



Focus on the upcoming launch of DUG®

January–March 2021

- Net sales amounted to TSEK 84 (38).
- Operating profit before depreciation and amortization (EBITDA) amounted to TSEK -2,164 (-6,887), and EBIT amounted to TSEK -2,282 (-6,997).
- Net profit amounted to TSEK -2,270 (-7,052).

Significant events January–March 2021

- Veg of Lund signed an agreement with a South Korean distributor to launch the company's products.
- The company raised bridge financing of up to MSEK 9 and issued warrants.
- The company signed an agreement with a sales broker in the United States in preparation of the establishment in the North American market.
- In this year's edition of the World Food Innovation Awards, the company's plant-based alternative to milk of animal origin, the potato-based beverage DUG®, won first prize in the category Best Allergy-Friendly Product.
- Cecilia Lindwall was appointed new CEO of the company and will take up position no later than 30 June 2021. Thomas Olander will remain as CEO until Cecilia Lindwall takes up her assignment and will subsequently remain a member of the board.

Significant events after the period

- Emma Källqvist is employed as new CFO as from 1 July 2021.
- A directed issue of 357,162 new shares was carried out following a lender's request for loan conversion.

This information is such that Veg of Lund AB (publ) is obligated to disclose pursuant to the EU Market Abuse Regulation and the Market Securities Act. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 a.m. CEST on 12 May 2021.

For more information, please contact:

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Summary of the Group's indicators (see definitions on page 13)

TSEK	Q1 2021	Q1 2020	Full year 2020
Net sales	84	38	1,177
Gross margin, %	46	40	33
EBITDA	-2,164	-6,887	-17,325
EBITDA margin, %	Neg.	Neg.	Neg.
Operating profit (EBIT)	-2,282	-6,997	-17,785
EBIT margin, %	Neg.	Neg.	Neg.
Net profit for the period	-2,270	-7,052	-18,348
Profit margin, %	Neg.	Neg.	Neg.
Earnings per share before and after dilution, SEK	-0.21	-0.77	-1.80
Equity/assets ratio, %	51%	86%	70
Equity per share, SEK	0.49	1.61	0.60
Balance sheet total	10,047	19,626	9,063
Cash flow from operating activities	-393	-7,927	-17,899
Average number of employees	2.5	2	2.5

The Interim report is published in Swedish and English. The Swedish version is the original version and takes precedence over the English should the translation differ from the original.

This report, as well as other financial information and press releases, is available on the company's website, www.ir.vegoflund.se

A word from the CEO

Preparations for the launch of DUG®

With a difficult year behind us, we are now seeing a number of indications that the tide is turning, for parts of the global economy as well as for Veg of Lund. Regrettably, many are still suffering from COVID-19, but as the rate of vaccinations increases and the summer approaches, there are plans to return to more normal conditions. In recent weeks, England, one of our most important markets, has taken a clear path towards a new everyday life. For Veg of Lund, this implies that we can look forward to launching DUG®, our new plant-based beverage and alternative to milk of animal origin and other plant-based beverages. We are thus able to offer a beverage that is functionally equivalent to any other milk while also being the most sustainable option on the market. I look forward to presenting DUG® to many consumers in English coffee shops and stores in a few weeks.

The product has already attracted the attention of the international food industry. At this year's World Food Innovation Awards, DUG® was nominated in four categories. We were announced as the winner in one of them, Best Allergy-Friendly Product, and with a highly commended award in the category Best Plant-Based Beverage. The international judging panel considered a total of 276 entries from 22 countries. It is a great recognition for our work and our unique product. We are pleased to have won in the Best Allergy-Friendly Product category, but no less delighted and proud to also be the runner-up to the food giant Nestlé in the important category of Best Plant-Based Beverage, where we received special recognition.



"We are focusing on the projects that are best placed to generate revenue, while ensuring that the development of our plant-based milk product proceeds according to the timetable and within the existing financial framework."

Thomas Olander,
CEO and co-founder

Launching to three markets in the near term

The launch of DUG® is one of the most important milestones in the history of Veg of Lund, and we have made careful preparations. The new website, dugdrinks.com, is the heart of our marketing effort. There we have gathered all the information about the different versions, the climate footprint, the contents, and the genius of the choice of potatoes. The site even conveys the taste of DUG®!



The taste and packaging have been developed in collaboration with experts, the climate footprint has been determined, and we have contracted various partners as retailers. We will launch sales in England, with a focus on London, where we are cooperating with a number of established operators.

The Swedish market is also important for Veg of Lund, and we expect to reach

consumers in Stockholm and Malmö before the end of the second quarter 2021. Read more about the products and the launch at dugdrinks.com and in our social channels.

The third strategic market is the United States. In order to strengthen our presence from the second half of 2021, Veg of Lund has signed an agreement with Organic Food Brokers, an established sales broker specialized in sales of food in the United States. Ross Schold, Executive Vice President of the sales broker, with more than 20 years of experience in purchasing, sales and brand development, will lead the work to establish Veg of Lund and our products.

In China, we are planning to implement the launch in the same way as in London, Stockholm and Malmö. Starting in Shanghai, consumers will be able to purchase DUG® in selected coffee shops and grocery stores.



Sales

During the quarter, Veg of Lund's net sales increased to TSEK 84 (38) due to increased sales to China.

The market

The interest in plant-based food is a growing global trend. The long-term growth in demand for plant-based foodstuffs and focus on sustainability and health imply a continued positive opportunity for Veg of Lund and our products.

The COVID-19 crisis continues, and we note that restrictions are being partially lifted in our markets. As a consequence, it is Veg of Lund's assessment that a high degree of flexibility will be essential, for example if circumstances change due to the planned vaccination efforts.

Cecilia Lindwall takes position as CEO and Emma Källqvist as CFO

The Board of Directors of Veg of Lund has appointed Cecilia Lindwall the new CEO of the company. Cecilia Lindwall has held managerial positions in major food companies, most recently as marketing manager within Skånemejerier and before that in corresponding roles within, among others, Orkla Foods and Mars Nordic, and she has a Master of Science in Business Administration from Lund University. She will take up the position as CEO no later than 30 June 2021.

We also welcome Emma Källqvist as new CFO and member of the management team, starting 1 July 2021. Emma's most recent position was at the auditing company KPMG in Malmö, where she worked for the past ten years. I look forward to working alongside Cecilia, Emma and the rest of the team in my role as a member of the board of Veg of Lund.

We are on the brink of an exciting period to generate future growth, with both existing and new products. Among them, DUG® will contribute the most value. We are looking forward to be able to meet consumers and customers, and to enhanced development and marketing cooperation.

Thomas Olander,
CEO and co-founder



Financial overview

Development of sales

During the quarter, Veg of Lund's net sales increased to TSEK 84 (38) due to increased sales to China.

Profit

Operating profit (EBIT)

Operating profit for the first quarter strengthened to TSEK -2,282 (-6,997) due to reduced overhead costs, which in turn is a consequence of the lower level of activity caused by COVID-19 in the group's markets.

The first quarter of the previous year was also burdened by IPO costs of TSEK -3,500.

Net financial items

The financial profit for the quarter amounted to TSEK 14 (-55) and mainly comprised positive exchange rate effects. The previous year was burdened by interest costs of TSEK -102 for pre-issuance loans.

Net profit for the period

Net profit for the quarter amounted to TSEK -2,270 (-7,052).

Earnings per share

Earnings per share for the quarter amounted to SEK -0.21 (-0.77).

Cash flow, investments and financial position

Cash flow

Cash flow during the quarter amounted to TSEK 583 (14,294). During the period, the company was provided TSEK 1,051 from an ongoing directed new issue, and bridge financing raised an additional TSEK 3,000. In the previous year, the company was provided approximately MSEK 22 net, after the deduction of issuance costs of approximately TSEK 2,300 and repayment of pre-issuance loans of TSEK 5,500 (including interest), from the new issue carried out in connection with the IPO.

Investments

During the quarter, investments in intangible assets amounted to TSEK 75 (17), relating to the company's patent application processes. No investments in property, plant and equipment were made during the quarter.

Change in cash and cash equivalents

Cash and cash equivalents increased by TSEK 590 (14,302) during the quarter, to TSEK 5,503 (15,550).

Capital position

To ensure that the current financing needs are met, the company has during the quarter entered into a bridge loan facility agreement, according to which the lenders have committed to, during a period of 12 months, provide a bridge of up to MSEK 9 in tranches of MSEK 1.5. The interest rate has been set to 10 percent per annum on the outstanding loan amount. In addition, the Board of Directors has resolved to issue 300,000 warrants free of charge to the lenders, where each tranche of MSEK 1.5 entitles to 50,000 warrants. The issue of Series 2021 warrants was carried out pursuant to the authorization granted by the extraordinary general meeting on 6 November 2020. The reason for deviating from the shareholders' preferential rights was to enable the raising of working capital. Through the issue of warrants, the number of shares in the company may increase by no more than 300,000, and the company's share capital may increase by no more than SEK 19,200, corresponding to a dilution of no more than 2.8 percent. A number of lenders have during the quarter exercised warrants corresponding to 172,000 shares. The new issue was registered in April.

After the end of the period, the Board has decided on a directed issue of 357,162 new shares to a lender following a request for conversion in accordance with the conversion right set out in the bridge financing and which is described in more detail in a press release on 17 February 2021.

The bridge financing enables the Board of Directors to continue its active evaluation of various financing options to ensure the long-term financing and optimal capital structure of the company.



Equity

The group's total equity amounted to TSEK 5,159 (16,965) at the end of the period, and equity per share amounted to SEK 0.49 (1.61).

The parent company

In addition to sales in Sweden, Veg of Lund's operations include head office functions such as group-wide management and administration.

During the first quarter of 2021, the parent company's net sales decreased to TSEK 132 (382), of which TSEK 47 (344) represented intra-group sales. Net profit for the period amounted to TSEK -1,639 (-6,375). Investments in tangible and intangible fixed assets amounted to TSEK 75 (17).

For other matters, see the information provided for the Group.

The share and the shareholders

Veg of Lund's share, ticker VOLAB and ISIN SE0013281979, is listed on Nasdaq First North Growth Market. The number of shares outstanding totals 10,567,272 shares, corresponding to 10,567,272 votes. As of 31 March 2021, Veg of Lund AB (publ) had 2,371 shareholders.

Ongoing new issue

A number of lenders have over the course of the quarter exercised warrants corresponding to 172,000 shares. The new issue was registered in April.

Ownership structure on 31 March 2021

Name	Number of shares and votes	Share of capital and votes, %
Eva Tornberg through company	1,323,182	12.5%
Thomas Olander through company	1,063,636	10.1%
Torbjörn Malmsjö through company	767,557	7.3%
LU Holding	672,061	6.4%
Anders Hättmark through company	666,523	6.3%
Einar Haugland	391,000	3.7%
Thomas Holmgren	325,140	3.1%
Anders Färnqvist	300,000	2.8%
Nordnet Pensionsförsäkring AB	256,525	2.4%
LMK Forward AB	250,000	2.4%
Other shareholders	4,551,648	43%
Total	10,567,272	100.0%

Source: Euroclear and Veg of Lund

Certified Adviser: Eminova Fondkommission AB, telephone +46 8 684 211 10 and e-mail adviser@eminova.se



Other disclosures

Employees

The average number of employees amounted to 2.5 (2) during the quarter.

Annual General Meeting 2021

The Annual General Meeting 2021 will be held on Wednesday, 12 May. Additional information is available on the company's website.

Upcoming publication dates

Interim report April–June 2021	11 August 2021
Interim report July–September 2021	10 November 2021
Year-end report 2021	17 February 2022

Significant related-party transactions

During the quarter, the company's related-party transactions totaled TSEK 207 (1,125). All transactions have been conducted on market conditions.

Accounting principles

The year-end report is prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3).

Significant risks and uncertainties

The risks and uncertainties that Veg of Lund's operations are exposed to are described on pages 25-26 of the company's annual report for 2020. In Veg of Lund's assessment, there have been no significant changes to these risks or uncertainties after the presentation of the annual report.

Brexit

Since the end of 2020, the EU and the United Kingdom have an agreement in place that provides the necessary conditions for Veg of Lund to sustain its production and marketing in England.

Effects of the COVID-19 pandemic

It remains uncertain how the coronavirus will impact Veg of Lund's future operations. The company's operations are mostly affected by indirect decisions, including collaborations with producers, that delay the execution of planned activities. Veg of Lund closely monitors the development of regulatory and financial conditions as well as consumer behaviour and is prepared for the new conditions prompted by COVID-19. The company makes continuous assessments that will be presented in future reports and, where appropriate, in additional disclosures via press releases.

Malmö, Sweden, 12 May 2021

Torbjörn Clemenz
Chairman of the Board

Anders Hättmark
Director

Linda Neckmar
Director

Eva Tornberg
Director

Roger Johansson
Director

Thomas Olander
Director
and CEO

This report has not been reviewed by the company's auditors.



Consolidated income statement

TSEK	Q1 2021	Q1 2020	Full year 2020
Net sales	84	38	1,177
Other income	512	5	805
Total income	596	43	1,982
<i>Operating expenses</i>			
Cost of goods sold	-46	-23	-794
Other external expenses	-2,273	-6,444	-16,665
Personnel expenses	-429	-455	-1,823
Depreciation, amortization and impairment	-117	-110	-460
Other operating expenses	-13	-8	-25
Operating profit (EBIT)	-2,282	-6,997	-17,785
Interest income and similar items	20	47	66
Interest expense and similar items	-6	-102	-627
Result from financial items	14	-55	-561
Profit before tax (EBT)	-2,268	-7,052	-18,346
Taxes	-2	-	-2
Net profit for the period	-2,270	-7,052	-18,348
Number of shares	10,567,272	10,567,272	10,567,272
Average number of shares	10,567,272	9,128,711	10,208,617
Earnings per share before and after dilution, SEK	-0.21	-0.77	-1.80

Profit for the period and total comprehensive income is fully attributable to the shareholders' of the parent Company. The company has two warrant programmes, 2020/2023 and 2021 I. More details are given in the Annual Report for the financial year 2020.



Consolidated statement of financial position

TSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Intangible assets			
Capitalized expenditure for development	264	395	297
Patents, trademarks and licences	996	413	928
Total intangible assets	1,260	808	1,225
Property, plant and equipment			
Equipment, tools, fixtures and fittings	882	1,192	960
Total property, plant and equipment	882	1,192	960
Non-current financial assets			
Non-current financial receivables	15	15	15
Total non-current financial assets	15	15	15
Total non-current assets	2,157	2,015	2,200
Inventory, etc.			
Finished trade goods	257	637	252
Raw materials	762	528	361
Total inventory, etc.	1,019	1,424	613
Current receivables			
Trade receivables	67	478	45
Other short-term receivables	309	418	620
Prepaid expenses and accrued income	992	528	672
Total current receivables	1,368	1,424	1,337
Cash and cash equivalents	5,503	15,550	4,913
Total current assets	7,890	17,611	6,863
TOTAL ASSETS	10,047	19,626	9,063



TSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	676	676	676
Unregistered share capital	11	-	-
Share premium reserve	45,219	43,929	44,179
Translation reserve	426	-33	418
Retained earnings	-38,903	-20,555	-20,555
Result for the financial year	-2,270	-7,052	-18,348
Total equity	5,159	16,965	6,370
LIABILITIES			
Current liabilities			
Financial liabilities	3,000	-	-
Trade payables	811	2,049	1,084
Other current liabilities	103	33	258
Accrued expenses and prepaid income	974	579	1,351
Total current liabilities	4,888	2,661	2,693
Total liabilities	4,888	2,661	2,693
TOTAL EQUITY AND LIABILITIES	10,047	19,626	9,063



Consolidated changes in equity

TSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Result for the financial year	Total equity
The beginning of the period, 1 Jan 2021	676	44,179	418	-20,555	-18,348	6,370
Disposition of previous year's result				-18,348	18,348	
New issuance	-	-				-
Issuance expenses		-				-
Ongoing new issue	11*	1,040				1,051
Translation reserve			8			8
Result for the financial year					-2,270	-2,270
The end of the period, 31 Mar 2021	687	45,219	426	-38,903	-2,270	5,159

*Not yet registered share capital

TSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Result for the financial year	Total equity
The beginning of the period, 1 Jan 2020	502	18,568	1	-6,416	-14,139	-1,484
Disposition of previous year's result				-14,139	14,139	
New issuance	174	29,826				30,000
Issuance expenses		-4,465				-4,465
Translation reserve			-34			-34
Result for the financial year					-7,052	-7,052
The end of the period, 31 Mar 2020	676	43,929	-33	-20,555	-7,052	16,965

TSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Result for the financial year	Total equity
The beginning of the year, 1 Jan 2020	502	18,568	1	-6,416	-14,139	-1,484
Disposition of previous year's result				-14,139	14,139	
New issuance	174	29,826				30,000
Issuance expenses		-4,465				-4,465
Issuance of warrants		250				250
Translation reserve			417			417
Result for the financial year					-18,348	-18,348
The end of the year, 31 Dec 2020	676	44,179	418	-20,555	-18,348	6,370



Consolidated statement of cash flows

TSEK	Q1 2021	Q1 2020	Full year 2020
Cash flow from operating activities			
Operating profit	-2,282	-6,997	-17,785
Adjustment for non-cash items	117	110	460
Paid taxes	-2		-2
Paid finance items, net	-6	0	0
Cash flow from operating activities before changes in working capital	-2,173	-6,887	-17,327
Changes in working capital			
Changes in operating receivables	-404	-323	48
Changes in operating payables	-816	-717	-620
Cash flow from operating activities	-3,393	-7,927	-17,899
Investing activities			
Investment in intangible assets	-75	-17	-551
Investment in property, plant and equipment	-	-	-
Investment in financial items	-	-15	-15
Cash flows used in investing activities	-75	-32	-566
Financing activities			
Shareholder's contribution	1,051	30,000	30,250
Issuance expenses	-	-2,247	-2,247
Prepaid issuance expenses	-	-	-359
Pre-issuance loans	-	-5,500	-5,500
Borrowings	3,000	-	-
Cash flows from financing activities	4,051	22,253	22,144
CASH FLOWS FOR THE PERIOD	583	14,294	3,679
Cash and cash equivalents at beginning of the period	4,913	1,248	1,248
Currency effect in cash and cash equivalents	7	8	-14
Cash and cash equivalents at the end of the period	5,503	15,550	4,913



Parent company's condensed financial statements

TSEK	Q1 2021	Q1 2020	Full year 2020
Net sales	132	382	1,595
Other operating Income	511	5	805
Total income	643	387	2,400
Cost of goods sold	-87	316	-1,268
Other external expenses	-1,649	-5,771	-13,836
Personnel expenses	-429	-455	-1,823
Depreciation, amortization and impairment	-117	-110	-460
Other operating expenses	-13	-8	-25
Operating profit (EBIT)	-1,652	-6,273	-15,012
Finance net	13	-102	-102
Profit before tax (EBT)	-1,639	-6,375	-15,114
Net profit for the period	-1,639	-6,375	-15,114
TSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Assets			
Intangible assets	1,260	809	1,225
Property, plant and equipment	882	1,192	960
Non-current financial assets	5,825	3,172	5,821
Total non-current assets	7,967	5,173	8,006
Inventory	863	250	492
Current receivables	1,725	1,274	1,105
Cash and cash equivalents	5,407	15,408	4,845
Total current assets	7,995	16,932	6,442
Total assets	15,962	22,105	14,448
Equity and liabilities			
Shareholder's equity	11,238	20,316	11,827
Current liabilities	4,724	1,789	2,621
Total equity and liabilities	15,962	22,105	14,448



Definitions and glossary

In general	All amounts in tables are stated in SEK thousands unless otherwise specified. Amounts in brackets refer to the corresponding period in the preceding year unless otherwise specified.	
Definitions of indicators	Veg of Lund's definitions of a number of alternative performance measures not defined or specified under BFNAR ("Alternative Performance Measures") are set out below. Veg of Lund has made the assessment that these alternative performance measures are used by some investors, securities analysts and other stakeholders to supplement other measures of performance and financial position. Unless otherwise specified, these alternative performance measures have not been subject to audit and are not to be considered separately or as an alternative to indicators calculated in accordance with BFNAR. These Alternative Performance Measures, as defined by Veg of Lund, are not to be compared with other indicators with similar names used by other companies. This is because these alternative performance measures are not always defined in the same way, and other companies may calculate them in a different way to Veg of Lund.	
Margins	Definition/Calculation	Purpose
Gross margin, %	Gross profit in relation to net sales.	Used to measure product profitability.
EBITDA margin, %	EBITDA in relation to net sales.	The company considers the EBITDA margin to be a useful indicator, together with increase of net sales, to monitor value creation.
EBIT margin, %	Operating profit in relation to net sales.	The company considers the operating margin to be a useful indicator, together with net sales growth, to monitor value creation.
Profit margin, %	Net profit for the period in relation to net sales.	Indicator that shows how much value accrues to shareholders in the company.
Return	Definition/Calculation	Purpose
Equity/assets ratio, %	Equity in relation to total assets.	The company has chosen to present the indicator Equity/assets ratio as it demonstrates the status of the company as a going concern.
Data per share	Definition/Calculation	Purpose
Number of shares	Number of shares outstanding at the end of the reporting period.	
Average number of shares	Weighted average of the number of shares outstanding during the period plus a weighted number of shares that would be added if all dilutive potential shares were converted to shares.	
Equity per share	Equity divided by the number of shares outstanding after dilution.	Measure that shows the owners' share of Veg of Lund's total net assets per share.
Earnings per share before and after dilution, SEK	Net profit for the period divided by the average number of shares outstanding before and after dilution.	
Other definitions	Definition/Calculation	Purpose
Net sales	The company's revenue from ordinary operations.	
EBITDA	Operating profit excluding depreciation and impairment losses of property, plant and equipment and intangible assets.	The company has chosen to include the indicator EBITDA as it demonstrates the underlying operating performance with the effect of depreciation removed, which, since depreciation refers to historical investments, results in a more comparable performance measure over time.
Operating profit (EBIT)	Operating profit before financial items.	
Net profit	Net profit or loss for the year.	
Balance sheet total	The total of all the company's assets.	
Cash flow from operating activities	Cash flow from operating activities, including change in working capital, before cash flow from investment and financing activities.	Cash flow from operating activities is used to measure the cash flow generated by the operations before investments and financing.
Average number of employees	Average number of employees in the company during the period.	



Veg of Lund AB (publ) is a food innovation company rooted in research at Lund university. The company has developed a unique, patented method to produce a stable plant-based emulsion consisting of potato and rapeseed oil. As its first product, Veg of Lund launched My Foodie®, available from food retailers in Sweden and the United Kingdom. Veg of Lund was admitted for trading on Nasdaq First North Growth Market in February 2020. Read more at www.vegoflund.se. Certified Adviser: Eminova Fondkommision AB, tel. +46 8 684 211 10, e-mail adviser@eminova.se.

Business concept

Veg of Lund aims to develop and market palatable, locally produced foodstuffs and alternatives to dairy-based foods, with added value and a strong health profile.

Objectives

Veg of Lund shall, over the coming years, establish itself as a well-known operator in the market for plant-based food, scale up preparations on the company's strategic markets, and expand the scope of the operations. It is the company's objective to launch a number of new products, including plant-based milk, cream, ice cream, yoghurt and soup alternatives, and a probiotic My Foodie®. Furthermore, the company's longer-term goal is to expand to additional geographies, primarily the United States, the United Kingdom and Asia, and initiate contacts with prospective customers and partners.

Economic and financial objectives

Veg of Lund's economic objective is to increase both domestic sales and exports of all of the company's products. Veg of Lund's economic objectives include that the company's plant-based milk product shall represent the largest individual share of the total sales.

The company's financial objective is to achieve a positive operating result by 2023, with net sales exceeding MSEK 300 in the same year.

For more information, please contact:

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Plant-based goodness coming soon!

For more information about our new delicious and creamy potato-based beverage, please visit dugdrinks.com.