addition, the competitive pressure from private label products increased significantly in the food retail sector, as well as in the drugstore and discount sectors.

Despite a 26% decline to €10,539 thousand in the first six months of 2022 (prior year: €14,313 thousand), the DACH region (Germany, Austria, Switzerland) was still our most important sales market with a 92% share of sales (prior year 92%). At €8,576 thousand (prior year: €11,207 thousand), Germany remained the largest single market (81% of sales; prior year: 78%) and continues to be our strongest focus. At €975 thousand (prior year: €1,093 thousand) and 8% (prior year: 7%), the share of sales in the rest of Europe was slightly up on the previous year.

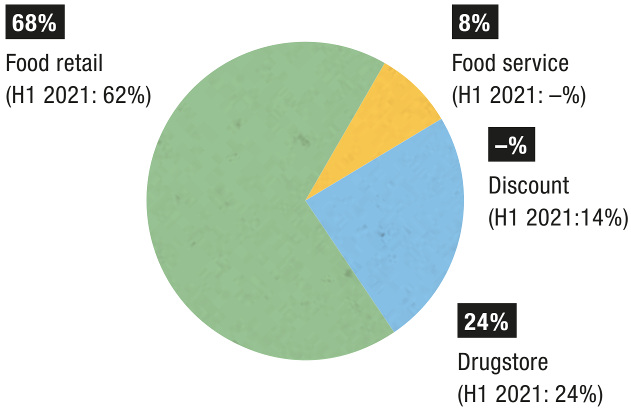
In the first six months of 2022, we generated the largest share of our total sales in the food retail sector (68%; prior year: 62%). Nevertheless, sales in this segment decreased by 18% to €7,838 thousand (prior year: €9,604 thousand). The drugstore sector came in second with a share of 24% (prior year: 24%). Sales in this segment also declined by 27% to €2,787 thousand (prior year: €3,811 thousand) due to growing competitive pressure from lower-priced private label products triggered by rising inflation.

With sales of €892 thousand (prior year: €–) and a share of 8% meanwhile (prior year: –%), the new food service distribution channel achieved encouraging growth – at a time when many sporting events and company restaurants were and are still struggling with limited guest numbers and restrictions due to the ongoing COVID-19 pandemic. In addition to our cooperation with the German airline Eurowings – passengers have been able to enjoy our climate-friendly 'Veganz Gummy Bears' on board its planes since May 2022 – we have been cooperating with the foodvenience provider Valora since June 2022, which now also offers a selection of Veganz snacks at kiosks and petrol stations in Germany and Switzerland.

SALES BY REGION H1 2022



SALES BY DISTRIBUTION CHANNEL H1 2022



In the first six months of 2022, our discount business, in which we do not yet have any fixed listings, suffered disproportionately from the Ukraine war compared to the prior year period, when we had exceptionally strong promotional activities: due to the absence of promotions, we were unable to generate any sales in this sector (prior year: 14%).

Due mainly to significant inflation-related price increases in procurement, the gross profit margin declined by 3.4 percentage points to 28.1% (prior year: 31.5%). In view of interrupted supply chains and a temporary shortage of raw materials caused by the war in Ukraine, the pressure on prices continued to increase. As a result of fierce competition from private label products and much greater price sensitivity among end customers, we have only been able to pass on these price increases to a limited extent so far.

Compared to the previous year, personnel expenses increased by €569 thousand to €2,268 thousand (prior year: €1,699 thousand) due to the addition of 14.3 full-time equivalent (FTE) positions since the beginning of the year. In addition to the expansion of the second management level (department heads) for Procurement, Finance and Production, we also recruited operational staff against the backdrop of the planned production expansion.

Similar to the previous year, depreciation and amortisation amounted to €505 thousand (prior year: €511 thousand) and was significantly influenced by the amortisation of the brand value (€78 thousand per month).

Other operating expenses increased by 22% to €6,777 thousand (prior year: €5,554 thousand). The main reason for this was the 84% increase in costs to €1,551 thousand (prior year: €845 thousand) for the expansion of our field sales force to 50 employees. In addition, the production facility in Werder (Havel), which has been rented since October 2021, led to an increase in costs of €315 thousand to €437 thousand (prior year: €122 thousand). At €2,049 thousand, marketing expenses remained on a par with the previous year (prior year: €1,968 thousand).

As in the previous year, the financial result mainly consisted of interest expenses of €606 thousand (prior year: €658 thousand) – primarily for the accrued interest of our bond amounting to €375 thousand (coupon: 7.5% p.a.) and the Seedmatch crowdfunding amounting to €82 thousand.

As a result, EBITDA of €-5,778 thousand and EBIT of €-6,283 thousand were below the respective prior-year figures of €-2,954 thousand and €-3,465 thousand. EBITDA included one-off expenses for consulting services of €114 thousand (prior year: €723 thousand). The net loss for the period was €6,757 thousand (prior year: net loss for the period of €3,986 thousand).

FINANCIAL POSITION

	1 January – 30 June 2022	1 January – 30 June 2021	Change
	in € thousand	in € thousand	in € thousand
Cash flow from operating activities	**-7,692**	**-598**	**-7,093**
Cash flow from investing activities	**-752**	**-33**	**-719**
Cash flow from financing activities	**-969**	**605**	**-1,574**
Cash effective changes of cash and cash equivalents	-9,413	-27	-9,386
Cash and cash equivalents at the beginning of the period	28,602	-2,042	30,645
Cash and cash equivalents at the end of the period	**19,189**	**-2,069**	**21,258**

In the first six months of 2022, cash flow from operating activities amounted to €-7,692 thousand (prior year: €-598 thousand). In addition to the earnings position, this was due in particular to the increase of €1,231 thousand in net working capital – caused by a reduction of trade liabilities of €1,443 thousand. As a result of the rent deposit for the production facility in Werder (Havel), additional capital of €852 thousand was tied up in other assets.

Cash flow from investing activities decreased to €-752 thousand in the first six months of 2022 (prior year: €-33 thousand). This was mainly due to capitalised payments of €711 thousand to the project and planning office for the Werder (Havel) production facility as well as further investments in buildings, plant and machinery.

Cash flow from financing activities amounted to €-969 thousand (prior year: €605 thousand) – mainly due to repayments of current subordinated and outstanding interest liabilities from the bond and crowdfunding.

ASSET POSITION

	30 June 2022	31 Dec. 2021	Change	Change
	in € thousand	in € thousand	in € thousand	in %
Non-current assets	13,392	13,145	247	2
Current assets	27,545	37,459	-9,914	-26
Prepaid expenses	496	115	382	333
Balance sheet total	**41,434**	**50,718**	**-9,285**	**-18**
Equity	20,270	27,027	-6,757	-25
Accruals	2,614	2,843	-230	-8
Liabilities	15,428	17,593	-2,166	-12
Deferred tax liabilities	3,122	3,255	-133	-4
Balance sheet total	**41,434**	**50,718**	**-9,285**	**-18**

The increase in non-current assets in the first six months of 2022, mainly from payments of €711 thousand to the project and planning office for the construction of the Werder (Havel) production facility, was almost completely offset by the amortisation of brands.

Receivables and other assets mainly comprised trade receivables of €3,255 thousand (31 December 2021: €3,512 thousand) and other assets of €1,725 thousand (31 December 2021: €1,949 thousand). Other assets primarily consisted of the rent deposit of €852 thousand for the production facility in Werder (Havel).

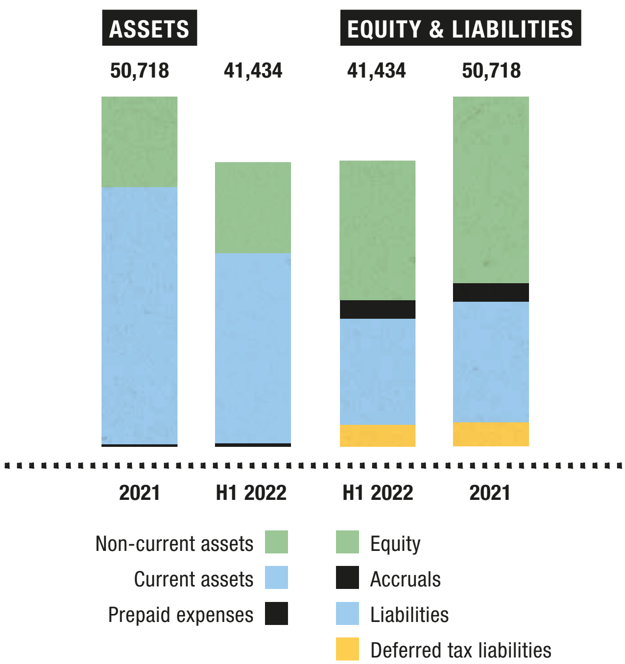
Our cash and cash equivalents were mainly bank balances of €19,237 thousand (31 December 2021: €28,650 thousand) and were not subject to any restrictions on disposal. The decrease resulted from the earnings position, the accumulation of net working capital, planning costs for the production facility in Werder (Havel) and the establishment of further temporary production sites.

Consequently, our equity ratio as at 30 June 2022 amounted to 48.9% (prior year: –%).

Accrued expenses consisted mainly of other accruals (€2,225 thousand), accruals for personnel expenses (€327 thousand), financial statement and auditing costs (€42 thousand) and retention obligations (€21 thousand).

Due to the reduction of trade payables of €1,443 thousand, there was an overall decrease in liabilities.

BALANCE SHEET STRUCTURE AT THE END OF THE PERIOD



RISKS AND OPPORTUNITIES

We reported extensively on the expected development with its significant risks and opportunities in the Management Report 2021. The negative macroeconomic development as a result of the Ukraine war, with its strong impact on inflation and consumer behaviour, may have further negative effects on demand for our products and thus on our sales development. There were no other significant changes in risks and opportunities as at 30 June 2022.

FORECAST REPORT

EXPECTED EARNINGS POSITION

Guidance 2022 adjusted

Depending on the macroeconomic conditions, we now expect a significant (previously: slight) decrease in sales for the fiscal year 2022, both at Group level and at individual company level of Veganz Group AG (prior year: €33.5 million and €30.4 million, respectively), but continue to assume a slightly lower EBITDA compared to the previous year (prior year: €-9.8 million). Due to our adapted marketing activities we no longer anticipate a general expansion of brand awareness, but rather a target group-specific increase in awareness of the Veganz brand in the fiscal year 2022.

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

* 2022: consolidated disclosure as of Q1 2022

INTERIM FINANCIAL STATEMENTS

INTERIM BALANCE SHEET

as of 30 June 2022

ASSETS	30 June 2022 € thousand	31 Dec. 2021 € thousand
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Software acquired for consideration	13	1
2. Brands	11,130	11,604
	11,143	**11,605**
II. Tangible assets		
1. Technical equipment and machinery	242	257
2. Other equipment, operating and office equipment	101	88
3. Prepayments made and construction in progress	1,129	419
	1,472	**763**
III. Long-term financial assets		
1. Holdings in affiliated companies	777	777
2. Long-term equity investments	–	–
	777	**777**
	13,392	**13,145**
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	25	32
2. Finished goods and merchandise	2,112	2,574
3. Prepayments made	627	206
	2,764	**2,813**
II. Receivables and other assets		
1. Trade receivables	3,255	3,512
2. Receivables from affiliated companies	489	518
3. Receivables from companies in which an equity investment is held	75	18
4. Other assets	1,725	1,949
	5,545	**5,997**
III. Cash in hand, bank balances	19,237	28,650
	27,545	**37,459**
C. PREPAID EXPENSES	**496**	**115**
D. DEFICIT NOT COVERED BY EQUITY	**–**	**–**
	41,434	**50,718**

	30 June 2022	31 Dec. 2021
EQUITY AND LIABILITIES	€ thousand	€ thousand
A. EQUITY		
I. Subscribed capital	1,223	1,223
II. Capital reserves	48,300	48,300
III. Balance sheet loss	-29,253	-22,497
IV. Deficit not covered by equity	–	–
	20,270	**27,027**
B. ACCRUALS	**2,614**	**2,843**
C. LIABILITIES		
1. Bonds	10,000	10,000
2. Liabilities to banks	26	48
3. Trade payables	3,281	4,723
4. Liabilities to affiliated companies	–	–
5. Liabilities to companies in which a long-term equity investment is held	96	156
6. Other liabilities	2,025	2,667
	15,428	**17,593**
D. DEFERRED TAX LIABILITIES	**3,122**	**3,255**
	41,434	**50,718**

INTERIM INCOME STATEMENT

for the period from 1 January to 30 June 2022

	1 January– 30 June 2022	1 January– 30 June 2021
	€ thousand	€ thousand
1. Sales	11,517	15,555
2. Other operating income	148	121
3. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-8,285	-10,654
4. Personnel expenses	-2,268	-1,699
a) Wages and salaries	-1,913	-1,431
b) Social security and retirement costs		
- of which for retirement €4 thousand (prior year: €3 thousand)	-355	-268
5. Amortisation and depreciation of intangible assets and depreciation of property, plant and equipment	-505	-511
6. Other operating expenses	-6,891	-6,278
7. Other interest and similar income	0	9
8. Interest and similar expenses	-606	-658
9. Taxes on income	133	127
10. Earnings after taxes	**-6,757**	**-3,986**
11. Other taxes	0	0
12. Net loss for the period	**-6,757**	**-3,986**
13. Losses carried forward from prior year	-22,497	-9,182
14. Balance sheet loss	**-29,253**	**-13,168**

INTERIM STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2022

		1 January– 30 June 2022	1 January– 30 June 2021
		€ thousand	€ thousand
	Net loss for the period	-6,757	-3,986
+	Amortisation and depreciation of non-current assets	505	511
+/-	Increase/ decrease of accruals	-230	1,272
-/+	Increase/ decrease of inventories, trade receivables as well as other assets which are not classified as investing or financing activities	119	-1,370
+/-	Increase/decrease of trade payables as well as other liabilities which are not classified as investing or financing activities	-1,803	2,418
-/+	Gain/loss from the disposal of non-current assets	–	40
+/-	Interest expense/interest income	606	649
+/-	Income tax expense/income tax income	-133	-127
-/+	Income tax payments	–	-6
=	**Cash flow from operating activities**	**-7,692**	**-598**
-	Payments for investments in intangible assets	-12	–
-	Payments for investments in property, plant and equipment	-740	-42
+	Interest received	–	9
=	**Cash flow from investing activities**	**-752**	**-33**
-	Disbursements for the repayment of shareholder loans	-190	-50
+	Proceeds from taking on (financing) loans	–	1,587
-	Disbursements for the repayment of (financing) loans	-173	-276
-	Interest paid	-606	-658
=	**Cash flow from financing activities**	**-969**	**605**
=	**Cash effective changes of cash and cash equivalents**	**-9,413**	**-27**
+	Cash and cash equivalents at the beginning of the period	28,602	-2,042
=	**Cash and cash equivalents at the end of the period**	**19,189**	**-2,069**

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.

INTERIM STATEMENT OF CHANGES OF NON-CURRENT ASSETS

as of 30 June 2022

	Acquisition and production costs				
	1 January 2022	Additions	Reclassifications	Disposals	**30 June 2022**
€ thousand					
I. Intangible assets					
1. Software acquired for consideration	321	12	–	–	333
2. Brands	14,210	–	–	–	14,210
Intangible assets	**14,531**	**12**	**–**	**–**	**14,543**
II. Tangible assets					
1. Technical equipment and machinery	288	0	–	–	288
2. Other equipment, operating and office equipment	674	30	–	–	703
3. Prepayments made and construction in progress	419	711	–	–	1,129
Tangible assets	**1,380**	**740**	**–**	**–**	**2,120**
I. Long-term financial assets					
1. Holdings in affiliated companies	1,089	–	–	–	1,089
2. Long-term equity investments	25	–	–	–	25
Long-term financial assets	**1,114**	**–**	**–**	**–**	**1,114**
Total non-current assets	**17,025**	**752**	**–**	**–**	**17,778**

Accumulated amortisation/depreciation				Book values	Book values
1 January 2022	Amortisation/ depreciation in the financial year	Disposals	**30 June 2022**	**30 June 2022**	31 Dec. 2021
320	0	–	321	13	1
2,606	474	–	3,080	11,130	11,604
2,926	**474**	**–**	**3,400**	**11,143**	**11,605**
31	15	–	46	242	257
586	16	–	602	101	88
–	–	–	–	1,129	419
617	**31**	**–**	**648**	**1,472**	**763**
312	–	–	312	777	777
25	–	–	25	–	–
337	**–**	**–**	**337**	**777**	**777**
3,881	**505**	**–**	**4,386**	**13,392**	**13,145**

Notes to the

INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

Disclosures on the interim financial statements
The unaudited interim financial statements for Veganz Group AG cover the period from 1 January 2022 to 30 June 2022. The reporting date of the interim balance sheet is 30 June 2022.

The interim financial statements for the first six months of 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 to the interim financial statements.

The total cost method was selected for the interim 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 interim financial statements, Veganz Group AG was assumed to be a going concern.

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

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

DISCLOSURES ON ACCOUNTING POLICIES AND VALUATION PRINCIPLES

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

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

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

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

Financial assets were recognised and valued as follows:
- Holdings in affiliated companies at acquisition cost
- Equity investments at acquisition cost

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

Inventories were recorded at acquisition or production cost. 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 at the 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 financial years appropriate for the remaining term.

Liabilities were recorded at their settlement amounts.

Deferred taxes are recorded for temporary differences between balance sheet line items as per the commercial accounts and the tax accounts. The deferred tax liabilities to be recorded result from the capitalisation of own brands and amounted to €3,122 thousand as of 30 June 2022. Deferred tax assets attributable to tax losses carried forward were not recorded. The valuation of the deferred tax liabilities was determined using a tax rate of 30.175% (15.825% – corporate income taxes including solidarity surcharge and 14.350% – municipal trade tax).

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

INTERIM 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 mergers
The assets of Veganz Food Trailer GmbH were merged with those of Veganz Group AG as of 1 January 2022.

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

Disclosures on holdings in other companies of at least 20%

Company name/legal seat	Holding in %	Equity € thousand	Annual results € thousand
Veganz Retail Berlin GmbH & Co. KG, Berlin	100	727	-130[1]
Veganz Retail GmbH i.I., Berlin	100	-8,563	-81[2]
Veganz Verwaltungs GmbH, Berlin	100	17	-1[3]

1 Annual financial statements as of 31 December 2021
2 The company is currently in insolvency proceedings under own management; figures presented here are preliminary figures as of 29 January 2021
3 Annual financial statements as of 31 December 2020

Disclosures on receivables and other assets
Trade receivables had a remaining term of less than one year. Other assets mainly included a rent deposit of €852 thousand for the production facility in Werder (Havel) and tax receivables of €520 thousand.

Disclosures on the classes of shares
The Company's subscribed capital of €1,223 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
As a result of the utilisation of the complete Authorised Capital 2020/I and 2021/Ia, the subscribed capital was increased by €556 thousand to €1,223 thousand in the fiscal year 2021. On the basis of a resolution of the Annual General Meeting on 6 October 2021, the Executive Board was authorised to increase the Company's subscribed capital in the period ending 5 October 2026 on one or more occasion in connection with the exercise of options by up to €29 thousand in total (Authorised Capital 2021/Ib).

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

Disclosures on other accrued expenses
Accrued expenses of €2,614 thousand (31 December 2021: €2,843 thousand) mainly included contingent liabilities from legal disputes (€245 thousand), settlements of the insolvent Retail GmbH (€400 thousand), outstanding invoices (€465 thousand), interest expenses (€531 thousand) and condition agreements (€423 thousand).

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

Liabilities in € thousand	Up to 1 year	2 to 5 years	**Total**
Bonds	–	10,000	10,000
Prior year	–	10,000	10,000
To banks	26	–	26
Prior year	48	–	48
Trade payables	3,281	–	3,281
Prior year	4,723	–	4,723
To companies in which an equity investment is held	96	–	96
Prior year	156	–	156
Other	1	2,025	2,025
Prior year	568	2,099	2,667
Total	3,403	12,025	15,428
Prior year	5,495	12,099	17,593

Disclosures on other liabilities
Other liabilities included liabilities for social security of €7 thousand (31 December 2021: €1 thousand). There were no tax liabilities as at 30 June 2022 (31 December 2021: €138 thousand).

Furthermore, other liabilities included subordinated loans totalling €2,025 thousand (31 December 2021: €2,289 thousand) – of which €1,945 thousand was from Seedmatch crowdfunding.

Liabilities due to shareholders, included in other liabilities and resulting from loans, were settled in full (31 December 2021: €190 thousand).

Disclosures on deferred tax liabilities
Deferred tax liabilities result from the capitalisation of brands in the prior financial year due to the differences between the amounts recorded in the commercial accounts and those in the tax accounts. The release is recorded in a manner corresponding with the term of the capitalised brands and the remaining useful life of 12.5 years.

Other financial obligations not disclosed in the balance sheet
In addition to the liabilities disclosed in the balance sheet, there were other financial obligations totalling €485 thousand (31 December 2021: €573 thousand), of which €373 thousand comprised rental obligations with an average weighted remaining term of 2.9 years and an amount of €112 thousand for leasing transactions with an average weighted remaining term of 2.3 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 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.

Other financial obligations attributable to factoring totalled €-140 thousand (31 December 2021: €226 thousand) and resulted 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	1 January–30 June 2022	1 January–30 June 2021
DACH	10,539	14,313
Rest of Europe	975	1,093
Rest of the world	3	150
Total	**11,517**	**15,555**

in € thousand	1 January–30 June 2022	1 January–30 June 2021
Food retail	7,838	9,604
Drugstore	2,787	3,811
Discount	–	2,141
Food service	892	–
Total	**11,517**	**15,555**

Disclosures on other operating income
Other operating income included income from the release of accruals amounting to €23 thousand (prior year: €51 thousand), as well as income attributable to other periods of €20 thousand (prior year: €17 thousand).

Disclosures on other operating expenses
Other operating expenses mainly included sales and marketing expenses of €4,948 thousand (prior year: €4,385 thousand) and administrative expenses of €965 thousand (prior year: €796 thousand). Furthermore, they included operating and rental costs as well as other operating expenses totalling €865 thousand (prior year: €374 thousand).

Disclosures on interest and similar expenses
Interest and similar expenses mainly included interest expenses for the bond totalling €375 thousand (prior year: €343 thousand), as well as for subordinated loans and other loans totalling €208 thousand (prior year: €266 thousand).

Disclosures on taxes on income
Taxes on income included releases of deferred tax liabilities of €133 thousand (prior year: €127 thousand).

OTHER DISCLOSURES

Average number of employees
The average number of employees (full-time equivalents, FTEs) in the Company as of 30 June 2022 was 72.1 (31 December 2021: 61.3), of which 48.1 (31 December 2021: 42.6) were female and 24.0 (31 December 2021: 18.7) 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'.

Events of particular significance subsequent to the reporting period

Set of measures adopted
We stand by the statements we made in our Annual Report 2021 regarding the Group's business model, strategy and targets. In particular, we will continue to focus on increasing the sales share of innovative and high-margin products from our own production. However, the development of the first six months of 2022 has prompted us to give top priority to securing liquidity.

To take account of the changed market environment, we have initiated three major measures with regard to in-house production, field sales force and marketing:

In-house production
We have stopped the investments for the construction of our Veganz Food Factory in Werder (Havel) and will implement our completed plans in a new context at a different site in the German state of Brandenburg. The main reasons for this decision were the substantial delays caused by planning restrictions, as well as drastically increased construction costs. After successfully completing our search for a new site, we are currently assessing the available options with regard to all parameters. In the meantime, we are continuing to invest in smaller, temporary production facilities for our own meat, fish, cheese and egg alternatives. This will ensure a liquidity-conserving ramp-up of our in-house production, while at the same time enabling us to quickly adapt to the respective demand situation and minimise production start-up risks. Since June 2022, we have been employing this approach to produce our Veganz 'Räucherlaxs', a sustainable algae-based fish alternative, at our second rented production facility in Neubrandenburg. Further temporary production facilities will follow.

Field sales force

Despite the substantial expansion of our field sales force in 2021, we were unable to achieve the anticipated impact on sales in the current market and competitive environment. In order to improve our sales efficiency, we therefore downsized the sales force from 50 to 30 as of 31 July 2022 and will gradually reduce it further to approximately 20 by April 2023. In the event of any positive development in market conditions, however, we will be able to quickly and flexibly ramp up capacities at any time.

Marketing

As demand for innovations was modest in the first six months of 2022 due to adverse market conditions, we used the time to review the ingredient lists, positioning and price points of our existing and planned new products and to optimise them in light of the current raw material price increases. At the same time, we worked on new products and, for example, launched our 'Choc Bar Peanut Caramel', an excellent alternative to one of Germany's most popular peanut chocolate bars. In order to adapt our strategic marketing to the current business situation, we have changed the focus of our product communication and the selection of our marketing channels. In doing so, we will remain true to our multi-category strategy and continue to pursue our objective of being perceived as THE supplier of vegan food. Nevertheless, we will reduce our marketing activities and costs and concentrate on the defined core and focus categories as well as on products from our in-house production.

These measures are a first important step towards strengthening the Group's operational performance already in the fiscal year 2022. We have identified further areas where we need to take action and are continuously working on improvements to our structures and processes as well as on improving our earnings power and competitiveness.

Berlin, 28 September 2022

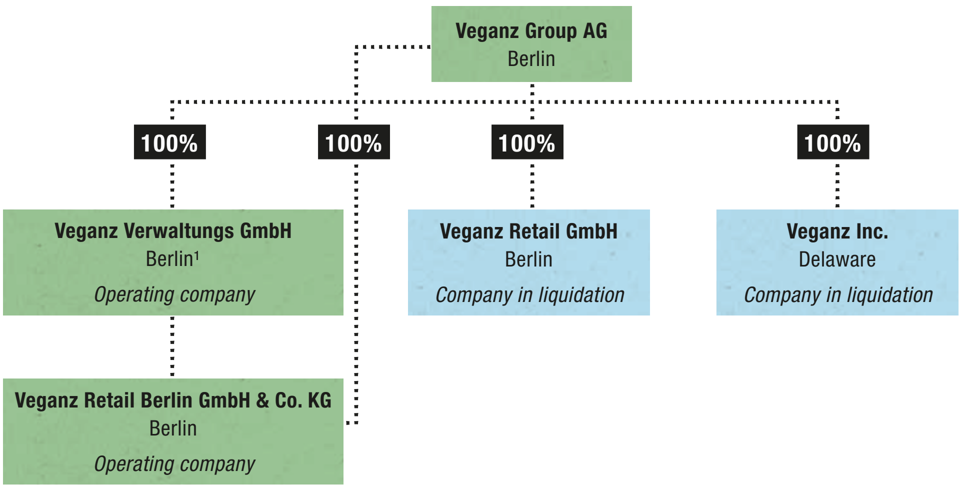
Jan Bredack	**Anja Brachmüller**	**Moritz Möller**	**Alexandra Vázquez Bea**
CEO	COO	CMO	CFO

Additional selected

FINANCIAL INFORMATION FOR THE GROUP

This section contains additional selected financial information on a consolidated basis covering the period from 1 January 2022 to 30 June 2022, which is unaudited. 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. The following information in this section does not constitute interim consolidated financial statements or an interim group management report and is not based on a complete application of the commercial law requirements for interim consolidated financial statements or interim group management reports.

At the time of preparing this report, the structure of the Veganz Group was as follows:



[1] General partner of Veganz Retail Berlin GmbH & Co. KG

Only Veganz Group AG (AG) and Veganz Retail Berlin GmbH & Co. KG (Retail) are operationally active. The AG is responsible for the development, distribution and production of products under the Veganz brand, while Retail operates three vegan supermarket branches in Berlin.

The other companies – with the exception of Veganz Verwaltungs GmbH & Co. KG – are either in liquidation or have entered insolvency proceedings and are not engaged in any operating activities.

Following a materiality assessment, only Retail was therefore included in the scope of consolidation, in addition to the AG as the main operating company.

Retail's business model consists of operating three vegan supermarkets in Berlin: one in Friedrichshain, one in Kreuzberg and one in Prenzlauer Berg – in whose adjoining premises the AG also produces its 'Cashewbert' product. With a share of 42% (prior year: 38%) of total Retail sales as of 30 June 2022, Friedrichshain was the largest branch in terms of sales, followed by Prenzlauer Berg with 31% (prior year: 37%) and Kreuzberg with 20% (prior year: 19%). In addition to Veganz-branded products, Retail's product assortment includes a full range of vegan products from third-party suppliers, which are sourced both nationally and internationally. In addition to its core business, revenues are also generated from subletting the Friedrichshain site to external partners and from subletting the production space at the Prenzlauer Berg site to the AG.

As with the Group's parent company, Retail's earnings position was negative due to increased inflationary pressures, which were exacerbated by the ongoing shortage of raw materials in the second quarter of 2022 and which raised the price sensitivity of end customers.

Compared to the pre-COVID-19 year 2019, gross customer sales declined by 5% and gross profit by 2% in nominal terms as at 30 June 2022.

The main intercompany (IC) consolidation items to be taken into account in the elimination of income and expenses are primarily the AG's procurement of goods for Retail. The background to this is Retail's limited access to large international suppliers and the high minimum order quantities in certain cases. In addition to procurement, Retail utilises additional administrative services provided by the AG – primarily in the fields of accounting, controlling, IT and human resources. Within the framework of an agency agreement, the AG invoices Retail for these services on a monthly basis at a rate of 5% of sales. On the other hand, Retail has claims in particular from the subletting of space for the 'Cashewbert' production facility in Prenzlauer Berg.

In addition, the AG held shares in Retail amounting to €777 thousand as at 30 June 2022.

EARNINGS POSITION

In the first six months of 2022, the earnings position of the Veganz Group developed as follows:

	1 January–30 June 2022	1 January–30 June 2021
	in € thousand	in € thousand
Sales	12,566	16,911
Other operating income	189	221
Cost of materials	-8,893	-11,434
Personnel expenses	-2,621	-2,035
Other operating expenses	-7,064	-5,871
Adjusted EBITDA	**-5,824**	**-2,208**
One-off expenses	-114	-723
EBITDA	**-5,938**	**-2,931**
Amortisation and depreciation	-541	-547
EBIT	**-6,479**	**-3,479**
Other interest and similar income	0	9
Interest and similar expenses	-606	-658
Earnings before taxes	**-7,085**	**-4,128**
Taxes on income	133	127
Other taxes	0	0
Net loss for the period	**-6,952**	**-4,000**

In addition to the causes for the development of the Veganz Group's earnings position already set out above, Retail contributed a loss of €196 thousand (prior year: loss of €14 thousand) to the consolidated result in the first six months of 2022. At €1,315 thousand, sales were around 21% below the previous year (prior year: €1,663 thousand), while the gross profit margin was increased slightly year-on-year to 40% (prior year: 39%). Due to the decrease in sales, the personnel expense ratio increased to 26% (prior year: 20%) and the other operating expense ratio to 30% (prior year: 24%).

FINANCIAL POSITION

In the first six months of 2022, the financial position of the Veganz Group developed as follows:

	1 January – 30 June 2022	1 January – 30 June 2021	Change
	in € thousand	in € thousand	in € thousand
Cash flow from operating activities	**-8,034**	**-266**	**-7,768**
Cash flow from investing activities	**-813**	**-7**	**-806**
Cash flow from financing activities	**-628**	**227**	**-855**
Cash effective changes of cash and cash equivalents	-9,475	-46	-9,429
Cash and cash equivalents at the beginning of the period	28,849	202	28,647
Cash and cash equivalents at the end of the period	**19,374**	**156**	**19,218**

ASSET POSITION

In the first six months of 2022, the asset position of the Veganz Group developed as follows:

	30 June 2022	31 Dec. 2021	Change	Change
	in € thousand	in € thousand	in € thousand	in %
Non-current assets	12,911	12,640	271	2
Current assets	26,471	36,742	-10,270	-28
Prepaid expenses	497	138	359	261
Balance sheet total	**39,879**	**49,519**	**-9,640**	**-19**
Equity	19,408	26,360	-6,952	-26
Accruals	2,628	2,862	-234	-8
Liabilities	14,721	17,042	-2,321	-14
Deferred tax liabilities	3,122	3,255	-133	-4
Balance sheet total	**39,879**	**49,519**	**-9,640**	**-19**

In addition to the changes stemming from the AG, Retail's current assets decreased by 4% year-on-year to €1,098 thousand (prior year: €1,145 thousand). Trade receivables in particular increased by €49 thousand. Liabilities also rose by 5% year-on-year to €3,094 thousand (prior year: €2,939 thousand).

FINANCIAL CALENDAR

15 November 2022	Quarterly Statement Q3 2022

Picture credits
Cover, clockwise: Photo by xavier-mouton-photographie on Unsplash, Veganz, Photo by christin-noelle on Unsplash, Veganz, Photo by esther-ann on Unsplash
p2: Photo by Perfect Snacks on Unsplash

Published by
Veganz Group AG
Warschauer Straße 32
10243 Berlin
Germany

Phone: +49 (0)30 2936378 0
veganz.com

Concept, text, consulting & design
Impacct Communication GmbH
impacct.de

VEGANZ.COM