

(OFFICE TRANSLATION)

Til generalforsamlingen i Kalera AS (org. nr. 911 703 130) ("**Selskapet**")

To the general meeting of Kalera AS (reg. no. 911 703 130) (the "**Company**")

REDEGJØRELSE FOR KAPITALFORHØYELSE VED TINGSINNSKUDD

STATEMENT REGARDING SHARE CAPITAL INCREASE BY CONTRIBUTION IN KIND

1 BAKGRUNN

Selskapet har inngått en aksjekjøpsavtale datert 11. august 2021 ("**Avtalen**") om kjøp av samtlige 58.082 aksjer i &ever GmbH ("**&ever**") med aksjeeierne i &ever ("**Selgerne**"). Selskapet vil erverve 10.290 &ever aksjer mot et kontantvederlag ("**&ever Salgsaksjene**"), og de resterende 47.792 &ever aksjene ("**&ever Tingsinnskuddsaksjene**") mot utstedelse av totalt 27.856.081 nye aksjer i Selskapet ("**Vederlagsaksjene**").

Ettersom vederlaget for Vederlagsaksjene skal gjøres opp i form av at Selskapet mottar &ever Tingsinnskuddsaksjene, gis herved denne redegjørelsen etter aksjeloven § 10-2 (3), jf. § 2-6 første og annet ledd.

2 BESKRIVELSE AV AKSJEINNSKUDET

I henhold til Avtalen skal Selskapet innkalle til en ekstraordinær generalforsamling for å vedta å øke Selskapets aksjekapital ved utstedelse av Vederlagsaksjene. Kapitalforhøyelsen skal rettes mot Selgerne og tegningsbeløpet for Vederlagsaksjene skal gjøres opp ved at Selskapet mottar &ever Tingsinnskuddsaksjene som tingsinnskudd som følger:

- **Harald Schrott** vil overføre 15.690 &ever Tingsinnskuddaksjer, og motta 9.144.997 Vederlagsaksjer.
- **Mark Korzilius** vil overføre 10.791 &ever Tingsinnskuddaksjer, og motta 6.289.944 Vederlagsaksjer.
- **Isabel von Sethe** vil overføre 3.810 &ever Tingsinnskuddaksjer, og motta 2.220.545 Vederlagsaksjer.

1 BACKGROUND

The Company has entered into a share purchase agreement dated 11 August 2021 (the "**Agreement**") for the purchase of all the 58,082 shares in &ever GmbH ("**&ever**") with the shareholders of &ever (the "**Sellers**"). The Company will acquire 10,290 &ever shares for consideration in cash (the "**&ever Sale Shares**") and the remaining 47,792 &ever shares (the "**&ever Contribution Shares**") against the issuance of in total 27,856,081 new shares in the Company (the "**Consideration Shares**").

As the consideration for the Consideration Shares shall be settled by the Company receiving the &ever Contribution Shares, this statement is hereby given in accordance with section 10-2 (3), cf. section 2-6 first and second paragraph of the Norwegian Private Limited Liability Companies Act.

2 DESCRIPTION OF THE SHARE CONTRIBUTION

Pursuant to the Agreement, the Company shall convene an extraordinary general meeting to resolve to increase the Company's share capital by issuing the Consideration Shares. The share capital increase shall be directed towards the Sellers and the subscription price for the Consideration Shares shall be settled by the Company receiving the &ever Contribution Shares as contributions in kind as follows:

- **Harald Schrott** will contribute 15,690 &ever Contribution Shares against receiving 9,144,997 Consideration Shares.
- **Mark Korzilius** will contribute 10,791 &ever Contribution Shares against receiving 6,289,944 Consideration Shares.
- **Isabel von Sethe** will contribute 3,810 &ever Contribution Shares against receiving 2,220,545 Consideration Shares.

- **Nox Culinary General Trading Company LLC** vil overføre 11.347 &ever Tingsinnskuddaksjer, og motta 6.613.673 Vederlagsaksjer.
- **SCHMIDT GROUP GmbH** vil overføre 6.154 &ever Tingsinnskuddaksjer, og motta 3.586.922 Vederlagsaksjer.

- **Nox Culinary General Trading Company LLC** will contribute 11,347 &ever Contribution Shares against receiving 6,613,673 Consideration Shares.
- **SCHMIDT GROUP GmbH** will contribute 6,154 &ever Contribution Shares against receiving 3,586,922 Consideration Shares.

Ved å motta &ever Tingsinnskuddsaksjene og &ever Salgsaksjene vil Selskapet bli eier av samtlige utestående aksjer i &ever.

By receiving the &ever Contribution Shares and the &ever Sale Shares, the Company will become the owner of all the outstanding shares in &ever.

Tegningskursen for hver Vederlagsaksje er fastsatt til NOK 36,68, og tilsvarer den volumveide gjennomsnittskursen for Selskapets aksjer på Euronext Growth Oslo de 90 virkedagene forut for Selskapets indikative tilbud vedrørende en transaksjon med &ever datert 26. mai 2021.

The subscription price for each Consideration Share is NOK 36.68, and equals the volume weighted average share price for the Company's shares on Euronext Growth Oslo for the 90 consecutive business days prior the Company's non-binding letter of intent regarding a transaction with &ever dated 26 May 2021

&ever driver virksomhet innenfor vertikalt landbruk, og i likhet med Selskapet arbeider &ever for å forsyne forbrukere med ferske, lokaldyrkede og plantevernmidelfrie salater og urter, som kan høstes basert på etterspørsel. I tillegg til å drive og utvikle storskala vertikale landbruksanlegg, benytter &ever også mindre "growth towers" som kan installeres og drives i en langt mindre skala (f. eks. i supermarkeder)

&ever operates within the vertical farming sector, and much like the Company, work to provide consumers with fresh, locally grown, and pesticide-free salads and herbs, which can be harvested on demand. In addition to operation and development of large vertical farming facilities, &ever is also deploying smaller "growth towers", which may be installed and operated on a much smaller scale (e.g. in super markets).

Per nå har &ever et storskalaanlegg i drift (i Kuwait), og et storskalaanlegg under konstruksjon (i Singapore), samt "growth towers" i butikker i Tyskland.

Currently, &ever has one larger facility in operation (in Kuwait), and one larger facility under construction (in Singapore), as well as in-store grow-towers in Germany.

Styret ser synergipotensialer i et oppkjøp av &ever, herunder knyttet til:

The board of director sees synergy potential related to an acquisition of &ever, including related to:

- Drift: Forbedrede stordriftsfordeler ved effektivisering av gjensidig implementering av beste praksis-løsninger fra de to selskapene (f.eks. Implementering av "growth towers" og &ever sitt ledende skuffbevegelsessystem, konsolidering av back-office funksjoner, økt forhandlingsstyrke osv.)
- komplementære teknologier
- komplementær geografisk tilstedeværelse og utrullingsplan.

- Operational: Improved economies of scale efficiency improvements by reciprocal implementation of best practice solutions from the two companies (e.g. deployment of growth towers and &ever's superior tray movement system, consolidation of back-office functions, increased bargaining power, etc.)
- Complementary technologies
- Complementary geographical footprint and roll-out plans

For en ytterligere beskrivelse av &ever, vennligst se årsregnskapene, herunder årsberetning og revisjonsberetning for &ever de tre foregående regnskapsårene, inntatt her som Vedlegg 1. I perioden etter siste balansedag, 31. desember 2020, er det ikke

For a further description of &ever, please see &ever's financial statements, including the board of directors report and the auditor statement for the three previous financial years attached as Appendix 1 to this statement. Since the latest balance sheet date, 31

inntruffet hendinger av vesentlig betydning for &ever sin virksomhet.

Det vises også til børsmeldingen publisert av Selskapet den 11. august 2021 og presentasjonen vedlagt børsmeldingen for nærmere informasjon om &ever og oppkjøpet.

3 VERDIVURDERINGEN

Partene i Avtalen er enige om en verdi på aksjene i &ever som reflekterer en virksomhetsverdi (enterprise value) for &ever på EUR 130 millioner på en kontant- og gjeldfri basis per 1. juli 2021. Selgerne skal kompensere Selskapet for eventuelle verdioverføringer fra &ever til Selgerne i perioden etter 30. juni 2021.

I Avtalen gir Selgerne garantier knyttet til &ever, og Avtalen regulerer hvilke effekter eventuelle garantibrudd skal ha.

Virksomhetsverdien på EUR 130 millioner representerer Selskapets verddivurdering av &ever. For å komme frem til verddivurderingen på EUR 130 millioner ble det benyttet inntjeningsmultipler for tilsvarende selskaper, EBITDA multipler for tilsvarende selskaper og nåverdi beregninger av fremtidig kontantstrøm (DCF analyse).

Selskapet har også innhentet en fairness opinion fra KWC Revisjon AS for å få en uavhengig tredjepartsvurdering av hvorvidt transaksjonen med &ever vil være "fair" i forhold til Selskapets aksjeeiere. KWC Revisjon AS har konkludert at en virksomhetsverdi på EUR 130 millioner representer en full og rettferdig armlengdes pris for alle de utestående aksjene i &ever. KWC Revisjon AS sin fairness opinion er gjort tilgjengelig på Selskapets hjemmeside.

Etter styrets vurdering er fremgangsmåten som er benyttet for vurderingen av virksomhetsverdien av &ever, herunder verdien av &ever Tingsinnskuddsaksjene hensiktsmessig. Styret kjenner ikke til andre forhold av betydning for vurderingen utover at det understrekes at ettersom virksomhetsverdien av &ever i stor grad er basert på estimert fremtidig inntjening (vekstselskap) er det en betydelig iboende usikkerhet involvert i vurderingen. Det er ingen garanti for at &ever når sine estimer eller når sine strategiske mål.

December 2020, there have been no events of significant importance for &ever's business.

Reference is also made to the stock exchange announcement published by the Company on 11 August 2021 and the presentation attached to the stock exchange announcement for further information about &ever and the acquisition.

3 VALUATION

The parties to the Agreement have agreed on a value of the shares in &ever that reflects an enterprise value of &ever of EUR 130 million on a cash and debt free basis as of 1 July 2021. The Sellers shall compensate the Company for any leakages from &ever to the Sellers in the period after 30 June 2021.

The Sellers are giving representations and warranties relating to &ever in the Agreement, and the Agreements sets out the effects of any breaches of representations and warranties.

The enterprise value of EUR 130 million represents the Company's valuation of &ever. To determine the value of EUR 130, revenue multiples for comparable companies, EBITDA multiples for comparable companies and discounted cash flows analysis was used.

The Company has also engaged KWC Revisjon AS to get an independent third party view on whether the transaction with &ever would be "fair" in respect of the shareholders of the Company. KWC Revisjon AS has arrived at the conclusion that the enterprise value of EUR 130 million represents a full and fair arm's length price for all of the outstanding shares of &ever. KWC Revisjon AS' fairness opinion has been made available at the Company's website.

In the opinion of the board of directors, the procedure for assessing the enterprise value of &ever, including the value of the &ever Consideration Shares is adequate. The board of directors is not aware of any other matters of importance for the assessment other than it is underlined that as the enterprise value of &ever is largely driven by expected future revenues (a growth case), there is inherently significant estimation uncertainty involved in assessing the value. There is no guarantee that the &ever delivers on its projections or achieve its strategic goals.

Styret er av den oppfatning at virksomhetsverdien på EUR 130 millioner kan legges tilsvarende til grunn per datoen for denne redegjørelsen.

The board of directors is of the opinion that the enterprise value of 130 million can be used also as of the date of this statement.

4 ERKLÆRING

Styret erklærer herved at verdien av &ever Tingsinnskuddaksjene som Selskapet skal motta, minst tilsvare verdien av Vederlagsaksjene, herunder pålydende på NOK 0,01 per Vederlagsaksje, samt overkurs på NOK 36,67 per Vederlagsaksje.

* * *

Vedlegg:

1. Årsregnskap, herunder årsberetning og revisjonsberetning for &ever 2018-2020.

4 STATEMENT

The board of directors hereby confirm that the value of the &ever Contribution Shares is at least equal to the value of the Consideration Shares, including the nominal value of NOK 0.01 per New Company Share and share premium of NOK 36.67 per New Company Share.

* * *

Appendices:

1. &ever's financial statements, including the board of directors report and the auditor statement for the financial years 2018-2020.

* * *

[SIGNATURSIDE FØLGER/SIGNATURE PAGE TO FOLLOW]

[SIGNATURE PAGE BOARD STATEMENT]

Styret i Kalera AS / The Board Directors of Kalera AS

13. august 2021 / 13 August 2021



Bjørge Gretland
(Chairman)



Sakip-Umur Hürsever



Chris Logan



Kim Lopdrup



Camilla Magnus



Sonny Perdue



Maria Sastre



Erik Sauar

&ever GmbH, Munich (formerly Farmers Cut GmbH, Hamburg)

Long-form audit report
Annual financial statements
31 December 2020

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

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Translation from the German language

Exhibits

- 1 Balance sheet as of 31 December 2020
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Engagement Terms, Liability and Conditions of Use
General Engagement Terms



Translation from the German language

A. Audit engagement

The management board of &ever GmbH, Munich (formerly Farmers Cut GmbH, Hamburg) (the "Company" or "&ever"), engaged us to audit the Company's annual financial statements as of 31 December 2020, together with the underlying books and records.

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed "Engagement Terms, Liability and Conditions of Use."

This long-form audit report is addressed to the Company.

B. Reproduction of the auditor's report

We issued the following auditor's report on the annual financial statements:

"Independent auditor's report

To &ever GmbH

Opinion

We have audited the annual financial statements of &ever GmbH, Munich (formerly Farmers Cut, Hamburg) which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December



Translation from the German language

2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020 in compliance with German legally required accounting principles.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the opinion

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

Material uncertainty about the Company's ability to continue as a going concern

Please refer to section "F. Subsequent events" in the notes to the financial statements in which the executive directors state that the Company is experiencing a period of tight liquidity and, based on the budget for the forecast period, will thus be reliant on the provision of additional liquidity. In this context the shareholders issued a qualified letter of subordination for the Company's liabilities totaling EUR 13m. Additionally, some of the shareholders issued three letters of comfort dated 15 and 20 July 2021 undertaking to provide the Company with sufficient funding at all times such that the Company is always in a position to meet its payment obligations in a timely manner in order to prevent insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO ["Insolvenzordnung": German Insolvency Ordinance]. This payment obligation is limited to an amount of EUR 5.0m and is valid until 31 December 2022.

The shareholders are currently in sale negotiations concerning their shares. The negotiations are expected to be completed soon. In order to maintain its solvency and thus to ensure its ability to continue as a going concern in the forecast period, the Company will remain dependent on financial support from the former shareholders even after the change in shareholders.



Translation from the German language

This draws attention to the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and that represents a going concern risk pursuant to Sec. 322 (2) Sentence 3 HGB.

Our opinion is not modified in respect of this matter.

Responsibilities of the executive directors for the annual financial statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

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



Translation from the German language

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

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

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



Translation from the German language

C. General findings

Risks to the Company's ability to continue as a going concern

In accordance with our obligation to report on risks to the Company's ability to continue as a going concern or significant risks to its development (see Sec. 321 (1) Sentence 3 HGB), in particular, please refer to the circumstances presented by the management board in section "F. Subsequent events" of the notes to the financial statements, according to which the Company is experiencing a period of tight liquidity and, based on the budget for the forecast period, will thus be reliant on the provision of additional liquidity. In this context the shareholders issued a qualified letter of subordination for the Company's liabilities totaling EUR 13m. Additionally, some of the shareholders issued three letters of comfort dated 15 and 20 July 2021 undertaking to provide the Company with sufficient funding at all times such that the Company is always in a position to meet its payment obligations in a timely manner in order to prevent insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO. This payment obligation is limited to an amount of EUR 5.0m and is valid until 31 December 2022.

The shareholders are currently in sale negotiations concerning their shares. The negotiations are expected to be completed soon. In order to maintain its solvency and thus to ensure its ability to continue as a going concern in the forecast period, the Company will remain dependent on financial support from the former shareholders even after the change in shareholders.

D. Performance of the audit

I. Subject of the audit

Under our engagement, we examined in accordance with Sec. 317 HGB whether the books and records and the annual financial statements, which comprise the balance sheet, the income statement and notes to the financial statements, comply with the relevant legal requirements.

As a small corporation, the Company is not required to prepare a management report.



Translation from the German language

The applicable financial reporting framework for our audit of the annual financial statements comprised the accounting requirements of Secs. 242 to 256a HGB and Secs. 264 to 288 HGB and the special requirements of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. No additional accounting requirements result from the articles of incorporation and bylaws.

II. Nature and scope of the audit

We conducted our audit in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

The audit does not extend to providing assurance of the Company’s ability to continue as a going concern or of management efficiency and effectiveness.

The basis of our audit methodology, which is risk and process oriented, is the development of an audit strategy. This strategy is based on the assessment of the economic and legal environment of the Company, its goals, strategies and business risks. The examination of the accounting-related internal control system and its effectiveness is supported by process analyses. We perform such analyses in order to identify any risks of material misstatement in the relevant elements of the annual financial statements and evaluate our audit risk.

Findings from our data analyses, the analysis of processes and the accounting-related internal control system were taken into account in choosing the analytical procedures and substantive testing of assets and liabilities, recognition, presentation and valuation in the annual financial statements. The audit program, which is specifically tailored to the Company, determines the key elements of the audit, the nature and scope of audit procedures as well as the timing and staffing of the audit. This approach is based on the principles of risk assessment and materiality. We therefore reached our audit opinion primarily on a test basis.

Our audit program focused on the following audit areas:

- Analysis of the annual financial statement close process
- Impairment of receivables from affiliates



Translation from the German language

- Recognition and valuation of other assets
- Completeness of liabilities
- During our audit, we considered in particular whether the executive directors' use of the going concern basis of accounting was appropriate. In assessing the ability of the Company to continue as a going concern, we took into account the letters of subordination issued by the shareholders totaling EUR 13m and the letters of comfort with integrated subordination in which some of the shareholders undertook committed on 15 and 20 July 2021 to provide the Company with liquidity of EUR 5.0m in order to prevent the Company's insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO. The payment obligation is valid for a limited period until 31 December 2022.

We also performed the following standard audit procedures:

- We obtained bank confirmations and requested and received confirmation from lawyers regarding pending litigation.

We were provided with all information and evidence requested. In a letter of representation submitted to us, the executive directors confirmed the completeness of this information and evidence provided and of the books and records and annual financial statements.

III. Independence

We were in compliance with the applicable independence requirements during our audit.

E. Findings on the financial reporting

I. Legal compliance of the financial reporting

In our opinion, on the basis of the knowledge obtained in the audit, the books and records comply with the legal requirements. Data gathered from other audited



Translation from the German language

documents are properly reflected in the books and records and the annual financial statements.

We concluded our audit, covering

- legal compliance of the components of the annual financial statements and of their derivation from the books and records;
- legal compliance of the disclosures in the notes to the financial statements;
- compliance with recognition, presentation and valuation requirements; and
- compliance with all legal requirements governing financial reporting, including German legally required accounting principles and with all requirements applicable to entities of a specific size, legal form or industry

by issuing the auditor's report reproduced in section B.

II. Overall presentation of the annual financial statements

1. Valuation bases

We refer to the information in the notes to the financial statements for the recognition and measurement policies applied as well as the significant factors for the valuation of assets and liabilities, including any effects of changes in such methods.

2. Overall conclusion

Based on our audit, which was carried out in accordance with professional standards, we conclude, as stated in our auditor's report, that the annual financial statements as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German legally required accounting principles.



Translation from the German language

F. Closing remark

We issue the above long-form report on our audit of the annual financial statements of &ever GmbH, Munich (formerly Farmers Cut GmbH, Hamburg), for the fiscal year from 1 January to 31 December 2020 in accordance with Sec. 321 HGB and in compliance with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports promulgated by the IDW (IDW AuS 450 (Revised)).

Hamburg, 30 July 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Barnstedt
Wirtschaftsprüfer
[German Public Auditor]

Fröhlich
Wirtschaftsprüferin
[German Public Auditor]

Sever GmbH, Munich (formerly Farmers Cut GmbH, Hamburg)
Balance sheet as of 31 December 2020

Exhibit 1

Assets	31 Dec 2019		Equity and liabilities	
	EUR	EUR	EUR	EUR
A. Fixed assets			A. Equity	
I. Intangible assets			I. Subscribed capital	46,508.00
Internally generated industrial and similar rights and assets		576,508.53	II. Capital reserves	7,717,849.00
II. Property, plant and equipment			III. Loss carryforward	-6,218,217.36
1. Other equipment, furniture and fixtures	503,892.45		IV. Net loss for the year	-6,353,123.77
2. Prepayments and assets under construction	485,777.56		V. Capital deficit	4,806,984.13
		999,670.01		0.00
III. Financial assets		4,239,241.73		1,546,139.64
1. Loans to affiliates	4,932,127.96	0.00	B. Provisions	
2. Cooperative shares	550.00	550.00	Other provisions	616,768.97
3. Equity investments	501,067.00	0.00		63,213.00
		5,433,744.96	C. Liabilities	
		7,009,923.50	1. Liabilities to banks	15,227.77
		4,896,172.53	2. Liabilities from convertible bonds	9,824,000.52
B. Current assets			3. Trade payables	664,915.75
I. Receivables and other assets			4. Other liabilities	3,249,115.53
1. Trade receivables	2,216.07		thereof for taxes: EUR 77,748.69 (prior year: EUR 464,027.91)	
2. Other assets	483,448.90	610,918.51	thereof for social security: EUR 0.00 (prior year: EUR 832.63)	
		485,664.97		13,753,259.57
II. Cash on hand and bank balances				4,771,617.91
		2,034,447.96	D. Deferred income	
		2,520,112.93		11,849.30
		44,857.28		13,030.50
C. Prepaid expenses		18,563.18		
D. Capital deficit				
		4,806,984.13		
		14,381,877.84		6,394,001.05

Exhibit 2

&ever GmbH (formerly Farmers Cut GmbH, Hamburg)
Income statement for fiscal year 2020

	EUR	EUR	2019 EUR
1. Revenue	147,631.96		112,039.70
2. Other own work capitalized	0.00		121,275.00
3. Other operating income	101,072.61		15,724.68
thereof income from currency translation: EUR 46.45 (prior year: EUR 940.13)			
		248,704.57	249,039.38
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	0.00		13,573.32
b) Cost of purchased services	0.00		0.00
5. Personnel expenses			
a) Wages and salaries	1,873,811.10		1,018,146.76
b) Social security, pension and other benefit costs	338,935.85		190,394.03
6. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	234,771.31		72,790.42
7. Other operating expenses	3,708,234.91		1,089,196.14
thereof expenses from currency translation: EUR 262.69 (prior year: EUR 851.39)			
		6,155,753.17	2,384,100.67
8. Income from loans classified as fixed financial assets	2,932.12		961.00
9. Interest and similar expenses	450,116.29		172,862.90
		-447,184.17	-171,901.90
10. Income taxes		-1.32	1.32
11. Earnings after taxes		-6,354,231.45	-2,306,964.51
12. Other taxes		-1,107.68	-0.27
13. Net loss for the year		<u>-6,353,123.77</u>	<u>-2,306,964.24</u>

&ever GmbH, Munich (formerly Farmers Cut GmbH, Hamburg)

Notes to the financial statements for fiscal year 2020

A. General

The financial statements as of 31 December 2020 of &ever GmbH, having its registered office in Munich (HRB no. 261515 at Munich Local Court), formerly Farmers Cut GmbH, Hamburg (Hamburg Local Court, HRB no. 136738) were prepared in accordance with the provisions of Sec. 242 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] and the supplementary provisions for corporations (Sec. 264 et seq. HGB) as amended by the BilRUG ["Bilanzrichtlinie-Umsetzungsgesetz": German German Act to Implement the EU Accounting Directive] and the provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act].

&ever GmbH is a small corporation within the meaning of Sec. 267 (1) HGB. The Company made partial use of the applicable simplifications for small corporations for the preparation of the notes to the financial statements. In order to improve the clarity of presentation, we have in some cases indicated in these notes to the financial statements whether individual items are related to other items and "thereof" items.

Pursuant to Sec. 264 (1) Sentence 4 HGB, the Company elected not to prepare a management report.

The income statement was prepared using the nature of expense method.

B. Notes on accounting policies

The financial statements were prepared on a going concern basis. Please refer to the *F. Subsequent events* section for information about the Company's ability to continue as a going concern.

The following accounting policies, which remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Internally generated intangible assets are recognized at production cost and are written down over a useful life of five years from the date of completion.

Property, plant and equipment are recognized at acquisition or production cost less depreciation. Depreciation is charged on a straight-line basis over the assets' estimated useful lives. Low-value assets with individual acquisition costs of up to EUR 800.00 are fully expensed in the year of acquisition.

Receivables and other assets are stated at their nominal value. Appropriate specific bad debt allowances provide for all foreseeable valuation risks.

Bank balances are stated at nominal value.

Expenses recorded before the reporting date which relate to a certain period after this date are posted as prepaid expenses.

Other provisions are recognized at the settlement value deemed necessary according to prudent business judgment. Provisions with a residual term of more than one year are discounted pursuant to Sec. 253 (2) HGB.

Liabilities are recorded at the settlement value.

Payments received before the reporting date which constitute income for a certain period after this date are posted as deferred income.

Transactions in foreign currencies were recognized at the current rate.

C. Notes to the balance sheet

1. Fixed assets

Loans to affiliates relate to the joint venture subsidiary Wafra Agricultural for Agricultural Contracting SPC, Kuwait. The receivable will be settled by way of a contribution in kind to the joint venture &ever Middle East Holding Ltd, Dubai. In fiscal year 2020, &ever GmbH acquired a 25% equity investment in Smart Soil Technologies GmbH, Oranienburg.

2. Receivables and other assets

Receivables and other assets include receivables from shareholders of EUR 94,157.03 (prior year: EUR 4,158.00). As in the prior year, all receivables and other assets are due in up to one year.

3. Liabilities

To improve clarity and transparency, the disclosures concerning the liabilities are summarized in the schedule of liabilities shown below:

		As of 31 December 2020 EUR	Due in up to one year EUR	Due in between one and five years EUR	Due in more than five years EUR
1.	Liabilities to banks	15,227.77 (0.00)	15,227.77 (0.00)	0.00 (0.00)	0.00 (0.00)
2.	Liabilities from convertible bonds (prior year)	9,824,000.52 (1,003,275.70)	9,824,000.52 (0.00)	0.00 (1,003,275.70)	0.00 (0.00)
3.	Trade payables (prior year)	664,915.75 (274,409.20)	664,915.75 (274,409.20)	0.00 (0.00)	0.00 (0.00)
4.	Other liabilities (prior year)	3,249,115.53 (3,493,933.01)	3,249,115.53 (3,493,933.01)	0.00 (0.00)	0.00 (0.00)
	• thereof for taxes (prior year)	77,748.69 (464,027.91)	77,748.69 (464,027.91)	0.00 (0.00)	0.00 (0.00)
	• thereof for social security (prior year)	0.00 (832.63)	0.00 (832.63)	0.00 (0.00)	0.00 (0.00)

Liabilities to shareholders amount to EUR 12,995,567.36 (prior year: EUR 3,992,499.84) and relate to loans (EUR 3,171,566.84; prior year: EUR 2,989,224.17) and convertible bonds (EUR 9,824,000.52; prior year: EUR 1,003,275.70). The shareholder loans are secured by items of property, plant and equipment (farm house).

D. Notes to the income statement

Earnings in fiscal year 2020 were mainly attributable to the sublease of premises in Hamburg (EUR 147,631.36; prior year: EUR 81,608.42) and to other income from insurance indemnification payments or the reversal of provisions (EUR 80,055.50).

E. Other notes

Number of employees

The average number of persons employed by the Company in the fiscal year was 28 (prior year: 19).

Other financial obligations

Other financial obligations of EUR 1,431,961.44 arise from leases with a term until 31 December 2025.

F. Subsequent events

The Company is experiencing a period of tight liquidity and based on the budget will be reliant on the provision of further liquidity in the forecast period. In this context the shareholders issued a qualified letter of subordination for the Company's liabilities totaling EUR 13m. Additionally, some of the shareholders issued three letters of comfort dated 15 and 20 July 2021 undertaking to provide the Company with sufficient funding at all times such that the Company is always in a position to meet its payment obligations in a timely manner in order to prevent insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO. This payment obligation is limited to an amount of EUR 5.0m and is valid until 31 December 2022.

The shareholders are currently in sale negotiations concerning their shares. The negotiations are expected to be completed soon. In order to maintain its solvency and thus to ensure its ability to continue as a going concern in the forecast period, the Company will remain dependent on financial support from the former shareholders even after the change in shareholders.

In light of this and the current business planning, management assumes that the Company will continue as a going concern.

The impact of the coronavirus crisis on business operations, including nearly all employees in Germany working from home, was countered by a series of measures. These include the introduction of the MS Teams online collaboration system. As a food production company, our subsidiary in Kuwait is exempted from working restrictions. On the basis of the letters of comfort issued by the shareholders, we do not currently expect any unsurmountable negative effects on the Company's financing.

Munich, 29 July 2021

Dr. Sebastian Henner Schwarz

&ever GmbH, Munich (formerly Farmers Cut GmbH, Hamburg)

Legal background

1. Legal position of the Company

The Company is entered in the Munich commercial register under HRB no. 261515. A current excerpt from the commercial register dated 29 July 2021 with the latest entry dated 27 July 2021 was made available to us.

The articles of incorporation and bylaws dated 31 January 2019 and last amended on 20 Mai 2021 apply.

Purpose of the Company

The purpose of the Company is the development, planning, acquisition and sale of cultivation systems for all kinds of plants. Its purpose is also the operation of farms for the cultivation of all kinds of plants and marketing of these and related products.

Fiscal year

The fiscal year is the calendar year.

Capital stock

The Company's subscribed capital is fully paid in.

The shareholders as of 31 December 2020 are:

	EUR	%
Harald Schrott	15,255	32.8
Mark Korzilius	13,049	28.0
Nox Culinary General Trading Company LLC, Kuwait	9,811	21.1
Schmidt Group GmbH, Norderstedt	4,787	10.3
Isabel von Sethe	3,606	7.8
	<u>46,508</u>	<u>100.0</u>

After the capital increase on 20 May 2021 the shareholders are:

	EUR	%
Harald Schrott	15,419	31.9
Mark Korzilius	13,115	27.1
Nox Culinary General Trading Company LLC, Kuwait	10,846	22.4
Schmidt Group GmbH, Norderstedt	5,324	11.0
Isabel von Sethe	3,675	7.6
	<u>48,379</u>	<u>100.0</u>

Management board and company representatives

The Company's general managers are:

Dr. Sebastian Henner Schwarz, Bachern am Wörthsee (since 18 March 2020)

Mark Korzilius, Hamburg (until 18 March 2020)

The general manager is authorized to represent the Company alone and, according to the commercial register, has been exempted from the restrictions prescribed in Sec. 181 BGB ["Bürgerliches Gesetzbuch": German Civil Code].

The authorized signatories of the Company are:

Dr. Jan-Gerd Frerichs, Norderstedt (since 18 March 2020)

Johanna Leisch, Munich (since 18 March 2020)

Shareholder resolutions

The following resolutions were approved at the shareholder meeting on 30 April 2020:

- Approval of the financial statements as of 31 December 2018
- Exoneration of the management board for fiscal year 2018
- Appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for fiscal year 2020

The following resolution was adopted at the shareholder meeting on 27 May 2020:

- Approval of the financial statements as of 31 December 2019

The following resolution of the shareholder meeting was adopted by circulation on 14 October 2020:

- Exoneration of management for fiscal year 2019

2. Economic situation

Significant contracts

In November 2019, the shareholders of the Company issued a convertible loan for a total amount of EUR 1.0m. The loan has a term of 24 months and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

The shareholders issued a convertible loan for a total amount of EUR 4.5m on 13 March 2020, payable in three tranches (15 March 2020/15 May 2020 and 1 September). The loan has a term until 31 December 2021 and bears interest of 6%.

To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

The Company's shareholders issued a further convertible loan in the total amount of EUR 1.5m on 3 July 2020. The loan has a term until 31 December 2021 and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

The Company's shareholders issued a further convertible loan in the total amount of EUR 2.0m on 15 March 2021. The loan has a term until 31 December 2021 and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

The Company's shareholders issued a further convertible loan in the total amount of EUR 2.0m on 23 May 2021. The loan has a term until 31 December 2021 and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

3. Tax background

The Company is registered at the Hamburg tax office under tax registration number 41/720/03082 and is a corporation with unlimited tax liability. No tax field audit has been carried out to date.



Translation from the German language

Engagement Terms, Liability and Conditions of Use

In the long-form audit report, the auditors summarize the results of their work, reporting in particular to those bodies of the Company responsible for its oversight. By documenting material audit findings, the long-form audit report supports the bodies responsible in overseeing the Company. For this reason the report – notwithstanding any right of third parties based on special legal provisions to receive or inspect it – is addressed exclusively to the bodies of the Company for internal use.

Our work is based on our engagement letter for the audit of this financial reporting and the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2017.

This long-form audit report is solely intended to serve as a basis for decisions of bodies of the Company and must not be used for purposes other than those intended. We therefore assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the long-form audit report and/or auditor’s report to reflect events or circumstances arising after the auditor’s report was issued unless required to do so by law.

It is the sole responsibility of anyone taking note of the information contained in this long-form audit report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

DokID:

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

Farmers Cut GmbH Hamburg

Long-form audit report
Annual financial statements
31 December 2019

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

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Translation from the German language

Exhibits

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Engagement Terms, Liability and Conditions of Use
General Engagement Terms

Translation from the German language

A. Audit engagement

The management board of Farmers Cut GmbH, Hamburg (the “Company” or “Farmers Cut”), engaged us to audit the Company’s annual financial statements as of 31 December 2019, together with the underlying books and records.

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed “Engagement Terms, Liability and Conditions of Use.”

This long-form audit report is addressed to the Company.

B. Reproduction of the auditor’s report

We issued the following auditor’s report on the annual financial statements:

“Independent auditor’s report

To Farmers Cut GmbH

Opinion

We have audited the annual financial statements of Farmers Cut GmbH, Hamburg, which comprise the balance sheet as at 31 December 2019, and the income statement for the fiscal year from 1 January to 31 December 2019, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the fiscal year from 1 January to 31 December 2019 in compliance with German legally required accounting principles.

Translation from the German language

Pursuant to Sec. 322 (3) Sentence 1 HGB [“Handelsgesetzbuch”: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the opinion

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

Material uncertainty about the Company’s ability to continue as a going concern

Please refer to section F in the notes to the financial statements in which the executive directors state that the Company is experiencing a period of tight liquidity and is reliant on financial support from the shareholders in order to maintain its solvency in the forecast period. By letter dated 29 September 2020, the shareholders issued a letter of comfort in accordance with which the shareholders for the purpose of preventing the Company’s insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO [“Insolvenzordnung”: German Insolvency Code] committed to providing financial support to the Company such that the Company is able to settle its liabilities of EUR 4.0m in a timely manner at all times. The payment obligation is valid for a limited period until 31 March 2022. This draws attention to the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern and that represents a going concern risk pursuant to Sec. 322 (2) Sentence 3 HGB.

Our opinion is not modified in respect of this matter.

Responsibilities of the executive directors for the annual financial statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German

Translation from the German language

commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Translation from the German language

- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of this system of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

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

C. General findings

Risks to the Company's ability to continue as a going concern

In accordance with our obligation to report on risks to the Company's ability to continue as a going concern or significant risks to its development (see Sec. 321 (1) Sentence 3 HGB ["Handelsgesetzbuch": German Commercial Code]), in particular,

Translation from the German language

please refer to the circumstances presented by the management board in section F of the notes to the financial statements, according to which the Company is experiencing a period of tight liquidity; to maintain its solvency in the forecast period, the Company is reliant upon financial support from the shareholders. By letter dated 29 September 2020, the shareholders issued a letter of comfort in accordance with which the shareholders for the purpose of preventing the Company's insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO committed to providing financial support to the Company such that the Company is able to settle its liabilities of EUR 4.0m in a timely manner at all times. The payment obligation is valid for a limited period until 31 March 2022. The shareholders concurrently declared that they would agree to a subordination of their claims to interest and repayments from previously issued loans or loans yet to be issued behind the claims of all current and future lenders.

D. Performance of the audit

I. Subject of the audit

Under our engagement, we examined in accordance with Sec. 317 HGB whether the books and records and the annual financial statements, which comprise the balance sheet, the income statement and notes to the financial statements, comply with the relevant legal requirements.

As a small corporation, the Company is not required to prepare a management report.

The applicable financial reporting framework for our audit of the annual financial statements comprised the accounting requirements of Secs. 242 to 256a HGB and Secs. 264 to 288 HGB and the special requirements of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. No additional accounting requirements result from the articles of incorporation and bylaws.

Translation from the German language

II. Nature and scope of the audit

We conducted our audit in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

The audit does not extend to providing assurance of the Company's ability to continue as a going concern or of management efficiency and effectiveness.

The basis of our audit methodology, which is risk and process oriented, is the development of an audit strategy. This strategy is based on the assessment of the economic and legal environment of the Company, its goals, strategies and business risks. The examination of the accounting-related internal control system and its effectiveness is supported by process analyses. We perform such analyses in order to identify any risks of material misstatement in the relevant elements of the annual financial statements and evaluate our audit risk.

Findings from our data analyses, the analysis of processes and the accounting-related internal control system were taken into account in choosing the analytical procedures and substantive testing of assets and liabilities, recognition, presentation and valuation in the annual financial statements. The audit program, which is specifically tailored to the Company, determines the key elements of the audit, the nature and scope of audit procedures as well as the timing and staffing of the audit. This approach is based on the principles of risk assessment and materiality. We therefore reached our audit opinion primarily on a test basis.

Our audit program focused on the following audit areas:

- Analysis of the annual financial statement close process
- Recognition and valuation of assets under construction
- Recognition and valuation of other assets
- Completeness of liabilities
- During our audit, we considered in particular whether the executive directors' use of the going concern basis of accounting was appropriate. In assessing the ability of the Company to continue as a going concern, we took into account the letter of comfort with subordination in which the shareholders for the purpose of preventing the Company's insolvency or overindebtedness within the meaning of Sec. 17 and Sec. 19 InsO committed on 29 September 2020 to providing the

Translation from the German language

Company with liquidity of EUR 4.0m in total. The payment obligation is valid for a limited period until 31 March 2022.

We also performed the following standard audit procedures:

- We obtained bank confirmations and requested and received confirmation from lawyers regarding pending litigation.

We were provided with all information and evidence requested. In a letter of representation submitted to us, the executive directors confirmed the completeness of this information and evidence provided and of the books and records and annual financial statements.

III. Independence

We were in compliance with the applicable independence requirements during our audit.

E. Findings on the financial reporting

I. Legal compliance of the financial reporting

In our opinion, on the basis of the knowledge obtained in the audit, the books and records comply with the legal requirements. Data gathered from other audited documents are properly reflected in the books and records and the annual financial statements.

We concluded our audit, covering

- legal compliance of the components of the annual financial statements and of their derivation from the books and records;
- legal compliance of the disclosures in the notes to the financial statements;
- compliance with recognition, presentation and valuation requirements;



Translation from the German language

- compliance with all legal requirements governing financial reporting, including German legally required accounting principles and with all requirements applicable to entities of a specific size, legal form or industry

by issuing the auditor's report reproduced in section B.

II. Overall presentation of the annual financial statements

1. Valuation bases

We refer to the information in the notes to the financial statements for the recognition and measurement policies applied as well as the significant factors for the valuation of assets and liabilities, including any effects of changes in such methods.

2. Overall conclusion

Based on our audit, which was carried out in accordance with professional standards, we conclude, as stated in our auditor's report, that the annual financial statements as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German legally required accounting principles.



Translation from the German language

F. Closing remark

We issue the above long-form report on our audit of the annual financial statements of Farmers Cut GmbH, Hamburg, for the fiscal year from 1 January to 31 December 2019 in accordance with Sec. 321 HGB and in compliance with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports promulgated by the IDW (IDW AuS 450 (revised)).

Hamburg, 13 October 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Barnstedt
Wirtschaftsprüfer
[German Public Auditor]

Fröhlich
Wirtschaftsprüferin
[German Public Auditor]

Farmers Cut GmbH, Hamburg
Balance sheet as of 31 December 2019

Assets			31 Dec 2018	Equity and liabilities			31 Dec 2018
	EUR	EUR	EUR		EUR	EUR	EUR
A. Fixed assets				A. Equity			
I. Intangible assets				I. Subscribed capital	46,508.00		38,568.00
Internally generated industrial and similar rights and assets		656,380.80	233,561.07	II. Capital reserves	7,717,849.00		4,225,925.00
II. Property, plant and equipment				III. Loss carryforward	-3,911,253.12		-1,258,896.66
1. Other equipment, furniture and fixtures	446,620.00		348,901.00	IV. Net loss for the year	-2,306,964.24		-2,652,356.46
2. Prepayments and assets under construction	<u>3,792,621.73</u>		5,563.00				
		4,239,241.73	354,464.00		<u>1,546,139.64</u>		<u>353,239.88</u>
III. Financial assets				B. Provisions			
Cooperative shares		<u>550.00</u>	<u>550.00</u>	Other provisions	<u>63,213.00</u>		<u>32,800.00</u>
		<u>4,896,172.53</u>	<u>588,575.07</u>				
B. Current assets				C. Liabilities			
I. Inventories				1. Liabilities from convertible bonds	1,003,275.70		0.00
Raw materials, consumables and supplies		0.00	11,923.03	2. Trade payables	274,409.20		279,529.48
II. Receivables and other assets				3. Other liabilities	3,493,933.01		2,841,959.52
1. Trade receivables	0.00		23,781.65	thereof for taxes: EUR 464,027.91 (prior year: EUR 18,133.84)			
2. Other assets	<u>610,918.51</u>		<u>2,261,121.75</u>	thereof for social security: EUR 832.63 (prior year: EUR 550.38)			
		610,918.51	2,284,903.40		<u>4,771,617.91</u>		<u>3,121,489.00</u>
III. Cash on hand and bank balances		<u>868,346.83</u>	<u>619,752.78</u>	D. Deferred income		<u>13,030.50</u>	<u>7,768.82</u>
		<u>1,479,265.34</u>	<u>2,916,579.21</u>				
C. Prepaid expenses		<u>18,563.18</u>	<u>10,143.42</u>				
		<u>6,394,001.05</u>	<u>3,515,297.70</u>		<u>6,394,001.05</u>		<u>3,515,297.70</u>

Exhibit 2

Farmers Cut GmbH, Hamburg
Income statement for fiscal year 2019

	EUR	EUR	2018 EUR
1. Revenue	112,039.70		148,578.37
2. Other own work capitalized	121,275.00		67,699.50
3. Other operating income	15,724.68		76,290.30
thereof income from currency translation: EUR 940.13 (prior year: EUR 134.84)			
		249,039.38	292,568.17
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	13,573.32		187,488.93
b) Cost of purchased services	0.00		39,026.32
5. Personnel expenses			
a) Wages and salaries	1,018,146.76		575,910.67
b) Social security, pension and other benefit costs	190,394.03		100,567.39
6. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	72,790.42		1,025,030.47
7. Other operating expenses	1,089,196.14		892,772.00
thereof expenses from currency translation: EUR 851.39 (prior year: EUR 316.41)			
		2,384,100.67	2,820,795.78
8. Income from loans classified as fixed financial assets	961.00		7.50
9. Interest and similar expenses	172,862.90		124,134.37
		-171,901.90	-124,126.87
10. Income taxes		1.32	1.98
11. Earnings after taxes		-2,306,964.51	-2,652,356.46
12. Other taxes		-0.27	0.00
13. Net loss for the year		-2,306,964.24	-2,652,356.46

Farmers Cut GmbH

Notes to the financial statements for fiscal year 2019

A. General

The financial statements as of 31 December 2019 of Farmers Cut GmbH, Hamburg (Hamburg Local Court, HRB no. 136738), were prepared in accordance with the provisions of Sec. 242 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] and the supplementary provisions for corporations (Sec. 264 et seq. HGB) as amended by the BilRUG ["Bilanzrichtlinie-Umsetzungsgesetz": German German Act to Implement the EU Accounting Directive] and the provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act].

Farmers Cut GmbH is a small corporation within the meaning of Sec. 267 (1) HGB. The Company made partial use of the applicable simplifications for small corporations for the preparation of the notes to the financial statements. In order to improve the clarity of presentation, we have in some cases indicated in these notes to the financial statements whether individual items are related to other items and "thereof" items.

Pursuant to Sec. 264 (1) Sentence 4 HGB, the Company elected not to prepare a management report.

The income statement was prepared using the nature of expense method.

B. Notes on accounting policies

The financial statements were prepared on a going concern basis. Please refer to the *Subsequent events* section for information about the Company's ability to continue as a going concern.

The following accounting policies, which remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Internally generated intangible assets are recognized at production cost and are written down over a useful life of five years from the date of completion.

Property, plant and equipment are recognized at acquisition or production cost less depreciation. Depreciation is charged on a straight-line basis over the assets' estimated useful lives. Low-value assets with individual acquisition costs of up to EUR 800.00 are fully expensed in the year of acquisition.

Receivables and other assets are stated at their nominal value. Appropriate specific bad debt allowances provide for all foreseeable valuation risks.

Translation from the German language

Exhibit 3

Bank balances are stated at nominal value.

Expenses recorded before the reporting date which relate to a certain period after this date are posted as prepaid expenses.

Other provisions are recognized at the settlement value deemed necessary according to prudent business judgment. Provisions with a residual term of more than one year are discounted pursuant to Sec. 253 (2) HGB.

Liabilities are recorded at the settlement value.

Payments received before the reporting date which constitute income for a certain period after this date are posted as deferred income.

Transactions in foreign currencies were recognized at the current rate.

C. Notes to the balance sheet

1. Receivables and other assets

Receivables and other assets include receivables from shareholders of EUR 4,158.00 (prior year: EUR 4,982.40). As in the prior year, all receivables and other assets are due in up to one year.

2. Liabilities

To improve clarity and transparency, the disclosures concerning the liabilities are summarized in the schedule of liabilities shown below:

		As of 31 Dec 2019 EUR	Due in up to one year EUR	Due in between one and five years EUR	Due in more than five years EUR
1.	Liabilities from a convertible bond (prior year)	1,003,275.70 (0.00)	0.00 (0.00)	1,003,275.70 (0.00)	0.00 (0.00)
2.	Trade payables (prior year)	274,409.20 (279,529.48)	274,409.20 (279,529.48)	0.00 (0.00)	0.00 (0.00)
3.	Other liabilities (prior year)	3,493,933.01 (2,841,959.52)	3,493,933.01 (2,841,959.52)	0.00 (0.00)	0.00 (0.00)
	• thereof for taxes (prior year)	464,027.91 (18,133.84)	464,027.91 (18,133.84)	0.00 (0.00)	0.00 (0.00)
	• thereof for social security (prior year)	832.63 (550.38)	832.63 (550.38)	0.00 (0.00)	0.00 (0.00)

Liabilities to shareholders amount to EUR 3,992,499.84 (prior year: EUR 2,820,022.80) and relate to loans (EUR 2,989,224.17; prior year: EUR 2,820,022.80) and a convertible bond (EUR 1,003,275.70; prior year: EUR 0.00). The shareholder loans are secured by items of property, plant and equipment (farm house).

D. Notes to the income statement

In the prior year, amortization, depreciation and impairment include impairment losses on fixed assets of EUR 485,258.00.

E. Other notes

Number of employees

The average number of persons employed by the Company in the fiscal year was 19 (prior year: 14).

Translation from the German language

Exhibit 3

Other financial obligations

Other financial obligations of EUR 1,069,836.12 arose from leases with a term until 31 December 2024.

F. Subsequent events

The Company is experiencing a period of tight liquidity and is reliant on financial support from the shareholders in order to maintain its solvency in the forecast period. On 13 March 2020 and on 3 July 2020, the shareholders issued convertible loans in the amounts of EUR 4.5m and EUR 1.5m. Furthermore, the shareholders issued a letter of comfort with subordination in the amount of EUR 4.0m on 29 September 2020. The payment obligation is valid for a limited period until 31 March 2022. In light of this and the current business planning, management assumes that the Company will continue as a going concern.

The impact of the coronavirus crisis on business operations, including nearly all employees in Germany working from home, was countered by a series of measures. These include the introduction of the MS Teams online collaboration system. As a food production company, our subsidiary in Kuwait is exempted from working restrictions. After completion of the most recent financing round and on the basis of the letter of comfort issued by the shareholders, we do not currently expect any unsurmountable negative effects on the Company's financing.

Hamburg, 30 September 2020

Dr. Sebastian Henner Schwarz

Farmers Cut GmbH, Hamburg

Legal background

1. Legal position of the Company

The Company is entered in the Hamburg commercial register under HRB no. 136738. A current excerpt from the commercial register dated 12 October 2020 with the latest entry dated 11 May 2020 was made available to us.

The articles of incorporation and bylaws dated 31 January 2019, last changed 14 June 2019, apply.

Purpose of the Company

The purpose of the Company is the development, planning, acquisition and sale of cultivation systems for all kinds of plants. Its purpose is also the operation of farms for the cultivation of all kinds of plants and marketing of these and related products.

Fiscal year

The fiscal year is the calendar year.

Capital stock

The Company's subscribed capital is fully paid in.

The shareholders are:

	EUR	%
Harald Schrott	15,255	32,9
Mark Korzilius	13,049	28,0
Nox Culinary General Trading Company LLC, Kuwait	9,811	21,1
Schmidt Group GmbH, Norderstedt	4,787	10,3
Isabel Molitor von Muehlfeld	3,606	7,8
	46,508	100.0

Management board and company representatives

The Company's general managers are:

Dr. Sebastian Henner Schwarz, Bachern am Wörthsee (since 18 March 2020)

Mark Korzilius (until 18 March 2020)

The general manager is authorized to represent the Company alone and, according to the commercial register, has been exempted from the restrictions prescribed in Sec. 181 BGB ["Bürgerliches Gesetzbuch": German Civil Code].

The authorized signatories of the Company are:

Dr. Jan-Gerd Frerichs, Norderstedt (since 18 March 2020)

Johanna Leisch, Munich (since 18 March 2020)

Shareholder resolutions

The following resolutions were approved at the shareholder meeting on 30 April 2020:

- Approval of the financial statements as of 31 December 2018
- Exoneration of the management board for fiscal year 2018
- Appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for fiscal year 2019

2. Economic situation

Significant contracts

In November 2019, the shareholders of the Company issued a convertible loan for a total amount of EUR 1.0m. The loan has a term of 24 months and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

The shareholders issued a convertible loan for a total amount of EUR 4.5m on 13 March 2020, payable in three tranches (15 March 2020/15 May 2020 and 1 September). The loan has a term until 31 December 2021 and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

The Company's shareholders issued a further convertible loan in the total amount of EUR 1.5m on 3 July 2020. The loan has a term until 31 December 2021 and bears interest of 6%. To avoid the potential overindebtedness of the Company, the lenders subordinated their receivables within the meaning of Sec. 39 (1) No. 5 InsO ["Insolvenzordnung": German Insolvency Ordinance] to current and future receivables by other creditors of the Company. The lenders have the right and obligation to convert the loan into shares if certain conditions are met.

3. Tax background

The Company is registered at the Hamburg tax office under tax registration number 41/720/03082 and is a corporation with unlimited tax liability. No tax field audit has been carried out to date.



Translation from the German language

Engagement Terms, Liability and Conditions of Use

In the long-form audit report, the auditors summarize the results of their work, reporting in particular to those bodies of the Company responsible for its oversight. By documenting material audit findings, the long-form audit report supports the bodies responsible in overseeing the Company. For this reason the report – notwithstanding any right of third parties based on special legal provisions to receive or inspect it – is addressed exclusively to the bodies of the Company for internal use.

Our work is based on our engagement letter for the audit of this financial reporting and the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2017.

This long-form audit report is solely intended to serve as a basis for decisions of bodies of the Company and must not be used for purposes other than those intended. We therefore assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the long-form audit report and/or auditor’s report to reflect events or circumstances arising after the auditor’s report was issued unless required to do so by law.

It is the sole responsibility of anyone taking note of the information contained in this long-form audit report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

confidential
Fernando Cornejo
kalera.com
Aug 12, 2021 11:27

Dieser Prüfungsbericht richtet sich, unbeschadet eines etwaigen, gesetzlich begründeten Rechts Dritter zum Empfang oder zur Einsichtnahme - ausschließlich an Organe des Unternehmens. Soweit nicht im Rahmen der Auftragsvereinbarung zwischen dem Unternehmen und der Ernst & Young GmbH WPG ausdrücklich erlaubt, ist eine Weitergabe der vorliegenden elektronischen Kopie an Dritte nicht gestattet.

Im Hinblick auf die Anforderungen von § 321 Abs. 5 Satz 1 HGB tritt die elektronische Fassung nicht an die Stelle, sondern neben die Papierfassung im Sinne einer elektronischen Kopie.

Notwithstanding any statutory right of third parties to receive or inspect it, this audit report is addressed exclusively to the governing bodies of the Company. The digital copy may not be distributed to third parties unless such distribution is expressly permitted under the terms of engagement agreed between the Company and Ernst & Young GmbH WPG.

Considering the requirements of Sec. 321 (5) Sentence 1 HGB, the electronic version does not replace the hardcopy but is prepared in addition to it and is an electronic copy thereof.

Farmers Cut GmbH Hamburg

Long-form audit report
Annual financial statements
31 December 2018

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft





Translation from the German language

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Translation from the German language

Exhibits

- 1 Balance sheet as of 31 December 2018
- 2 Income statement for fiscal year 2018
- 3 Notes to the financial statements for fiscal year 2018

Engagement Terms, Liability and Conditions of Use
General Engagement Terms

Translation from the German language

A. Audit engagement

The management board of Farmers Cut GmbH, Hamburg (the “Company” or “Farmers Cut”), engaged us to audit the Company’s annual financial statements as of 31 December 2018, together with the underlying books and records.

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungs-gesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed “Engagement Terms, Liability and Conditions of Use.”

This long-form audit report is addressed to the Company.

B. Reproduction of the auditor’s report

We issued the following auditor’s report on the annual financial statements:

“Independent auditor’s report

To Farmers Cut GmbH

Opinion

We have audited the annual financial statements of Farmers Cut GmbH, Hamburg, which comprise the balance sheet as at 31 December 2018, and the income statement for the fiscal year from 1 January to 31 December 2018, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its financial performance for the fiscal year from 1 January to 31 December 2018 in compliance with German legally required accounting principles.



Translation from the German language

Pursuant to Sec. 322 (3) Sentence 1 HGB [“Handelsgesetzbuch”: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the opinion

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

Responsibilities of the executive directors for the annual financial statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor’s responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or

Translation from the German language

error, and to issue an auditor's report that includes our opinion on the annual financial statements.

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

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

- ▶ Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- ▶ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- ▶ Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.



Translation from the German language

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

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

C. Performance of the audit

I. Subject of the audit

Under our engagement, we examined in accordance with Sec. 317 HGB whether the books and records and the annual financial statements, which comprise the balance sheet, the income statement and notes to the financial statements, comply with the relevant legal requirements.

As a small corporation, the Company is not required to prepare a management report.

The applicable financial reporting framework for our audit of the annual financial statements comprised the accounting requirements of Secs. 242 to 256a HGB and Secs. 264 to 288 HGB and the special requirements of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. No additional accounting requirements result from the articles of incorporation and bylaws.

II. Nature and scope of the audit

We conducted our audit in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Translation from the German language

The audit does not extend to providing assurance of the Company's ability to continue as a going concern or of management efficiency and effectiveness.

The basis of our audit methodology, which is risk and process oriented, is the development of an audit strategy. This strategy is based on the assessment of the economic and legal environment of the Company, its goals, strategies and business risks. The examination of the accounting-related internal control system and its effectiveness is supported by process and data analyses. We perform such analyses in order to identify any risks of material misstatement in the relevant elements of the annual financial statements.

Findings from our data analyses, the analysis of processes and the accounting-related internal control system were taken into account in choosing the analytical procedures and substantive testing of assets and liabilities, recognition, presentation and valuation in the annual financial statements. The audit program, which is specifically tailored to the Company, determines the key elements of the audit, the nature and scope of audit procedures as well as the timing and staffing of the audit. This approach is based on the principles of risk assessment and materiality. We therefore reached our audit opinion primarily on a test basis.

Our audit program focused on the following audit areas:

- ▶ Analysis of the annual financial statement close process
- ▶ Recognition and valuation of other assets
- ▶ Completeness of liabilities
- ▶ During our audit, we considered in particular whether the executive directors' use of the going concern basis of accounting was appropriate.

We also performed the following standard audit procedures:

- ▶ We obtained bank confirmations and requested and received confirmation from lawyers regarding pending litigation.
- ▶ Using substantive tests (inventory listings and confirmations; documentation of the valuation process, etc.), we determined that the individual items in the unaudited prior-year balance sheet were recognized and valued in such a manner that no material effect is expected on the presentation of assets, liabilities and financial performance of the fiscal year under audit.



Translation from the German language

We were provided with all information and evidence requested. In a letter of representation submitted to us, the executive directors confirmed the completeness of this information and evidence provided and of the books and records and annual financial statements.

III. Independence

We were in compliance with the applicable independence requirements during our audit.

D. Findings on the financial reporting

I. Legal compliance of the financial reporting

In our opinion, on the basis of the knowledge obtained in the audit, the books and records comply with the legal requirements. Data gathered from other audited documents are properly reflected in the books and records and the annual financial statements.

We concluded our audit, covering

- ▶ legal compliance of the components of the annual financial statements and of their derivation from the books and records;
- ▶ legal compliance of the disclosures in the notes to the financial statements;
- ▶ compliance with recognition, presentation and valuation requirements;
- ▶ compliance with all legal requirements governing financial reporting, including German legally required accounting principles and with all requirements applicable to entities of a specific size, legal form or industry

by issuing the auditor's report reproduced in section B.

Translation from the German language

II. Overall presentation of the annual financial statements

1. Valuation bases

We provide the following information on the recognition and measurement policies applied as well as the significant factors for the valuation of assets and liabilities, including any effects of changes in such methods:

For further details, please refer to the information on other valuation bases in the notes to the financial statements.

2. Overall conclusion

Based on our audit, which was carried out in accordance with professional standards, we conclude, as stated in our auditor's report, that the annual financial statements as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German legally required accounting principles.



Translation from the German language

E. Closing remark

We issue the above long-form report on our audit of the annual financial statements of Farmers Cut GmbH, Hamburg, for the fiscal year from 1 January to 31 December 2018 in accordance with Sec. 321 HGB and in compliance with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports promulgated by the IDW (IDW AuS 450 (revised)).

Hamburg, 30 March 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Barnstedt
Wirtschaftsprüfer
[German Public Auditor]

Fröhlich
Wirtschaftsprüferin
[German Public Auditor]

Farmers Cut GmbH, Hamburg
Balance sheet as of 31 December 2018

Assets			31 Dec 2017	Equity and liabilities			31 Dec 2017
	EUR	EUR	EUR		EUR	EUR	EUR
A. Fixed assets				A. Equity			
I. Intangible assets				I. Subscribed capital	38,568.00		25,000.00
1. Internally generated industrial and similar rights and assets	233,561.07		0.00	II. Capital reserves	4,225,925.00		0.00
2. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	<u>0.00</u>		<u>924.00</u>	III. Loss carryforward	-1,258,896.66		-243,506.20
		233,561.07	<u>924.00</u>	IV. Net loss for the year	-2,652,356.46		-1,015,390.46
II. Property, plant and equipment				V. Capital deficit	<u>0.00</u>		<u>1,233,896.66</u>
1. Other equipment, furniture and fixtures	348,901.00		1,243,641.00		353,239.88		<u>0.00</u>
2. Prepayments	<u>5,563.00</u>		<u>0.00</u>	B. Provisions			
		354,464.00	<u>1,243,641.00</u>	Other provisions	<u>32,800.00</u>		<u>84,000.00</u>
III. Financial assets					32,800.00		<u>84,000.00</u>
Cooperative shares	<u>550.00</u>		<u>550.00</u>	C. Liabilities			
		550.00	<u>550.00</u>	1. Trade payables	279,529.48		234,193.91
		<u>588,575.07</u>	<u>1,245,115.00</u>	2. Other liabilities	2,841,959.52		2,413,806.00
B. Current assets				thereof for taxes: EUR 18,133.84 (prior year: EUR 10,707.83)			
I. Inventories				thereof for social security: EUR 550.38 (prior year: EUR 0.00)			
1. Raw materials, consumables and supplies	11,923.03		73,490.59			3,121,489.00	<u>2,647,999.91</u>
2. Prepayments	<u>0.00</u>		<u>6,696.37</u>	D. Deferred income	7,768.82		<u>0.00</u>
		11,923.03	<u>80,186.96</u>				
II. Receivables and other assets							
1. Trade receivables	23,781.65		2,610.50				
2. Other assets	<u>2,261,121.75</u>		<u>141,778.71</u>				
		2,284,903.40	<u>144,389.21</u>				
III. Cash on hand and bank balances		619,752.78	<u>26,929.64</u>				
		<u>2,916,579.21</u>	<u>251,505.81</u>				
C. Prepaid expenses		<u>10,143.42</u>	<u>1,482.44</u>				
D. Capital deficit		<u>0.00</u>	<u>1,233,896.66</u>				
		<u>3,515,297.70</u>	<u>2,731,999.91</u>			<u>3,515,297.70</u>	<u>2,731,999.91</u>

Exhibit 2

Farmers Cut GmbH, Hamburg
Income statement for fiscal year 2018

	EUR	EUR	2017 EUR
1. Revenue	148,578.37		34,204.29
2. Other own work capitalized	67,699.50		0.00
3. Other operating income	<u>76,290.30</u>		<u>1,886.63</u>
thereof income from currency translation: EUR 134.84 (prior year: EUR 1,887.00)		292,568.17	<u>36,090.92</u>
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	187,488.93		124,339.91
b) Cost of purchased services	39,026.32		126,345.55
5. Personnel expenses			
a) Wages and salaries	575,910.67		96,213.47
b) Social security, pension and other benefit costs	100,567.39		24,074.34
6. Amortization, depreciation and impairment			
a) of intangible assets and property, plant and equipment	1,025,030.47		179,329.71
7. Other operating expenses	<u>892,772.00</u>		<u>480,599.70</u>
thereof expenses from currency translation: EUR 316.41 (prior year: EUR 42.00)		2,820,795.78	<u>1,030,902.68</u>
8. Loans classified as fixed financial assets	7.50		0.00
9. Interest and similar expenses	<u>124,134.37</u>		<u>20,578.70</u>
		-124,126.87	<u>-20,578.70</u>
10. Income taxes		1.98	<u>0.00</u>
11. Earnings after taxes		-2,652,356.46	-1,015,390.46
12. Net loss for the year		<u>-2,652,356.46</u>	<u>-1,015,390.46</u>

Farmers Cut GmbH

Notes to the financial statements for fiscal year 2018

A. General

The financial statements as of 31 December 2018 of Farmers Cut GmbH, Hamburg (Hamburg Local Court, HRB no. 136738), were prepared in accordance with the provisions of Sec. 242 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] and the supplementary provisions for corporations (Sec. 264 et seq. HGB) as amended by the BilRUG ["Bilanzrichtlinie-Umsetzungsgesetz": German German Act to Implement the EU Accounting Directive] and the provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act].

Farmers Cut GmbH is a small corporation within the meaning of Sec. 267 (1) HGB. The Company made partial use of the applicable simplifications for small corporations for the preparation of the notes to the financial statements. In order to improve the clarity of presentation, we have in some cases indicated in these notes to the financial statements whether individual items are related to other items and "thereof" items.

Pursuant to Sec. 264 (1) Sentence 4 HGB, the Company elected not to prepare a management report.

The income statement was prepared using the nature of expense method.

B. Notes on accounting policies

The following accounting policies, which remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Internally generated intangible assets are recognized at production cost and are written down over a useful life of five years from the date of completion.

Property, plant and equipment are recognized at acquisition or production cost less depreciation. Depreciation is charged on a straight-line basis over the assets' estimated useful lives. Low-value assets with individual acquisition costs of up to EUR 800.00 are fully expensed in the year of acquisition.

Receivables and other assets are stated at their nominal value. Appropriate specific bad debt allowances provide for all foreseeable valuation risks.

Bank balances are stated at nominal value.

Translation from the German language

Exhibit 3

Expenses recorded before the reporting date which relate to a certain period after this date are posted as prepaid expenses.

Other provisions are recognized at the settlement value deemed necessary according to prudent business judgment. Provisions with a residual term of more than one year are discounted pursuant to Sec. 253 (2) HGB.

Liabilities are recorded at the settlement value.

Payments received before the reporting date which constitute income for a certain period after this date are posted as deferred income.

Transactions in foreign currencies were recognized at the current rate.

C. Notes to the balance sheet

1. Receivables and other assets

Receivables and other assets include receivables from shareholders of EUR 4,982.40 (prior year: EUR 1,620.77). As in the prior year, all receivables and other assets are due in up to one year.

2. Liabilities

To improve clarity and transparency, the disclosures concerning the liabilities are summarized in the schedule of liabilities shown below:

		As of 31 Dec 2018 EUR k	Due in up to one year EUR k	Due in between one and five years EUR k	Due in more than five years EUR k
1.	Trade payables (prior year)	279,529.48 (234,193.91)	279,529.48 (234,193.91)	0.00 (0.00)	0.00 (0.00)
2.	Other liabilities (prior year)	2,841,959.52 (2,413,806.00)	2,841,959.52 (2,413,806.00)	0.00 (0.00)	0.00 (0.00)
	• thereof for taxes (prior year)	18,133.84 (10,707.83)	18,133.84 (10,707.83)	0.00 (0.00)	0.00 (0.00)
	• thereof for social security (prior year)	550.38 (0.00)	550.38 (0.00)	0.00 (0.00)	0.00 (0.00)

Liabilities to shareholders amounted to EUR 2,820,022.80 (prior year: EUR 2,303,505.28) and related to loans. The shareholder loans are secured by items of property, plant and equipment (farm house).

D. Notes to the income statement

Amortization, depreciation and impairment include impairment losses on fixed assets of EUR 485,258.00.

E. Other notes

Number of employees

There was an average of 14 employees in the fiscal year.

Other financial obligations

Other financial obligations of EUR 829,892.16 arose from leases with a term until 31 December 2024.

F. Subsequent events

Due to the issue of a subordinated convertible bond for an amount of EUR 4.5m by the shareholders on 13 March 2020 and on the basis of the corporate planning, the management board assumes that the Company will be able to continue as a going concern.

The impact of the Corona crisis on business operations, including home office for nearly all employees in Germany, was countered by a series of measures. These include the introduction of the MS Teams online collaboration system. As a food production company, our subsidiary in Kuwait is exempted from working restrictions. After completion of the most recent financing round, we do not currently expect any unsurmountable negative effects on the Company's financing.

Hamburg, 27 March 2020



Henner Schwarz

Translation from the German language

Engagement Terms, Liability and Conditions of Use

In the long-form audit report, the auditors summarize the results of their work, reporting in particular to those bodies of the Company responsible for its oversight. By documenting material audit findings, the long-form audit report supports the bodies responsible in overseeing the Company. For this reason the report - notwithstanding any right of third parties based on special legal provisions to receive or inspect it - is addressed exclusively to the bodies of the Company for internal use.

Our work is based on our engagement letter for the audit of this financial reporting and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2017.

This long-form audit report is solely intended to serve as a basis for decisions of bodies of the Company and must not be used for purposes other than those intended. We therefore assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the long-form audit report and/or auditor's report to reflect events or circumstances arising after the auditor's report was issued unless required to do so by law.

It is the sole responsibility of anyone taking note of the information contained in this long-form audit report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

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1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.