gebana

Global Farmers Market

WE ARE CHANGING THE RULES

Annual Report 2021

gebana Annual Report 2021

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“I WANT TO SEE BURKINA FASO GET ITS LARGEST CASHEW FACTORY. I WANT US TO SUCCEED.”

Séverin Soma

Head of Cashew Cracking, gebana Burkina Faso

FOREWORD

GROWTH IN DIRECT SHIPPING IS LEVELLING OFF, BUT THE GEBANAS IN THE SOUTH ARE SHOWING WHAT THEY'RE MADE OF.

Choosing the topics for this year's annual report was challenging. After all, 2021 was an eventful year with both highs and lows. And for gebana there were many highs. Even so, we didn't quite manage to reach the ambitious target we set ourselves for growth in direct shipping, despite a 14 per cent increase in turnover. This also meant that we fell just short of our target when it came to implementing the gebana model, which involves giving family farmers a direct share in the revenue generated through direct shipping sales. Nonetheless, the payments still came close to CHF 1 million in total – nearly triple the amount paid out in the previous year.

These figures represent a lot of hard work and a number of fantastic initiatives, including the direct sale of products from numerous Swiss family farmers and our success in reaching customers in several other European countries through our online shop.

Each and every one of our business units contributed to this year's excellent results.

In 2021, gebana grew by around 25 per cent across the entire Group. The strongest growth was achieved in the South – in Burkina Faso, in Togo, which saw a spectacular turnaround, and in Brazil. Without exception, every one of our business units contributed to another strong performance this year. This is important, since as you know, we still

have a lot to do. I could also tell you about the challenges and setbacks we faced. But as I see it, one thing is certain: gebana is on the right track.

Adrian Wiedmer is stepping down as CEO in September. He will retain his seat on the Board of Directors.

To achieve our ambitious goals, we need the right people in the right positions. Consequently, our Board of Directors will undergo a number of changes. At our Annual General Meeting scheduled for June 2022, we will propose Adrian Wiedmer, who will be stepping down as CEO in September, as the new Chairman of the Board of Directors. I am confident that he is the right person for the job and will provide the strategic leadership we need going forward. We will also be pleased to present our new CEO and to propose an expert as a new member of the Board of Directors.

As the outgoing Chairman of the Board of Directors, I would like to take this opportunity to thank all the gebanas for their tireless efforts and tremendous commitment! I personally will look back on my time at gebana with pride and will remain a part of gebana in the future.

I thank you all for your trust, your uncompromising commitment and your loyalty!

Andreas Jiménez

Chairman of the Board of Directors

We have very low margins on Swiss products. We want to offer family farmers the best distribution channel.

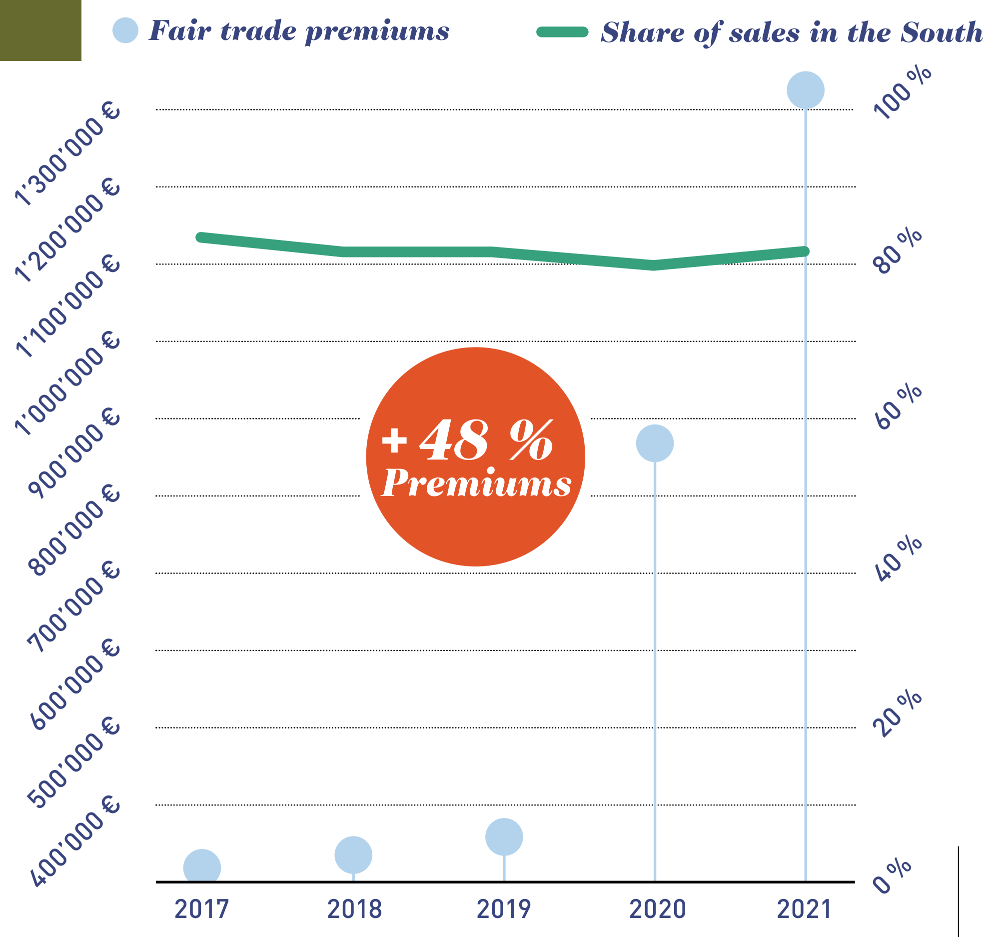
OUR IMPACT

WE CAN NEVER HAVE ENOUGH SUSTAINABILITY AND FAIRNESS. WE TAKE A HOLISTIC APPROACH AND MEASURE OUR SUCCESSES.

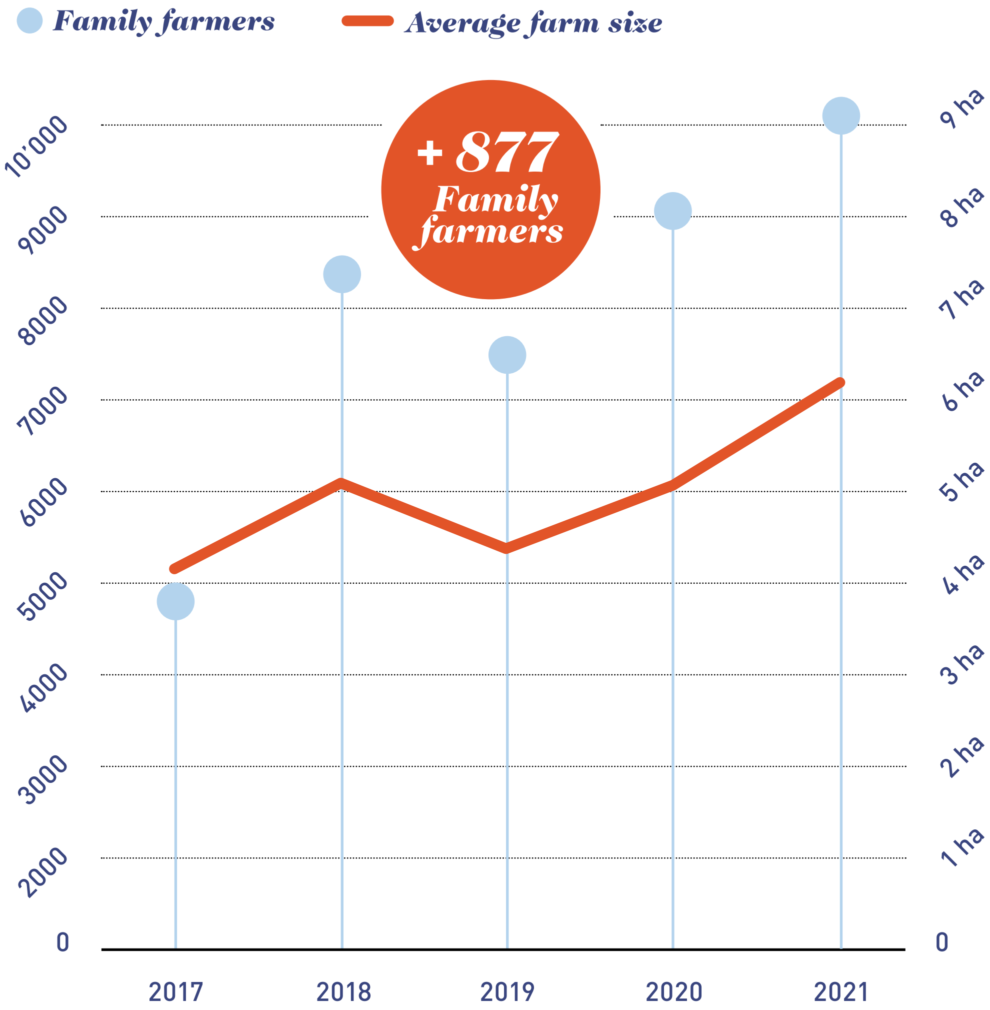
Revenue sharing and premiums

USING OUR GEBANA MODEL, WE MANAGED TO MORE THAN TRIPLE THE PREMIUMS PAID OUT IN JUST TWO YEARS.

The share of sales in the South is the percentage of gebana's total sales that gets paid to the producing countries. Premiums are additional payments made on top of the organic and fair purchase prices.

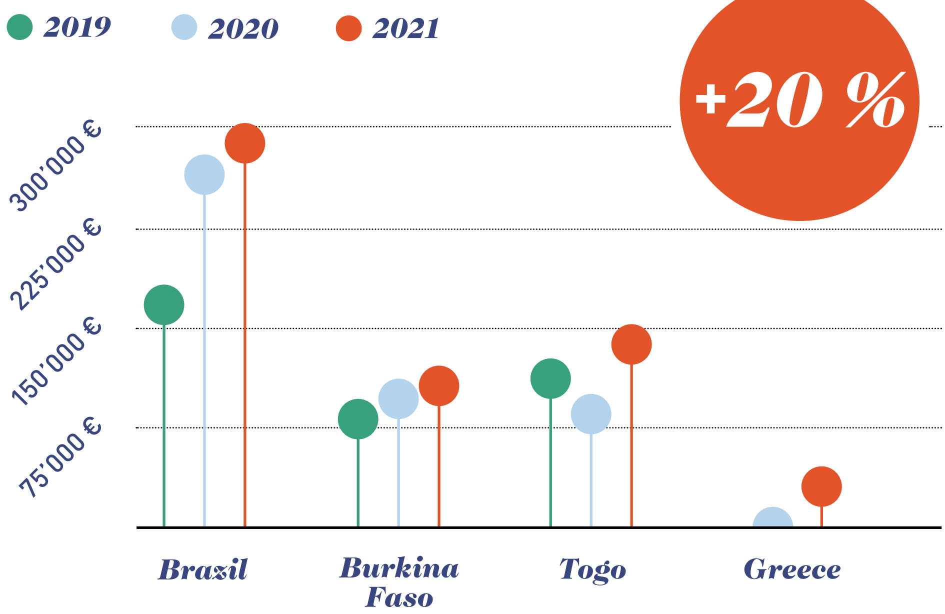


Family farmers and farm size



OVER THE PAST YEAR, A LARGE NUMBER OF FARMS IN BURKINA FASO AND TOGO CONVERTED TO ORGANIC FARMING WITH THE TOTAL AREA CONVERTED EQUIVALENT TO THE SURFACE AREA OF LAKE ZURICH.

Expenditure on research and consulting services in organic farming



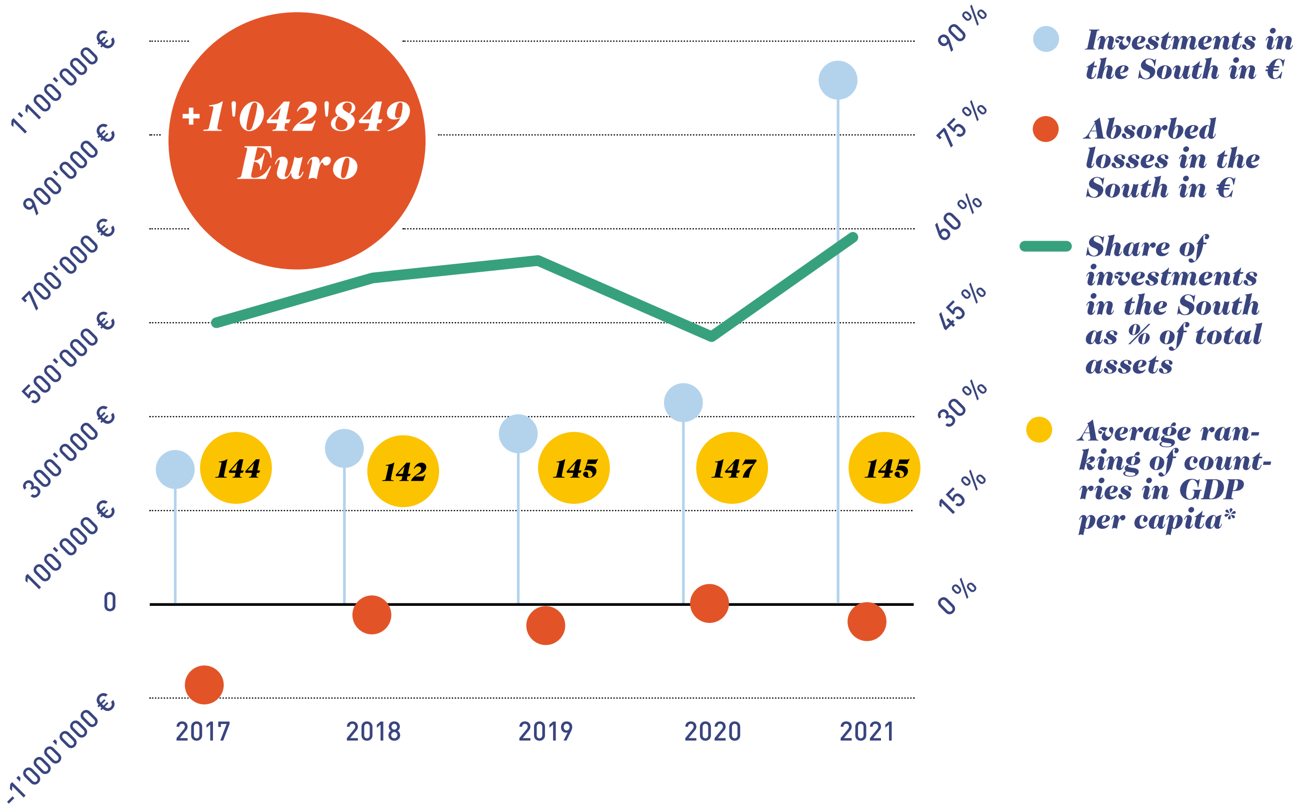
20 % MORE WAS SPENT ON RESEARCH AND CONSULTING SERVICES IN 2021 COMPARED TO THE PREVIOUS YEAR. THE KEY ISSUES WERE AGROFORESTRY, WEEDS AND ORGANIC PEST CONTROL.

Investments and risks in the South

57 PER CENT OF OUR ASSETS WORK IN THE SOUTH. IN 2021, WE INVESTED MORE THAN 1 MILLION EUROS IN THE SOUTH, PRIMARILY IN BURKINA FASO.

The investments referred to here are the fixed assets invested in the South. They are calculated as a percentage of the total assets. Absorbed losses are calculated as the depreciation of assets and write-offs of debt owned by companies in the South.

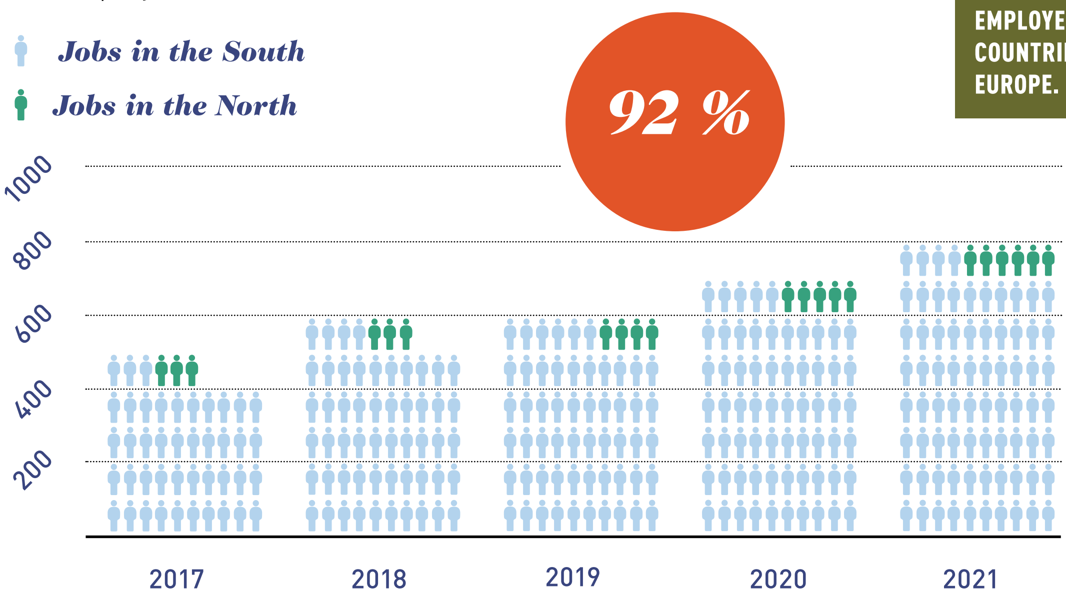
**Countries where gebana has invested ranked by GDP per capita (according to IMF*



Jobs

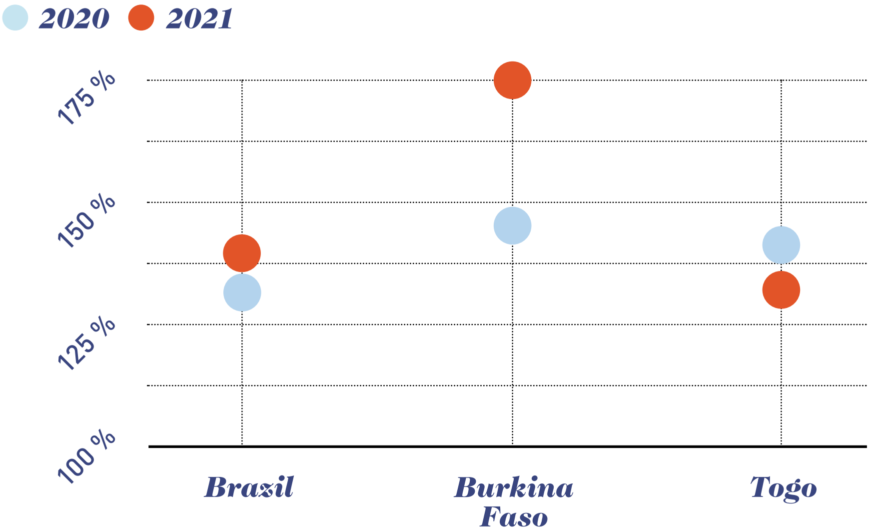
Jobs are calculated as an annual average. Each figure represents 10 employees.

IN 2021, WE CREATED 108 JOBS. 92 PER CENT OF EMPLOYEES WORK IN COUNTRIES OUTSIDE OF EUROPE.



Wages

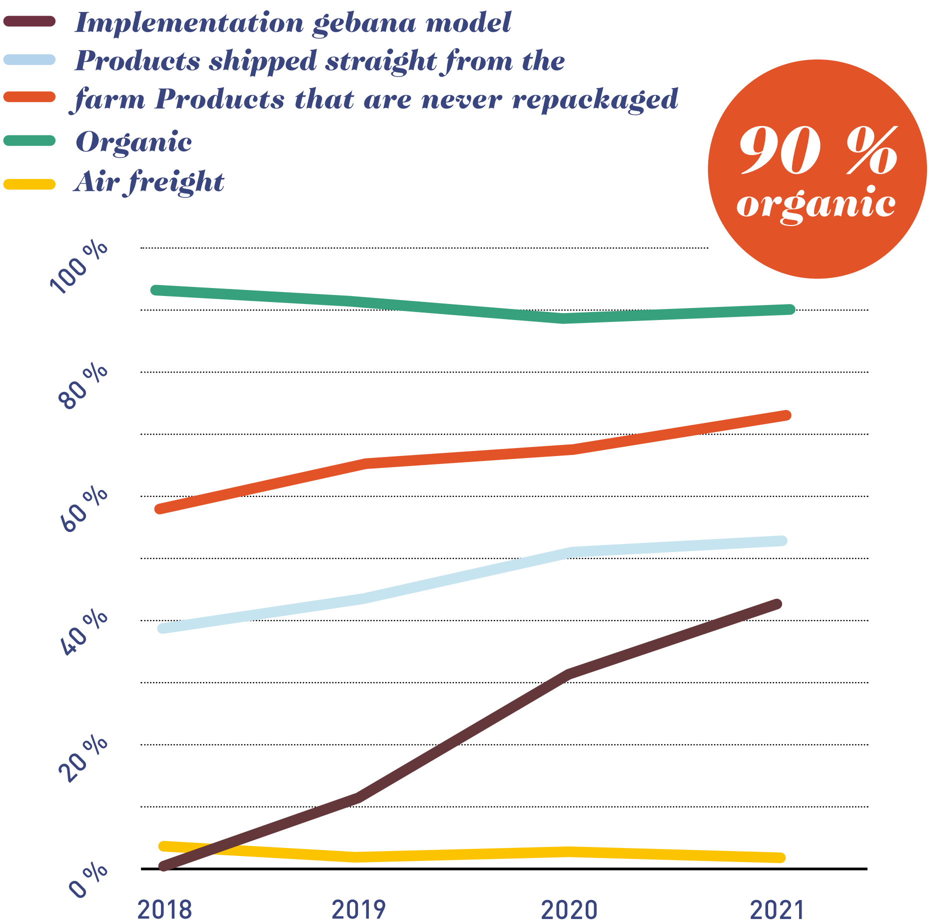
Wages in the lowest wage category compared to the national minimum wage including revenue sharing.



AT 33 PER CENT ABOVE MINIMUM WAGE, THE WAGES IN TOGO ARE THE LOWEST.

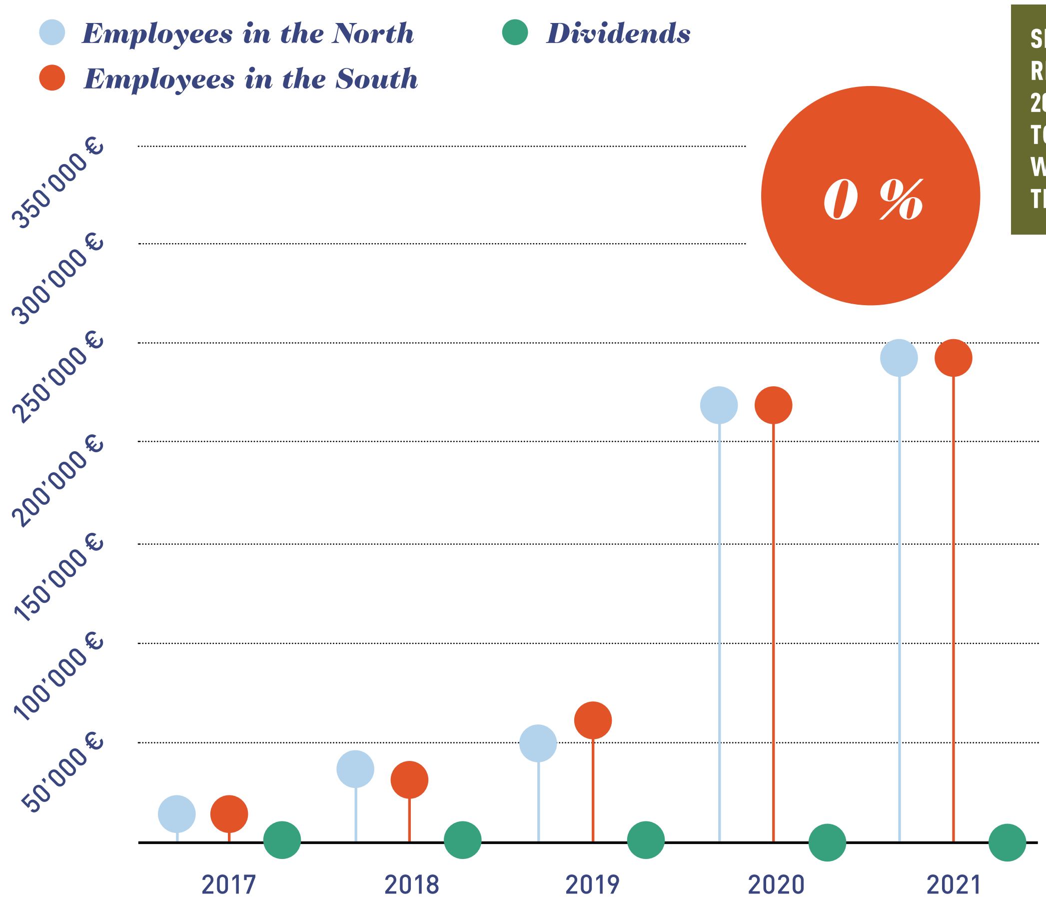
Sustainability of our range

Share of direct shipping sales in per cent



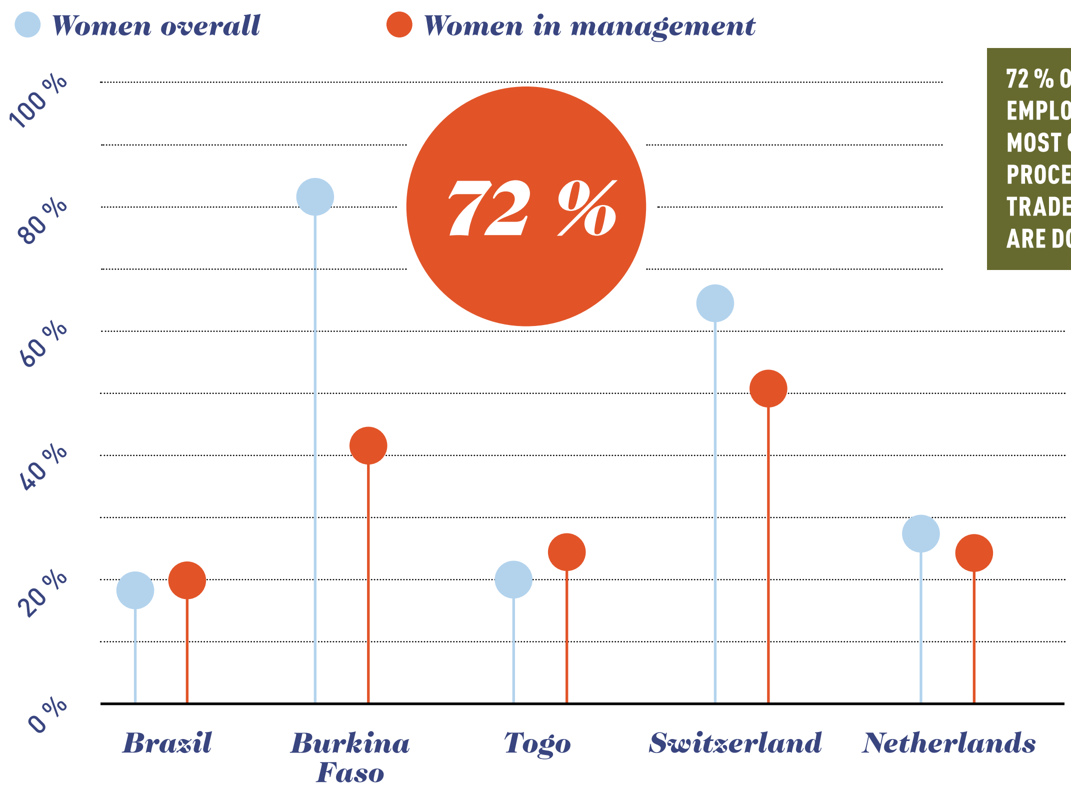
IN 2021, WE SHARED 44 PER CENT OF OUR REVENUE DIRECTLY WITH THE FAMILY FARMERS THROUGH GEBANA'S REVENUE SHARING MODEL.

Revenue sharing



SHAREHOLDERS DID NOT RECEIVE A PROFIT SHARE IN 2021. WHILE THIS IS LIKELY TO CHANGE IN FUTURE, THEY WILL NEVER RECEIVE MORE THAN OUR EMPLOYEES.

Jobs by gender



72 % OF GEBANA'S EMPLOYEES ARE FEMALE – MOST OF WHOM WORK IN PROCESSING. POSITIONS IN TRADE AND MANAGEMENT ARE DOMINATED BY MEN.

HIGHLIGHTS

FROM SUCCESSFUL SUBSIDIAR-IES IN THE SOUTH TO A SWISS FARMERS MARKET AND AN ARTFUL BUILDING PROJECT.

Outstanding performance in the South

While COVID-19 remained a part of our day-to-day lives in 2021, the pandemic had little impact on business beyond the first few months of the year. Online retail continued to grow at a moderate pace after the first quarter. But things really took off for our subsidiaries in Brazil and Togo.

We have long been the market leader in Brazil, and we're ranked third in Togo.

Alongside our online business, gebana also specialises in organic soy and grains. We support more than 5,000 family farmers who cultivate organic crops on a total of about 15,000 hectares of land. We have long been the market leader in Brazil and in Togo, we're ranked third. We seldom report on these activities as the products are only sold to wholesale customers and more than 60 per cent of the products are sold locally in Brazil.

In addition to the many new family farmers that joined us last year, we were also quite fortunate that prices increased. Unfortunately, we cannot count on this happening every year. After all, the grain market

In 2021, 75 family farmers shipped 104 products directly from farms throughout Switzerland.

TURN TO PAGE 37 TO READ MORE ABOUT GEBANA'S GROWTH IN 2021, DRIVEN BY TOGO AND BRAZIL.

is very volatile. But we should, of course, still celebrate our positive results.

We have seen strong performance in these countries, particularly with regard to our goal of developing independent businesses.

The best deal for family farmers

gebana's business model is multifaceted and has evolved over time. But the one thing that every iteration has in common is that we always strive to be the best possible business partner to our family farmers.

When we sell certified organic and Fairtrade products to wholesalers, our options for paying more than the market dictates are very limited. But things are very different when it comes to online retail. Here we get to set the prices and we can promise our family farmers more than organic and fair prices. And we keep this promise by gradually integrating our partners into our gebana model. In addition to the purchase price, family farmers then receive 10 per cent of the revenue we generate from the sale of their products.

We've kept margins as low as possible for Swiss products.

But as always, there are exceptions. When it comes to olive oil from Palestine and RebelDía coffee from Mexico, the farmers don't receive a share of the revenue. Instead, we pay a solidarity contribution which is then administered by a support organisation. For our Swiss farmers market, on the other hand, we have set the margins as low as possible: 10 per cent for fresh produce, 15 per cent for processed products and 20 per cent for wine. This ensures that there is more left over for the producers.

MORE INFORMATION ON THE DECREASE IN GROSS MARGINS CAN BE FOUND ON PAGE 39.

As our online business grows, our gross margin, from which we pay all our expenses, increases. And as we share more of our revenue and sell more Swiss products, the gross margin comes under pressure. Two factors are currently disrupting this dynamic. The first is that our online business has not grown at the same pace as the rest of gebana. The second is that we are reducing the prices in our shop.

Collaboration over competition

The strong man is mightiest alone – this is one of the assumptions or rules we want to change. Last year, we launched a campaign to address this issue. We called it Collaboration over Competition. Without asking for anything in return, we featured 10 initiatives and start-ups in our Christmas newsletter.

We need to raise our profile and attract new customers if we want to grow.

It was a real joy to look beyond our own backyard and out into the world without the usual economic considerations. And our customers really enjoyed it, which is why we're keeping the campaign going.

EACH COLLABORATION ALSO GENERATES NEW CUSTOMERS. READ MORE ABOUT GEBANA'S MARKETING ON PAGE 39. →

But there is also a limit to collaboration. In order to grow, we need support, we need to raise our profile and we need to attract new customers. In other words, to some extent, we depend on quid pro quos. But much like the word partnership can't be trusted in wholesale, the term collaboration doesn't always equal a joint effort. Sometimes the intention is simply to profit without having to bring anything to the table.

What to do with all our employees – work from home models?

Over the past financial year, 32 new employees joined gebana in Europe. By the end of the year, we had 80 employees in Europe, sharing 58 full-time positions. During gebana's busiest period, we had 927 people working for us globally. The primary reason for the large number of new employees in Europe is our growth. But gebana also had to contend with an unusually high number of resignations, which also played a part. On top of that, we work with interns whose primary role is to support our customer service department and these interns change every year.

Interns are important for us. It's true that they are cheap labour, but more importantly, interns bring a fresh perspective and new ideas,

In 2021, gebana created 108 new full-time jobs, 92 of which were in the South.

keeping gebana relevant. Interns also serve as a talent pool for gebana. Sometimes this results in a working relationship right away, other times it's further down the road. We also refined our internship programme this past year. What we're looking for now is young people who initially work in the warehouse and customer service, after which they will divide their time between working in specialist areas and providing support to the customer service department.

The work from home model works. But it has its limitations.

Bringing new employees on board is no easy task, especially when working from home. It was a great relief when we discovered in 2020 how effective working from home can be. But this past year also showed that this working model has its limitations. Not enough interaction, too many mistakes that could have been avoided with a quick conversation and employees who don't enjoy working remotely.

WE'RE IN THE MIDDLE OF AN IMPORTANT STAGE IN OUR ORGANISATIONAL DEVELOPMENT. TURN TO PAGE 41 TO FIND OUT WHAT THIS MEANS FOR PERSONNEL COSTS.

→

We are committed to returning to work as usual in 2022. For gebana, this means no more than two days working from home for full-time employees. To achieve this, we'll need more office space as well as the solidarity of employees who would like to keep working from home.

OLIVIA CORTESI

Business Developer, Zurich

"As a small business, you can take care of everything over a cup of coffee. Once you get bigger, that's no longer enough. You need structures, processes and clearly defined responsibilities.

I have been working with gebana as an external consultant to help them develop these. gebana is certainly a challenging client. The company is incredibly complex, and the people work in many different areas. Balancing all of this is no easy task.

On top of that, gebana's employees are all highly motivated and want to play their part in shaping the company. Structure quickly makes them feel constricted. That's why, in addition to working on processes, we have introduced agile teams that work together across departments, regardless of hierarchical structures. And we're now also introducing this agile approach to the gebanas in the South. To satisfy gebana's needs while also staying true to the spirit of the company, I had to invent some of my own tools. The textbooks on enterprise development often didn't have the answers I was looking for.

gebana is a labour of love for me. I had a student job in gebana's accounting department from 2003 to 2004. At the time, we were only 6 people. The company's vision still inspires me to this day. And of course I'm also friends with the people here."

€960,569 in venture capital provided by 2,082 supporters for 1,000 new jobs in Burkina Faso.

Art asks questions, art connects, art opens up opportunities

We often point out that in order to achieve our goals, we have to take risks. Our next project – our largest one to date – is a €10 million factory in Burkina Faso. The capital required for this project far exceeds our resources. But thanks to the Walls Against Walls crowd funding project, we are now able to go ahead with construction.

This project is inspired by artists from across the globe.

The inspiration for Walls Against Walls was the transformation of the Berlin Wall. An oppressive and divisive wall became an art project, a space for sharing ideas, a wall against walls. We took this idea to heart and asked local artists to decorate the wall around our factory in Bobo-Dioulasso.

This project is inspired by artists from across the globe. Dozens of artists donated their works to us, which we then gifted to supporters of the construction project as prints. And the project has been a success! We now have enough backers on board willing to shoulder the risk with us. Alongside thousands of crowd funding supporters, these include our long-standing partners Pakka and Artava.

YOU CAN READ ABOUT HOW WE HANDLE DONATIONS AS A JOINT-STOCK COMPANY ON PAGE 43.
→

Our hope is that our wall will serve as a symbol of peace, dialogue and reconciliation in Burkina Faso, a region plagued by economic hardship and the growing threat of terrorism, a region still scarred by the legacy of colonialism.

Waiting for the factory

We have been sharing our plans to build a factory in Burkina Faso for some time now. So clearly we're running behind schedule. The reason for this delay is our lack of experience with building large factories

like this one, which is why we're taking things slowly. We decided that we'd rather take our time and get it right.

The ground-breaking ceremony will take place about one year later than originally planned.

These delays have also presented us with some operational challenges. At the moment, we have to work across multiple smaller business units and are dependent on other local suppliers to meet the demand of our wholesale customers. But these challenges are nothing we can't overcome and we're gaining experience and stability in the meantime.

TO FIND OUT WHERE WE INVESTED IN 2021 IN ADDITION TO THE LAND PURCHASED IN BURKINA FASO, TURN TO PAGE 45.
→

And we're almost ready to get started. We've selected the construction company, secured external financing and found an excellent project manager in Thierry Campaore. The land has already been purchased – 11 hectares in Dar Salami, a town about 16 kilometres south of Bobo-Dioulasso, where our neighbour is a flour mill. The ground-breaking ceremony will take place towards the end of summer 2022, about a year later than originally planned.

OUSSENI PORGO

Head of Agronomy and Purchasing at gebana Burkina Faso

"At the end of 2021, our producers in Burkina Faso got to share in the revenue generated through the sale of their products for the third time. The gebana model has significantly improved gebana Burkina Faso's relationship with family farmers. The bonus has proved to them that gebana is in fact different from other distributors and is committed to them. Producers are now much more motivated to participate in training on organic farming practices and are delivering better quality.

The gebana model has also boosted gebana's reputation as a company in the country and has given us greater visibility. But when those in charge of the project at gebana first presented gebana's revenue sharing model to me, I had no idea how we were going to put it into practice.

And as it turned out, it involved a lot of work. We hold distribution ceremonies in every village. Because this is very time-consuming, we tried to combine them. But for cultural reasons, it's important that the communities each have their own ceremony in their village.

What I personally like about the gebana model is that gebana allows family farmers to participate directly in the success of their products. And it's really innovative! I believe this is the best model for the family farmers and for strengthening our relationship with them."

We don't believe in miracles,
but we do believe in luck.

Brazilian miracles, Togolese marvels

Over the past decade, gebana Brazil has transformed from a source of concern into a successful company. It contributed almost half of the record profits achieved in the past financial year.

gebana Brazil distributes and processes around 25,000 tonnes of organic grains, mainly for the local market. This includes wheat for flour, feed for egg producers, oats for oat milk, lecithin for açai processing, chocolate or cornflakes, and oil for cosmetics made by The Body Shop. Even though foreign currency gains accounted for half of the record result, we really can't call it a miracle. A decade of hard work since the company was restructured in 2012 has brought gebana Brazil to where it is today.

Togo's increase in sales is the biggest year-on-year improvement we've ever seen.

Togo also achieved fantastic results after a turbulent year. In late 2020, we parted ways with our former managing director and partner and relinquished part of the business to him. Michael Stamm took over the position and, together with his team, achieved a small miracle. This was driven by improved processes in purchasing and logistics, greater trust, more pre-financing and a favourable market environment. Togo's results and the increase in sales are the biggest year-on-year improvement we've ever seen.

TURN TO PAGE 45 TO READ ABOUT OUR RECORD RESULTS. →

We spent most of the past year recruiting new CEOs and bolstering the management teams at our subsidiaries. We are delighted that we have now been able to finalise these teams. Since 2021, we have also been following an agile approach with our management teams in the South. The results have been encouraging.

Market leader for sale

We're looking for an investor for gebana Brazil. Our goal is to fully realise the company's potential in the Brazilian market. We had already found the perfect partner: a Brazilian impact investing company. Then COVID-19 happened. The value of the real fell sharply, the soy market went crazy and in late 2021, Brazil experienced its worst drought in 70

gebana Brazil produces more than half of all organic grains and oilseeds on the Brazilian market.

years. For gebana, it was business as usual. But our partners-to-be didn't see it that way. We tried our best to be understanding, but the deal kept getting delayed until finally, we'd had enough. It's not good for our team to spend years anticipating or worrying about something. And it's not good for gebana to be committed for years only to be snubbed.

gebana Brazil can be acquired for upwards of €3 million.

Do you know of any hands-on investors who are ideally already active in the Brazilian organic market and who are interested in creating a positive impact for family farmers and the environment? As the local market leader, gebana Brazil is a very attractive investment opportunity. Though admittedly, this undertaking will require nerves of steel and a great deal of pragmatism. We're looking for offers in excess of €3 million. If you're interested or know of someone who is, please get in touch by sending an email a.wiedmer@gebana.com.

TO FIND OUT WHY GEBANA CAN CONTINUE TO CARRY THE RISK OF DOING BUSINESS IN BRAZIL, TURN TO PAGE 47.
→

In the meantime, we will continue to operate gebana Brazil, weathering droughts, turbulent markets and currency fluctuations.

FINANCIALS

ALL COMPANIES IN THE BLACK FOR THE SECOND TIME IN 23 YEARS.

gebana Group performance

gebana Group's net revenue for 2021 increased yet again by 25 per cent to €60.9 million. By contrast, the gross margin improved by only 6 per cent to €14.6 million, which amounts to 24 per cent of total revenue. It stood at 28.4 per cent in the previous year. This development can be attributed to the fact that wholesale, and especially grain and soy from Brazil and Togo, experienced significant growth, while direct shipping, with its high margins, only grew by 14 per cent.

The gross income includes foreign currency hedges for doing business in Brazilian Real. As a result, it is a better measure of the development of the gebana Group's margins than the gross margin. Here too, gebana lost around two percentage points year on year but was able to grow by 14 per cent in absolute terms.

Overall expenses increased only slightly more than gross income.

As part of the internationalisation process, marketing costs increased disproportionately by 35 per cent and amounted to €1.7 million, just under 3 per cent of total revenue. They remain very low.

Personnel costs for 2021 rose to €7.35 million, an increase of 22 per cent. Thanks to a slight reduction in administrative costs, overall costs

57 per cent of gebana's assets were invested in Burkina Faso, Togo and Brazil at the end of 2021.

increased by just 18 per cent, which is only slightly more than the increase in gross income, even with investments made in marketing.

Profits increased by 38 per cent in 2021 compared to the previous year's result.

Compared to the very strong performance in 2020, the gebana Group's operating profit margins improved yet again in absolute terms but were down relative to revenue. Earnings before interest, taxes, depreciation and amortisation (EBITA) grew by 3.3 per cent to €3.7 million, while operating income was slightly below the previous year's level (-2.5 per cent) at €2.37 million. Profit margins relative to revenue decreased by about one percentage point. But unlike the previous year, we were able to post two extraordinary items this past financial year: the Walls Against Walls donations and the foreign currency profits in Brazil. Taking into account these items as well as significantly higher taxes in Togo and Brazil, we posted a profit of €1.9 million. This is 15 per cent up from the result for 2020 and amounts to 3.1 per cent of revenue.

By the end of 2021, shareholder's equity totalled €5.3 million, 20 per cent up from the previous year.

The balance sheet total increased by 16 per cent to €30.9 million. We invested primarily in warehousing, accounts receivable and pre-financing – €5.3 million in total. There was also the land purchased in Burkina Faso and expenditure on machinery and equipment, particularly in Brazil. Our net liabilities amounted to €14.9 million, €2.4 million more than in the previous year. By the end of 2021, shareholder's equity stood at €5.3 million, 56 per cent up from 2020. Shareholder's equity and subordinated financing now make up one-third of our balance sheet total and at €10 million, their value is roughly the same as that of our unsubordinated long- and short-term debts.

Consolidated in accordance with Swiss GAAP FER

gebana AG provides consolidated reports in accordance with the accounting standards of the Swiss GAAP FER. This means that we combine the results of all subsidiaries and present them as a whole. The chosen currency for the consolidation is the euro, because most gebana companies use the euro, or the West African franc, which is pegged to the euro.

GEBANA GROUP CONSOLIDATED INCOME STATEMENT SWISS GAAP FER IN €	JANUARY – DECEMBER 2021	JANUARY – DECEMBER 2020
Gross revenue	63,183,578	50,790,430
Sales discounts	-2,267,861	-1,988,035
Net revenue	**60,915,717**	**48,802,395**
Product costs	-40,415,755	-29,816,595
Other costs of goods sold	-5,877,675	-5,142,914
Gross margin	**14,622,287**	**13,842,886**
	24.0 %	28.4 %
Income from services	445'105	359'991
Cost of services	-56'866	-109'551
Foreign currency effects	-264'866	-1'158'765
Gross income	**14'745'660**	**12'934'561**
Sales and marketing costs	-1'702'624	-1'262'742
Personnel costs	-7'352'919	-6'035'936
Administrative costs	-1'976'517	-2'039'675
EBITDA	**3'713'600**	**3'596'209**
Depreciation of property, plant and equipment and IT	-485'109	-485'789
EBIT	**3'228'491**	**3'110'420**
Financial income	119'407	111'114
Financing costs	-973'963	-785'968
Net operating income	**2'373'935**	**2'435'566**
Foreign currency effects	273'170	-238'482
Non-operating income/expenses	375'256	-229'350
Net income before taxes	**3'022'361**	**1'967'733**
Tax expenses	-1'121'631	-589'370
Net result	**1'900'730**	**1'378'363**
	3.1 %	2.8%

GEBANA SOUTH INCOME STATEMENT IN €	2021 BURKINA FASO	2021 TOGO	2021 BRAZIL
Net revenue	**9'087'796**	**6'469'422**	**15'787'482**
Total product costs	-6'945'663	-5'534'433	-12'960'282
Gross margin	**2'142'133**	**934'988**	**2'827'200**
	23.6 %	14.5 %	17.9 %
Income/expenses from services & foreign currencies	8475	18'298	-509'136
Gross income	**2'150'607**	**953'287**	**2'318'064**
Sales and marketing costs	0	0	-27'143
Personnel costs	-1'076'190	-272'716	-597'643
Administrative costs	-347'915	-217'063	-357'461
Depreciation	-150'402	-39'299	-79'100
EBIT	**576'100**	**424'208**	**1'256'718**
	6.3 %	6.6 %	8.0 %
Financial income, expenses, foreign currencies & taxes	-341'725	-251'017	-646'579
Net result	**234'375**	**173'191**	**610'137**
	2.6 %	2.7 %	3.9 %

GEBANA GROUP CONSOLIDATED BALANCE SHEET SWISS GAAP FER IN € ASSETS	DECEMBER 2021	DECEMBER 2021
Current assets	**28'092'852**	**24'333'267**
Cash	15'874	10'747
Credit balances	2'081'837	4'994'960
Receivables from goods and services	7'790'160	6'407'497
Other receivables	961'897	470'740
Transitory assets	443'052	459'641
Loans granted	2'644'660	2'110'779
Inventories	14'155'371	9'878'902
Non-current assets	**2'785'789**	**2'355'227**
Third-party financial assets	32'425	33'127
Property, plant and equipment	1'801'268	1'602'053
Intangible assets	952'096	720'047
Total assets	**30'878'641**	**26'688'493**

GEBANA GROUP CONSOLIDATED BALANCE SHEET SWISS GAAP FER IN € LIABILITIES	DECEMBER 2021	DECEMBER 2021
Current liabilities	**18'073'539**	**15'560'796**
Accounts payable for goods and services	5'577'345	3'623'463
Other short-term liabilities	2'265'021	1'657'671
Transitory liabilities	669'548	482'139
Short-term loans received	9'561'624	9'797'523
Non-current liabilities	**7'465'070**	**7'709'606**
Long-term loans received	2'842'461	4'522'212
Subordinated loans received	4'622'610	3'187'394
Shareholders' equity	**5'340'032**	**3'418'090**
Share capital, incl. participation certificates	3'636'364	3'636'364
Provisions and retained earnings	-445'312	-1'604'605
Foreign currency effects	21'213	-124'373
Minority interest	227'037	132'341
Net result	1'900'730	1'378'363
Total liabilities	**30'878'641**	**26'688'493**

WE TAKE A CLOSER LOOK AT THE FACTORS INFLUENCING THE 2021 RESULTS BELOW.

Sustained growth

In 2021, the gebana Group increased its revenue by roughly the same amount as in 2020, namely by €12.1 million, a growth rate of 25 per cent. But unlike in the past two years, direct shipping was not the most significant factor driving growth; instead, every company contributed to the growth – from €1.6 million in Burkina Faso to €3.7 million in Brazil.

gebana Togo grew by 61 per cent year on year.

The most notable year-on-year growth was achieved in Togo, which grew by 61 per cent, and in Brazil, at 31 per cent. This is primarily attributable to good harvests and a sharp increase in prices. And Togo's dramatic growth is also the result of a change in the way exports are accounted for (one-off effect).

READ MORE ABOUT HOW THE YEAR WAS SHAPED BY TRADE ON PAGE 15.

The impact COVID-19 had on online business was still evident in the first few months of the year and we doubled or tripled our sales compared to before COVID-19. Thereafter, however, we fell short of 2020 and only just surpassed the previous year again in the autumn. Although this was to be expected, it gave us cause to think. For one thing, other online retailers were posting better results. And after years of our business booming, we weren't used to seeing our weekly order statistics below the previous year's level. It was disconcerting.

LINDA GROSSKREUZ

Head of Customer Service, Zurich & Berlin

"I started working in customer service at gebana in early 2020, right in the middle of lockdown. During that time, our sales doubled compared to the previous year, all within a very short period. Customer service was completely overwhelmed. Some of our customers had to wait 5 weeks for an answer.

I had been in my new position for 10 weeks when I was asked if I wanted to take on the role of team leader and with it, the much-needed task of expanding the department. Customer service needed to get ready for peak season and the department had to become central to the business. Everyone knew what needed to be done, but things were a bit more complicated in practice. From external consultants to internal stakeholders – bringing everyone's ideas together was challenging.

The most significant change we made was to replace seasonal part-time staff with permanent full-time employees. We also developed structures, improved planning and,above all, worked on processes and the flow of information. And we had to upgrade our equipment.

The results speak for themselves: even during peak season, our customers can expect to receive an answer within 24 hours. We're proud of that!"

The demand for mangoes has led to an increase in purchase prices – which is good for family farmers.

Margins under pressure

In 2020, our gross margin decreased in comparison to 2019, with the trend continuing this past financial year. As a percentage of revenue, gross income fell from 26.5 per cent to 24.2 per cent. This decline calls for a more in-depth analysis.

In Togo as well as in Brazil, we were able to improve our gross margins, but they remained low at around 15 per cent. This is due to the nature of the retail business. Our margins for direct shipping remained more or less stable, even with our gebana model and more products in the Swiss farmer's market category. In Burkina Faso we faced a more difficult situation. High demand for fresh and dried mangoes drove up purchase prices, which had been stable for years. A favourable situation to which we had contributed! In the past, most of the unused mangoes simply lay rotting in the fields. Today, they are sold locally and internationally. Juice factories and new drying plants have been established. But this has also resulted in our margin dropping from 30.5 per cent to just 23.8 per cent.

The growth of business units was inversely proportional to the size of the margins.

TURN TO PAGE 17 TO DISCOVER WHY THE STABLE MARGIN IN DIRECT SHIPPING IS SO SURPRISING.
→

Only in Burkina Faso did our margins drop. Elsewhere they remained stable or improved. The reason the Group as a whole saw a decline of 2.3 percentage points is that various business units grew at different rates. Growth was almost entirely inversely proportional to the size of the margin – from the slowest growth in direct shipping in Burkina Faso to the strongest growth in Brazil and Togo. In other words, gebana does not have any issues when it comes to our margins.

Rising marketing costs

Our marketing costs have risen sharply in recent years. In the past financial year alone, these costs jumped by 35 per cent, reaching a total of €1.7 million. While this may seem like a lot, it actually only amounts to 2.8 per cent of our revenue.

Most of this money is spent on our online business. As a percentage of revenue, these costs increased from 7.1 per cent to 8.6 per

Employees in Europe make up 7.5 per cent of our total workforce. They account for two thirds of personnel costs.

cent. Our business plan includes marketing costs of over 10 per cent, as is customary for fast-growing online shops.

Marketing and communication activities are increasingly included in personnel costs.

But the question remains: How do we use our advertising budget effectively? As it stands, the bulk of our marketing budget goes to various online channels. Other line items include leaflets, events, or collaborations with passionate influencers and activists.

TURN TO PAGE 19 TO READ ABOUT HOW WE USE PARTNERSHIPS TO ATTRACT NEW CUSTOMERS.
→

Marketing and communication activities are also increasingly included in personnel costs. We spend a lot of time showcasing the work of family farmers and explaining our concept. We also use videos for this and provide content in different languages. As we currently only have a limited number of French, English and Swedish-speaking customers, these costs represent an investment that will pay dividends in the long term. All told, our marketing and communication costs correspond to just under 15 per cent of our online business.

High personnel costs in Switzerland

Our personnel costs increased again significantly in 2021 and were up by 22 per cent compared to the previous year. Although this increase is more modest than the growth in revenue, it is significantly higher than the increase in our gross margin. Switzerland in particular saw a strong year-on-year increase of 28.5 per cent. Personnel costs at the remaining gebana companies, especially those that contributed to our strong increase in revenue, only increased slightly.

Since late 2019, we've been working on building a structure that can support our business tripling in size.

This seemingly paradoxical situation comes as a result of the fact that this growth was trade and price driven. On top of that, we are in the midst of an important expansion phase. Since late 2019, we've been working on developing a structure that can support our business tripling in size. This was already part of our business plan but was accelerated by the boom experienced as a result of COVID-19. This process

should be completed by mid-2022. We have grown from 49 employees at the end of 2019 to a team of 80 gebana employees at the end of 2021.

NEW TEAM MEMBERS AND OTHER PERSONNEL CHANGES – READ MORE ON PAGE 19. →

This large-scale expansion presents major organisational challenges and poses a risk in terms of costs. Even so, this is an inevitable part of our evolution and will pay off financially in the years to come. Salary increases in middle management were also introduced in 2021. The increases reflect additional responsibilities within a structure that has evolved over time.

Personnel costs for the entire gebana Group now amount to €7.35 million, which is €1.31 million more than in the previous year.

Donations pledged

Our administrative costs have remained stable and have even decreased slightly. They increased by 10 per cent relative to what we had budgeted, totalling €1.98 million. Year-on-year, they decreased by 3 per cent. The biggest increase was in credit card fees. During the pandemic, more customers paid by credit card in our online shop than ever before.

Depreciation and financial expenses for the past year remained in line with our budget, with financing costs increasing at the same rate as total revenue, by 24 per cent.

Thanks to Walls Against Walls, our reserves and a direct investment, the factory construction project can begin.

TURN TO PAGE 23 TO READ ABOUT WHAT THE WALLS AGAINST WALLS PROJECT HAS ACHIEVED. →

Our Walls Against Walls campaign, which is anything but ordinary, has been a resounding success! The campaign raised €517,143 in donations and CHF 500,000 in venture capital. Combined with gebana's reserves and a direct investment by Pakka, we were able to provide the necessary equity to launch the factory construction project.

The amount of €517,143 was recorded as an extraordinary item in our books. It goes without saying that we have not included this amount in our revenue sharing calculations.

Investments in land and warehousing

We invested a lot in the South in 2021. Currently, 57 per cent of our total assets are invested in Burkina Faso, Togo and Brazil. Investments in current assets accounted for the largest share: Pre-financing to family farmers (€586,000), accounts receivable (€1.96 million) and warehousing (€2.72 million).

We've already invested €630,000 in the factory project, with most of the money going towards the purchase of a suitable plot of land. In Brazil, we invested €300,000 in the purchase of a new extruder and a new press to produce soybean press cakes. In Burkina Faso, we invested €150,000 in a number of smaller machines and other equipment. Another €285,000 was spent on data integration, our online shop, Cropin and a product information system.

IN 2022, WE'LL BE INVESTING MORE IN BURKINA FASO THAN WE CURRENTLY HOLD IN TOTAL ASSETS. READ MORE ON PAGE 23.

→

We financed these investments from our operating cash flow generated by accounts payable, which increased to €2.4 million, and by reducing our substantial monetary holdings (€2.9 million). We had built these up as a precaution during 2020 due to the uncertainty created by COVID-19. We were also able to pay off €480,000 in debt.

Everything in the black

Another record year! This past financial year even outperformed the 2020 financial year, which was buoyed by COVID-19. Our earnings before interest and taxes (EBIT) increased to €3.2 million. That's up 4 per cent from the previous year. However, as a percentage of revenue it's only 5.3 per cent (compared to 6.4 per cent in the previous year). The operating income of €2.37 was slightly below the previous year. Thanks to the donations received from the Walls Against Walls campaign and currency gains in Brazil, gebana was able to post a profit of €1.9 million. That's 38 per cent more than in the previous year and represents 3.1 per cent of revenue.

All gebana companies were in the black for the second time since 1998.

The most gratifying aspect of our exceptionally good result in 2021 is that all companies were in the black for the second time since 1998.

We'll keep taking risks – especially when times get tough.

And it was our subsidiaries in the South in particular that contributed to this result. Brazil contributed €651,000, 44 per cent of this result minus the donations from Walls Against Walls.

READ MORE ABOUT HOW THE GEBANAS IN TOGO AND BRAZIL TURNED THINGS AROUND ON PAGE 27.
→

Our current financial success is by no means a measure of what may happen in the future. Evidence suggests that greater challenges lie ahead. Our high-margin activities have declined in relative terms, costs are rising disproportionately, and the wholesale business cycle will eventually swing the other way.

Ready for more challenging times

Thanks to our strong results over the past few years and the successful campaign for gebana Bonds in 2020, gebana's balance sheet is now stable. This is especially true given that it was reassessed and revalued in accordance with Swiss GAAP FER in 2020.

At nearly €10 million, shareholder's equity and subordinate loans account for one-third of the balance sheet total.

Shareholders' equity now stands at €5.3 million, 56 per cent above last year's level. For the first time in an incredible 23 years, this is more than the nominal value on a consolidated basis! Then there are the subordinated loans from the thousands of gebana fans and investors, which our Dutch colleague Reinier Cornelisse once dubbed our Swiss Friends, and who are now known as such within the company. We call them friends because subordinated means that, in the event of a crisis, they would be treated in a similar way to shareholders.

Subordinated bonds and loans currently stand at €4.6 million. Combined with the shareholder's equity, this amounts to just under €10 million. This is equal to all other net liabilities, or 33 per cent of our balance sheet total.

SELLING OUR INTEREST IN BRAZIL BRAZIL WOULD FURTHER IMPROVE OUR STABILITY. TURN TO PAGE 27 TO FIND OUT MORE.
→

In the coming years, we plan to invest heavily using this money. First in Burkina Faso, then most likely in Togo. But when we think about the economically challenging times that may lie ahead, we're also happy to have some reserves. This year, all gebana business units are facing increased pressure, and the strong results of the past two years are unlikely to be repeated.

A LOOK AHEAD

WE'RE ENTERING THE SECOND PHASE OF OUR BUSINESS PLAN WITH RENEWED VIGOUR.

Our goal this past financial year was to learn from 2020 and COVID-19 and to use the momentum it generated to bring our plan to fruition. In keeping with this plan, we concluded a two-year preparation and testing phase at the end of 2021. We wanted to use this testing phase to develop a strong organisational structure, find the right people for our leadership positions, secure financing, test our marketing strategy and build powerful IT and logistics systems.

But 2021 was once again dominated by the pandemic. Still, we were able to achieve most of our goals this past year. In the first half of 2021, we finalised our organisational restructuring and took the first steps towards scaling up our most successful marketing initiatives tested over the past few years. Our new online shop is expected to launch by early 2023. Construction of the factory in Burkina Faso will begin this year.

The exceptional patience of our shareholders: no loss carried forward for the first time in 23 years.

In 2002, shortly after I became CEO at gebana, we had to undertake a capital reduction. At the time, I promised to give my all to make up for this loss while at the same time working to further strengthen our commitment to making a social and environmental impact. With a little luck and the exceptional patience of our shareholders, we have now achieved this goal. As at 31 December 2021, for the first time since gebana AG was founded, we did not have to carry forward any

losses as a Group. My children, who could only dream of being in the black, are now all grown up.

In September, Christophe Schmidt will take over as gebana's new CEO and launch the next phase of the business plan. We are all very much looking forward to welcoming Christophe and sharing new gebana adventures with him!

Dear investors, dear customers and dear colleagues throughout all these years with gebana, I would like to thank you from the bottom of my heart – personally, but more importantly on behalf of the more than 10,000 family farmers and nearly 1,000 employees in the South. It is thanks to you that gebana exists!

Adrian Wiedmer

CEO


gebana
Global Farmers Market
YOU ARE
CHANGING
THE RULES
www.gebana.com