

(Berlin, 15 November 2023) VEGANZ GROUP AG: VEGANZ WITH CONTINUOUS EARNINGS IMPROVEMENT IN THE THIRD QUARTER OF 2023

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Veganz posts a continuous improvement of earnings in the third quarter of 2023

- Further sales growth in core categories
- Sales decline due to strategic streamlining of product range and customer portfolio
- Significant improvement in gross profit margin and net result
- Cost-cutting and efficiency enhancement programme continues to have impact
- Successful D2C launch of Veganz Mililk®
- Product launches of Bluebert and Sea Style Slices Dill & Lemon
- Sales growth and further improvements in profitability forecast for 2024

(Berlin, 15 November 2023) Veganz Group AG, the only multicategory provider of vegan food in Europe, was able to increase sales in the remaining core categories - after product range adjustments - by 7.8% the first nine months of 2023, despite the ongoing economic weakness and consumers' continued reluctance to purchase.

Unadjusted total sales of Veganz Group AG amounted to EUR 12.8 million in the first nine months of 2023 (prior year: EUR 17.1 million). The difference in sales resulted from the Company's decision to streamline its product range and optimise its customer base with the aim of improving profitability. This led to the delisting of selected products and the withdrawal of entire product categories (including vegetarian frozen pizza), as well as an optimisation of the customer portfolio and termination of field sales activities – and thus to deliberately induced sales losses.

Sales growth in discount business

In the first nine months of 2023, the food retail sector continued to account for the largest share of sales at 56 percent (prior year: 67 percent), with drugstores in second place at 32 percent (prior year: 25 percent). Compared to the previous year without promotional business, there was an encouraging return to sales in the German discount sector with a sales share of 6 percent in the first six months of 2023 (prior year: 1 percent). The food service sales channel achieved a sales share of 6 percent in the first half of 2023 (prior year: 7 percent).

in EUR million	9M 2023	9M 2022
Food retail	7.2	11.4
Drugstore	4.1	4.2
Discount	0.8	0.2
Food service	0.7	1.2
Total	12.8	17.1

Germany still most important sales market

With a 92 percent share of sales, the DACH region (Germany, Austria, Switzerland) was once again the most important market in the first nine months of 2023 (prior year: 91 percent). At 73 percent, Germany remained the largest single market and continues to be the main focus

(prior year: 82 percent). At 8 percent, the share of sales in the rest of Europe was slightly up on the previous year (prior year: 9 percent).

in EUR million	9M 2023	9M 2022
DACH	11.8	15.5
Rest of Europe	1.0	1.6
Rest of the world	0.0	0.0
Total	12.8	17.1

Gross profit margin and net result improved

The gross profit margin of Veganz Group AG continued to rise to 34.9 percent (prior year: 28.2 percent) in the first nine months of 2023, due mainly to an improved product mix and optimisation of the customer portfolio. With reduced marketing expenses of EUR 1.2 million (prior year: EUR 2.8 million), there were improvements in EBITDA and the net loss for the period to EUR -4.5 million (prior year: EUR -8.7 million) and EUR -6.1 million (prior year: EUR -9.9 million), respectively – despite the decline in sales, due in particular to the measures taken to reduce costs and enhance efficiency. Net liquidity as of 30 September 2023 amounted to minus EUR 4.3 million (prior year²: EUR 0.4 million). However, this amount also includes long-term financial liabilities. Excluding the bond and crowdfunding, net liquidity amounted to EUR 7.3 million (prior year²: EUR 12.3 million). The equity ratio stood at 35.6 percent (31 December 2022: 46.5 percent).

Focus on innovation and sustainability

Veganz Group AG successfully started the D2C delivery of its latest product innovation in the third quarter of 2023: the plant-based milk alternative Mililk® using the patented 2D printing process. The product was successfully placed with early adopters and the press, who accompanied the first step of the launch phase very positively, including a discussion lasting over 6 minutes on German pay TV in the Galileo programme. In the last part of the year, production capacities for Mililk® will be expanded, the D2C business will be built upon with influencer marketing and trade orders for Veganzuary will be pre-produced. At the end of the year, the production line for producing pea-based, plant-based meat alternatives (“Textured Vegetable Protein”, TVP) will be put into operation. The ongoing positive feedback from consumers and retailers continues to create increasing demand. For Mililk® in particular, the available production capacities have already been exhausted.

“Our sustainable innovation product Mililk® has been very positively received by the market, which is why we are already pursuing the product development of additional varieties and variants. Our approach to focus on sustainable and profitable innovations with our own productions continues to gain momentum”, says Jan Bredack, founder and CEO of Veganz Group AG.

In the third quarter of 2023, Veganz Group AG expanded its portfolio of in-house products in additional categories. Unique in the area of algae-based salmon alternatives, the range has been expanded to include Veganz Sea Style Slices Dill & Lemon and is available exclusively in online stores. In the area of innovative cheese specialities, Veganz has successfully placed the blue cheese alternative Veganz Bluebert on the Austrian market.

Due to the extensive costs reduction and efficiency improvement programme, the product range adjustments, the optimisation of the customer portfolio and the expansion of in-house

production with the start of production at the Ludwigsfelde location, the company is anticipating a significantly improved EBITDA compared to the previous year (previous year: EUR -12.3 million).

Increased sales and improved profitability in 2024

Based on the healthy cost structures created over the past months and the launch and ramp-up of in-house production of its own products Mililk®, Cashewbert®, Bluebert®, as well as its recently announced acquisition of Happy Cheeze®, as well as its meat and fish alternatives, Veganz Group AG plans to raise sales compared to 2023 and achieve a further improvement in profitability in 2024.

Agreements with customers for the listing of the Mililk® products, in particular, mean that capacity at the new production facility in Ludwigsfelde is already fully utilised and further production capacity is already being created.

in EUR million	9M 2023	9M 2022
Sales	12.8	17.1
Cost of materials	8.3	12.3
Personnel expenses	3.0	3.7
Other operating expenses	6.0	13.3
- Marketing expenses	1.2	2.8
- Direct costs	2.2	4.4
- Indirect costs	2.6	6.1
EBITDA	-4.5	-8.7
Net loss for the period	-6.1	-9.9
Gross profit margin (in %)	34.9	28.2
Net liquidity ^{1,2}	-4.3	0.4
Equity ratio (in %) ²	35.6	46.5

¹ Including long-term financial liabilities, i.e. EUR 10 million bond maturing in February 2025 and EUR 2 million crowdfunding redeemable in December 2023

² Prior-year figures as of 31 December 2022

About Veganz Group AG

Veganz (veganz.de) – Good for you, better for everyone – is a brand and producer of plant-based food. Founded in 2011 in Berlin, Veganz became known as a European vegan supermarket chain. With a colourful and life-affirming corporate philosophy, Veganz succeeded in breaking up the vegan niche and establishing the plant-based food trend on the market. The current product portfolio includes products from breakfast to dinner, which are widely available in the DACH region. The Veganz range is continuously optimised with high-quality, innovative items and the sustainable value chain is constantly improved. As a transparent brand, Veganz is B Corp certified, compares the environmental balance of all its own products with all food products in the German-speaking region and regularly sets new benchmarks for a sustainable food industry.

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