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Veganz Group AG prepares initial public offering (IPO)

- **Unique position as the sole multi-category supplier of purely plant-based food in Europe¹:** Portfolio of around 120 products² covering the most relevant food categories is already offered in more than half of all European countries.
- **Veganz addresses the fastest growing category in the resilient food market:** The global plant-based food market is expected to grow at a CAGR (*compound annual growth rate*) of 9% in the period 2021-2026³ and offers attractive growth opportunities.
- **The plant-based food market growth driven by global mega trend towards a more sustainable life:** A purely plant-based diet has positive effects on the climate and water balance reducing CO₂ and water consumption by approx. half compared to a conventional diet including meat.⁴
- **Veganz supports the implementation of the UN Sustainable Development Goals (UN SDGs):** By promoting a purely plant-based diet in society and using packaging material that is as sustainable as possible Veganz contributes to the UN SDGs.
- **Longstanding relations with well-known retail and drugstore chains offering growth potential:** Cooperation with i.e. EDEKA, REWE, Rossmann, dm, SPAR, Coop, LIDL and ALDI allow to further increase number of POS (*points of sale*) in Europe.
- **Competitive advantage and potential for future margin improvement from new production site:** In-house production secures a specific product know-how and could potentially yield almost twice the margin as outsourced production.
- **Targeted gross proceeds of approx. EUR 35 million for the company to accelerate organic and inorganic growth:** Gross proceeds shall primarily be used for the establishment of the new production site near Berlin and investments in the further organic and inorganic growth of the Company, e.g. for research and development, expansion of field force, marketing and further expansion in selected European countries.

Berlin, 13 October 2021 – Veganz Group AG (“**Company**” and, together with its subsidiaries, “**Veganz**”), the Berlin-based purely plant-based/vegan food company with Germany’s most innovative food brand in 2021⁵, is planning an initial public offering (IPO) in Germany of new shares from a capital increase and existing shares from certain shareholders, a private placement of shares in certain other countries and the inclusion of its shares to trading on the Regulated Unofficial Market (*Freiverkehr*) of

¹ Company estimate.

² 101 active products as of September 30, 2021.

³ Expert Market Research, Global Vegan Food Market: By Product Type: Dairy Alternatives, Meat Substitutes, Egg Alternative, Vegan Bakery, Confectionery, Plant-Based Snacks, Others; By Distribution Channel; Regional Analysis; Historical Market and Forecast (2016-2026); Market Dynamics; Competitive Landscape; Industry Events and Developments (<https://www.expertmarketresearch.com/reports/vegan-food-market>).

⁴ CO2 Calculator of the Federal Environment Agency (*Umweltbundesamt*) (https://www.uba.co2-rechner.de/de_DE/).

⁵ According to the market research institute YouGov for the German newspaper Handelsblatt.



the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) within the next few months.

“With 10 years of experience, VeganZ is a ‘first mover’ in the plant-based food market. Under the slogan ‘Eating for the climate!’ we believe to offer a highly innovative product range that is able to satisfy consumers’ needs from breakfast to dinner. We also believe that none of our competitors has a comparably broad range as we do,” commented Jan Bredack, founder and Chief Executive Officer (CEO) of VeganZ. “We see a positive momentum for purely plant-based food products driven by several trends like the rising consciousness of food sustainability and for animal welfare. But also the aging of younger generations plays an important role since the number of vegetarians and vegans as well as flexitarians is particularly high in the younger generation. Therefore, we believe that we have multidimensional growth potential and that now is the right time for VeganZ to go public.”

Since the need to protect the earth has never been more crucial than it is today, it is VeganZ’ vision to motivate people around the world to try a plant-based diet and treat the environment responsibly. In doing so, VeganZ is also making its contribution to achieving the UN SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action) as well as SDG 14 (Life below Water). The Company’s management is convinced that VeganZ’ products contribute toward creating a sustainable future, since the customers’ purchasing behavior directly influences how much CO₂ is thrust into the atmosphere, how much water is expended or how much greenery is removed from the rainforests. In addition, by using packaging material that is as sustainable as possible, VeganZ also contributes to SDG 12 (Responsible Consumption and Production). As a purpose-driven business, one of the Company’s goals for 2022 is to become officially certified as a “Beneficial Corporation”. A Beneficial Corporation is a private certification for profit businesses which claim to meet the highest standards of social and environmental performance, public transparency and legal accountability.

Unique market position as Europe’s sole multi-category supplier of purely plant-based food products⁶

Founded in 2011, VeganZ is a provider of their own branded and purely plant-based food products, picking up on global food trends, developing concepts and products, which are then placed and sold exclusively under the “VeganZ” brand. Covering 17 product categories VeganZ’ product portfolio encompasses around 120 products with 101 active products as of September 30, 2021 for all types of storage (ambient, chilled and frozen). The products of VeganZ include breakfast ingredients, alternatives for cheese, meat, fish and cold cuts, protein products, ready meals, sweets and snacks. Its position as a multi-category provider allows VeganZ to continuously pick up latest food trends, to add new products or categories to its assortment and to quickly react to customer demands. As a consequence, the assortment has evolved from simple base products to complex recipes that are not easy to imitate. The main focus when it comes to extending its product range is on chilled and frozen products because of the high potential in terms of sales channels and market access.

Placing the highest priority on sustainability and transparency along the supply chain of its products, VeganZ helped to introduce the ‘Eaternity’ score for the food industry and was the first company to display the score on its packaging⁷. Since 2009, Swiss based Eaternity has built a comprehensive life cycle assessment food database in close collaboration with scientists. All products with the Eaternity

⁶ Company estimate.

⁷ Company estimate.



label are assessed according to Climate Score, Water Footprint, Rainforest Score and Animal Welfare Score.

Innovations result in a competitive advantage in a strong growing market driven by the global megatrend towards living a more sustainable life

In light of the changing customer's behavior and the global effort to mitigate the effects of climate change and growing population, the market for purely plant-based food products offers considerable growth potential. Independent data proves that a purely plant-based diet has a particularly positive effect on the climate and water balance. After all, a purely plant-based diet results in CO₂ consumption of approx. 940 kilograms per year (incl. equivalents).⁸ By contrast, a consumption of meat accounts for approx. 1,760 kilograms per year (incl. equivalents).⁹ The water consumption of vegans is approx. 710 cubic meters per year, while a diet including meat contributes to water consumption of approx. 1,580 cubic meters per year.¹⁰ The global plant-based food market is expected to grow by 9.2% from EUR 12 billion in 2020 to EUR 13.33 billion in 2021 and to reach EUR 18.83 billion in 2025 at a CAGR (*compound annual growth rate*) of 9%.¹¹

In order to exploit this market potential, Veganz focuses on product innovations that are based on comparatively complex manufacturing processes and not merely on recipes. Unlike recipes, these manufacturing processes can also be protected as intellectual property. This increasingly enables Veganz to offer a product portfolio that cannot be easily imitated by its competitors. Nevertheless, such product innovations relate not only to the food but also to its packaging. Veganz relies on sustainable and renewable raw materials. To the Company's knowledge, Veganz has launched the first compostable packaging for products to be refrigerated. In 2020, 84.4% of Veganz' packaging was recyclable, reusable, and/or compostable.

In-house production enables protection of specific product know-how and margin improvement potential

While its production is largely outsourced to co-manufacturers today, Veganz established its first small-scale in-house production site in Berlin in 2020 for soft cheese alternatives. In-house production will enable Veganz to secure its specific product know-how, an important element in differentiating itself from its competitors. Furthermore, the gross margins on sales of products produced in-house are expected to be significantly higher than for third party products.

Alexandra Vázquez Bea, Chief Financial Officer (CFO) of Veganz: "A key factor in margin improvement could potentially arise from vertical integration with the expansion of our own production. The establishment of our own production capacity and focus on the three categories 'cheese-alternatives', 'fish-alternatives' and 'textured vegetable proteins' should allow us to leverage technology and supplier relationships, reduce costs through supply chain improvement and furthermore improve commodity pricing through potential own indoor farming. Due to all these factors, products from our own production

⁸ CO₂ Calculator of the Federal Environment Agency (*Umweltbundesamt*) (https://www.uba.co2-rechner.de/de_DE/).

⁹ CO₂ Calculator of the Federal Environment Agency (*Umweltbundesamt*) (https://www.uba.co2-rechner.de/de_DE/).

¹⁰ Vanham, The water footprint of Austria for different diets (https://foodethics.univie.ac.at/fileadmin/user_upload/p_foodethik/Vanham_2013_WST_The-water-footprint-of-Austria-for-different-diets_01.pdf).

¹¹ The Business Research Company, Vegan Food Global Market Report 2021, published January 2021

(<https://www.thebusinessresearchcompany.com/report/vegan-market-global-report-2020-30-covid-19-growth-and-change>).



could potentially yield almost twice the gross profit margin as products whose production we have outsourced.”

In view of this, Veganz intends to establish an additional larger production site on around 10,000 square meters in the Federal State of Brandenburg, near Berlin. Veganz expects to raise the share of sales of self-produced goods from 0.3% (as of September 30, 2021) to 30% in the medium term. The new production site is intended to produce purely plant-based fish (smoked salmon, shrimp, tuna) and textured protein used to make unrefrigerated meat substitutes as well as cheese alternatives. To the Company’s knowledge, this new production site will be the largest production site for plant-based cheese alternatives in Europe.

One potential component of the future in-house production could also be so-called “perennial vertical farming” of vegetables, fruit, edible mushrooms and seaweed. The use of vertical farming reflects Veganz’ efforts to make its production methods as ecological as possible. After all, vertical farming saves production steps, enables regional plant production, more economical consumption of water, lower CO₂ emissions and higher purity of the plants produced without the use of pesticides, and thus also protects biodiversity. In addition, Veganz plans to remain very flexible in the area of production and become independent of the world market for raw materials.

Cooperation with well-known food retailers, drugstore chains and discounters shows great potential for increasing the number of POS (points of sale) and thus sales in the future

The branded goods business in retail distribution is the core and main sales channel of Veganz. In the DACH region (Germany, Austria, Switzerland), which Veganz considers its core market, Veganz currently sells purely plant-based food products through well-known food retailers such as EDEKA, REWE, Coop, Aspiag or Kaufland as well as drugstore chains such as Budnikowsky, Rossmann, dm and Müller, and discounters such as LIDL, ALDI, Penny and Netto. Internationally, the purely plant-based food products are distributed through food retailers such as SPAR (Italy, Hungary, Slovenia, Croatia, Greece, Cyprus), Kaufland International (Czech Republic, Slovakia, Romania, Bulgaria, Croatia, Poland), Coop (Denmark) and Sonae/Continente (Portugal). As of June 30, 2021, Veganz was represented with its product portfolio at 22,627 points of sale (“POS”)¹² globally and including its own three stores in Berlin. This marks the preliminary culmination of a steady increase in POS in recent years from 9,999 POS as of December 31, 2018, by 76.4%, to 17,638 POS as of December 31, 2019 and, by 13.8%, to 20,073 POS as of December 31, 2020 globally. In the DACH region, the number of POS has increased concurrently from 9,299 POS as of December 31, 2018, by 75.2%, to 16,289 POS as of December 31, 2019, and, by 15.4%, to 18,797 POS as of December 31, 2020.

“The cooperation with our retailers allows us to utilize a very established and strong selling distribution network of POS. However, even though we have a longstanding business relationship with several retailers, our products are not yet represented in their entire store network. We see this as an opportunity to further expand our portfolio in their stores, growing the number of POS and thereby boosting our sales in future.”, explains CEO Jan Bredack.

The “Stores” channel as the second sales channel comprises sales through the three own “Veganz”-stores in Berlin. To reach consumers online, the products of Veganz are offered via online-sales

¹² Point of sale means any place where at least one of the Veganz’ purely plant-based products is sold to a consumer also including, for example, temporary individual promotional activities at discounters.



platforms such as amazon.com, rohlik.cz, snacky.ch and vekoop.de as well as quick commerce providers such as Gorillas, flink, Foodpanda and weezy. In addition, Veganz also offers its products through the new “Food Service” sales channel in cooperation with its partners, such as the baked goods company Bakerman and the German football club RB Leipzig. -For the further growth of this sales channel, Veganz is already in talks with other well-known European football clubs to examine the possibilities of future cooperation and in close negotiations with Aramark, one of Germany’s largest caterers. As part of such cooperation, purely plant-based products are also to be offered under the “Veganz” label in the canteens operated by Aramark.

Veganz’s success story is evidenced by steady double-digit sales growth in the last financial years. After posting unconsolidated sales through the sales channels “Retail” and “Stores” of EUR 20.3 million (thereof EUR 2.8 million from the “Veganz” stores¹³) in the financial year ended December 31, 2018, Veganz grew significantly by 32.0% to EUR 26.8 million (thereof EUR 2.9 million from the “Veganz” stores¹⁴) in the financial year ended December 31, 2019. In the financial year ended December 31, 2020, unconsolidated sales of Veganz continued to grow by 12.7% to EUR 30.2 million (thereof EUR 3.5 million from the “Veganz” stores¹⁵). In the six-month period ended June 30, 2021, unconsolidated sales of Veganz amounted to EUR 17.2 million (thereof EUR 1.7 million from the “Veganz” stores¹⁶) and were 16.2% above the six-month period ended June 30, 2020. As a result of the clear focus on executing its growth strategy, the adjusted EBITDA¹⁷ of the Company was EUR -2.1 million in the financial year ended December 31, 2020 and EUR -2.1 million in the six-month period ended June 30, 2021.

Experienced management team with strong commitment accompanied by high-profile investors

The Company’s management board (*Vorstand*), led by the founder of Veganz and chairman (CEO) Jan Bredack, combines entrepreneurial spirit with longstanding industry experience and a lasting commitment to the Company’s mission. Jan Bredack developed the initial concept behind Veganz and has managed the business from its inception. He has over 20 years of sales and customer service experience within the automotive sector and the plant-based food industry. Alexandra Vázquez Bea, Chief Financial Officer, has over 14 years of management experience in the field of finance and start-ups. Anja Brachmüller, Chief Operating Officer, has over 15 years of experience in logistics, purchasing and processing in the food industry. Moritz Möller, Chief Marketing Officer, can look back on many years of experience in the field of marketing and has the expertise regarding the necessary strategies to enhance the visibility of the Veganz brand. The experienced management board is accompanied by many well-known investors, some with proven expertise in the food industry.¹⁸ They include Vegan Angels GmbH (14.1%), Paladin Asset Management Investmentaktiengesellschaft mit Teilgesellschaftsvermögen (12.5%), Katjesgreenfood GmbH (7.8%), Develey Holding GmbH & Co. Beteiligungs KG (3.5%) and Brandenburg Kapital GmbH (wholly-owned subsidiary of the “*Investitionsbank des Landes Brandenburg*”) (3.5%).

¹³ Sales of Veganz Retail GmbH & Co. KG, which operates the stores.

¹⁴ See above.

¹⁵ See above.

¹⁶ See above.

¹⁷ EBITDA is the abbreviation for earnings before interest, taxes, depreciation and amortization. In order to calculate EBITDA, firstly, the sales and other operating income are summed up. Subsequently, the cost of materials consisting of the cost of raw materials, consumables and supplies and of purchased merchandise, the personnel expenses, consisting of wages and salaries as well as social security, pension and other benefit costs, and other operating expenses are subtracted. Adjusted EBITDA is defined as EBITDA adjusted for certain one-off operating expenses such as (i) expenses for the notes issued by the Company, (ii) equity expenses, (iii) costs of the merger with the former Veganz GmbH, (iv) costs for the first production site in Berlin, as well as (v) other non-operating expenses.

¹⁸ Company estimate.



The total volume of the IPO is expected to amount to up to EUR 50 million, comprising newly issued shares from a capital increase utilizing the Company's authorized capital alongside a sale of existing shares by certain shareholders as well as a market-standard greenshoe option. The selling shareholders intend to sell shares in the IPO to ensure sufficient free float and trading liquidity in the Company's shares.

A market-standard lock-up of twelve months is expected for the Company and major shareholders. Jan Bredack, the CEO of the Company holding 26.3% of the Company's shares¹⁹, will agree to a lock-up commitment of 36 months, which underscores his strong commitment and belief in a positive development of the Company.

The Company is targeting gross proceeds from the sale of the new shares of approximately EUR 35 million, of which it intends to use the largest share for the establishment of the new production site near Berlin as well as for investments in the further organic and inorganic growth of Veganz, e.g. for research and development, expansion of field force, marketing and further expansion in selected European countries.

M.M.Warburg & CO will act as Sole Global Coordinator and Sole Bookrunner. Quirin Privatbank will act as Co-Lead Manager.

Contact:

cometis AG
Claudius Krause
Phone: 0611 205855 28
Mail: investorrelations@veganz.de

About Veganz:

Veganz – Good for you, better for everyone – is the brand for plant-based food. Founded in Berlin in 2011, the company became known as European vegan supermarket chain. With a colorful and life-affirming company philosophy, Veganz managed to break open the vegan niche and establish the plant-based nutrition trend on the market. The current product portfolio includes around 120 products (101 active products as of September 30, 2021) across 17 categories and is available in more than half of all European countries and in 22,627 points of sale (POS) as of June 30, 2021, including Veganz' own three stores in Berlin, Germany. In addition, the Veganz product portfolio is continuously being expanded to include high-quality, innovative items and the sustainable value chain is constantly being improved. For this commitment, Veganz was the only German company to be voted one of the top 3 innovative brands and Germany's most innovative food brand in an exclusive Handelsblatt ranking in 2021.

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¹⁹ Via Bredack Vermögensverwaltungsgesellschaft mbH.



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