

Vontobel Financial Products GmbH, Frankfurt am Main

Interim financial statements as at 30 June 2022 (unaudited) and interim management report

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I. Balance sheet as at 30 June 2022

ASSETS	30/06/2022		31/12/2021	
	EUR	EUR	EUR	EUR
A. Fixed assets				
Tangible fixed assets				
1. Technical equipment and machinery	691			
2. Other equipment, operating and office equipment	<u>3,449</u>			
		4,140		4,606
B. Current assets				
I. Receivables and other assets				
1. Trade receivables	0			0
2. Receivables from affiliated companies	2,297,344,053			2,668,916,830
- of which trade receivables EUR 0 thousand (prior year EUR 0 thousand)				
3. Other assets	9,239,956			12,029,613
II. Bank balances	<u>2,692,450</u>			<u>1,891,564</u>
- of which due from affiliated companies EUR 2,437 thousand (prior year EUR 1,570 thousand)				
		2,309,276,459		2,682,838,007
C. Prepaid expenses		401,641		19,755
D. Other assets		2,253		0
		<u>2,309,684,493</u>		<u>2,682,862,368</u>

EQUITY AND LIABILITIES

	30/06/2022	31/12/2021
	EUR	EUR
A. Equity		
I. Subscribed capital	50,000	50,000
II. Capital reserves	2,000,000	2,000,000
III. Net income for the year	<u>214,740</u>	<u>216,843</u>
	2,264,740	2,266,843
B. Provisions		
1. Provisions for taxes	0	0
2. Other provisions	<u>498,902</u>	<u>174,277</u>
	498,902	174,277
C. Liabilities		
1. Issuance liabilities	2,296,950,053	2,668,040,355
2. Liabilities to banks	26,564	107,284
- of which due to affiliated companies EUR 27 thousand (prior year EUR 107 thousand)		
3. Trade payables	157,634	291,461
- of which due to affiliated companies EUR 0 thousand (prior year EUR 0 thousand)		
- of which with a remaining term of up to one year EUR 158 thousand (prior year EUR 291 thousand)		
4. Liabilities to affiliated companies	634,053	32,407
- of which with a remaining term of up to one year EUR 634 thousand (prior year EUR 32 thousand)		
5. Other liabilities	9,152,546	11,949,741
- of which for taxes EUR 7 thousand (prior year EUR 5 thousand)		
- of which for social security EUR 2 thousand (prior year EUR 0 thousand)		
- of which with a remaining term of up to one year EUR 9,153 thousand (prior year EUR 11,950 thousand)		
	<u>2,306,920,851</u>	<u>2,680,421,247</u>
	<u>2,309,684,493</u>	<u>2,682,862,368</u>

II. Income statement for the period from 1 January 2022 to 30 June 2022

	EUR	30/06/2022 EUR	30/06/2021 EUR
1. Realised and unrealised gains and losses from the issuance business	756,812,513		-437,342,810
2. Realised and unrealised gains and losses from hedging transactions	-752,673,620		441,244,430
		4,138,893	3,901,619
3. Other operating income		21,475	18,991
4. Cost of raw materials, consumables and supplies, and of purchased merchandise		244	
5. Personnel expenses			
a) wages and salaries	273,463		236,887
b) social security contributions and expenses for old-age pensions and other employee benefits	59,387		55,440
- of which in respect of old-age pensions EUR 14 thousand (prior year EUR 14 thousand)			
		332,850	292,328
6. Depreciation of tangible fixed assets		466	295
7. Other operating expenses		3,509,773	3,323,564
8. Other interest and similar income	45,344,440		28,300,796
- of which from affiliated companies EUR 7,457 thousand (prior year EUR 28,301 thousand)			
9. Interest and similar expenses	45,355,082		28,317,388
		-10,642	-16,592
10. Result from ordinary activities		306,880	287,831
11. Taxes on income		92,140	86,380
12. Net income for the year		214,740	201,451

III. Statement of cash flows (indirect method)¹ for the period from 1 January to 30 June 2022

		30/06/2022	30/06/2021
		EUR	EUR
1.	Profit for the period (including profit attributable to non-controlling interests) before extraordinary items	214,740.32	201,451.02
2.	+/- Depreciation, write-downs and reversals of write-downs on fixed assets	466.46	295.48
3.	+/- Increase/decrease in provisions	322,370.76	42,813.40
4.	+/- Other non-cash income and expenses (e.g., amortisation of discounts capitalised)	0.00	0.00
5.	-/+ Gain/loss from disposals of fixed assets	0.00	0.00
6.	-/+ Increase/decrease in inventories, trade receivables and other assets not allocated to investing or financing activities	373,980,546.90	-206,149,985.56
7.	+/- Increase/decrease in trade payables and other liabilities not allocated to investing or financing activities	-374,021,322.49	205,882,062.13
8.	+/- Cash inflows and outflows from extraordinary items	0.00	0.00
9.	= Cash flow from operating activities	496,801.95	-23,363.53
10.	Proceeds from disposals of tangible fixed assets	0.00	0.00
11.	- Payments for investments in tangible assets	0.00	0.00
12.	+ Proceeds from disposals of intangible fixed assets	0.00	0.00
13.	- Payments for investments in intangible fixed assets	0.00	0.00
14.	+ Proceeds from disposals of long-term financial assets	0.00	0.00
15.	- Payments for investments in long-term financial assets	0.00	0.00
16.	+ Proceeds from the sale of consolidated companies and other business entities	0.00	0.00
17.	- Payments for the acquisition of consolidated companies and other business entities	0.00	0.00
18.	+ Proceeds from cash deposits in connection with short-term liquidity management	0.00	0.00
19.	- Payments arising from cash deposits in connection with short-term liquidity management	0.00	0.00
20.	= Cash flow from investing activities	0.00	0.00
21.	Proceeds from additions to equity (capital increases, sale of own shares, etc.)	0.00	0.00
22.	- Payments to owners and non-controlling interests (dividends, purchase of own shares, repayments of capital, other distributions)	216,842.75	408,808.34
23.	+ Proceeds from bond issues and new borrowings	0.00	0.00
24.	- Repayments of bonds and borrowings	0.00	0.00
25.	= Cash flow from financing activities (total of 21 to 24)	216,842.75	408,808.34
26.	Change in cash funds (total of 9, 20, 25)	881,605.16	175,477.11
27.	+/- Changes in cash funds due to exchange rate movements, changes in the group of consolidated companies and remeasurement	0.00	0.00
28.	+ Cash funds at the beginning of the period	1,784,280.65	2,476,638.41
29.	= Cash funds at the end of the period (total of 26 to 28)	2,665,885.81	2,652,115.52

¹ Disclosure is voluntary, as the Company ceased to be publicly traded pursuant to section 264d HGB in 2020. In order to ensure continuity of the reported financial information, the Company will continue to publish its statement of cash flows even though it is no longer obligated to do so.

IV. Notes to the financial statements as at 30 June 2022

1. Accounting policies

a. General

The interim financial statements as at 30 June 2022 of Vontobel Financial Products GmbH, Frankfurt am Main, entered into the commercial register B of the Local Court (*Amtsgericht*) of Frankfurt am Main under number HRB 58515 and also referred to in the following as the "Company", were prepared in accordance with the requirements of the German Commercial Code (*Handelsgesetzbuch*, "HGB") and the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, "GmbHG").

The nature of expense format was chosen for the presentation of the income statement in accordance with § 275 (2) HGB.

The Company ceased to be classified as publicly traded pursuant to § 264d HGB in 2020 because it is no longer admitted to trading on an organised market within the meaning of § 2 (11) WpHG and now merely has securities admitted to multilateral trading systems within the meaning of § 2 (22) WpHG. As a result of this, it is now subject to certain exemptions to its reporting duty. In order to ensure continuity of the reported financial information, the Company has opted to continue to publish its interim financial statements, including its statement of cash flows, even though it is no longer obligated to do so.

b. Measurement methods

The accounting policies applied were unchanged as against the annual financial statements as at 31 December 2021.

Tangible fixed assets are recorded at cost less depreciation. Depreciation was based on the rates permitted for tax purposes. Low-value items are written off in full in the year of addition pursuant to § 6 (2) of the German Income Tax Act (*Einkommensteuergesetz*, "EStG").

Tangible fixed assets are depreciated over periods of between 1 and 13 years depending on the nature of the particular asset.

Receivables were recorded at the nominal amount with the exception of the OTC hedging instruments.

The hedging transactions reported under **receivables from affiliated companies** were combined with **issuance liabilities** into individual hedges in accordance with § 254 HGB and measured at fair value. The individual hedges are recognised using the gross hedge presentation method. In other words, the offsetting changes in the fair value of the hedged risk attributable to both the securities issued and the hedging transactions are reported in the balance sheet. In each case, the offsetting changes in fair value are presented in the income statement on a gross basis.

Other assets were recognised at their nominal amount.

Bank balances were recorded at the nominal amount.

Prepaid expenses and deferred income result from accruals of income and expenses.

Provisions were recognised in the settlement amount required by prudent business judgment in accordance with § 253 (1) HGB.

Liabilities were recorded at the settlement amount.

Income and expenses were recorded in the periods to which they relate.

Valuation allowances in respect of receivables and other assets were not required.

No material amounts of **foreign currency assets or liabilities** were contained in the receivables from and liabilities to banks. The hedging transactions reported under issuance liabilities and receivables

from affiliated companies include significant foreign currency exposures that offset each other when combined into individual hedges as described above.

Amounts denominated in foreign currencies were translated using the following mid-rates as at 30 June 2022:

EUR 1 = CHF 1.00086 EUR 1 = USD 1.04545 EUR 1 = GBP 0.86084
EUR 1 = SEK 10.71313

2. Notes to the balance sheet

a. Receivables from affiliated companies

Receivables from affiliated companies consist mainly of OTC hedging instruments amounting to EUR 2,296,950 thousand (prior year EUR 2,668,040 thousand) acquired for the purpose of fully hedging the securities issued and also current remuneration in the amount of EUR 394 thousand (prior year EUR 876 thousand).

b. Other assets

Other assets primarily include receivables from affiliated companies in respect of accrued interest amounting to EUR 9,136 thousand (prior year EUR 11,945 thousand) and tax receivables of EUR 104 thousand (prior year EUR 9 thousand).

c. Bank balances

Bank balances amounting to EUR 2,692 thousand (prior year EUR 1,892 thousand) are payable on demand and include receivables from affiliated companies of EUR 2,437 thousand (prior year EUR 1,570 thousand)

d. Equity

The share capital of the Company amounted to EUR 50 thousand as at 30 June 2022 (prior year EUR 50 thousand) and is fully paid-up.

Capital reserves amounting to EUR 2,000 thousand reflect capital contributions by the sole shareholder. No amounts were either contributed to or withdrawn from the capital reserves during the financial year.

e. Issuance liabilities

Issuance liabilities amounted to EUR 2,296,950 (prior year EUR 2,668,040 thousand), consisting solely of issued securities.

f. Liabilities to affiliated companies

Liabilities to affiliated companies comprise liabilities to Bank Vontobel Europe AG, Munich, amounting to EUR 18 thousand (prior year EUR 28 thousand), to Bank Vontobel AG, Zurich, Switzerland, amounting to EUR 21 thousand (prior year EUR 5 thousand) and to Vontobel Holding AG, Zurich, Switzerland, amounting to EUR 595 thousand (prior year EUR 0 thousand).

g. Other liabilities

Other liabilities amounting to EUR 9,153 thousand (prior year EUR 11,950 thousand) mainly comprise liabilities from accrued interest of EUR 9,136 thousand (prior year EUR 11,945 thousand) and income tax deducted from wages for June of EUR 7 thousand (prior year EUR 5 thousand).

h. Maturity analysis of receivables

The receivables were made up as follows:

Item	of which with a remaining term of			
	Total amount EUR '000	up to 1 year EUR '000	more than 1 to 5 years EUR '000	More than 5 years EUR '000
Trade receivables	- (prior year -)	- (prior year -)	- (prior year -)	- (prior year -)
Receivables from affiliated companies	2,297,344 (prior year 2,668,917)	739,081 (prior year 696,911)	900,704 (prior year 989,925)	657,559 (prior year 982,081)
Other assets	9,240 (prior year 12,030)	9,240 (prior year 12,030)	- (prior year -)	- (prior year -)
Total	2,306,584 (prior year 2,680,947)	748,321 (prior year 708,941)	900,704 (prior year 989,925)	657,559 (prior year 982,081)

i. Maturity analysis of liabilities

The analysis of the liabilities is as follows:

Item	of which with a remaining term of			
	Total amount EUR '000	up to 1 year EUR '000	more than 1 to 5 years EUR '000	more than 5 years EUR '000
Issuance liabilities²	2,296,950 (prior year 2,668,040)	738,687 (prior year 696,035)	900,704 (prior year 989,925)	657,559 (prior year 982,081)
Liabilities to banks	27 (prior year 107)	27 (prior year 107)	- (prior year -)	- (prior year -)
Trade payables	158 (prior year 291)	158 (prior year 291)	- (prior year -)	- (prior year -)
Liabilities to affiliated companies	634 (prior year 32)	634 (prior year 32)	- (prior year -)	- (prior year -)
Other liabilities	9,153 (prior year 11,950)	9,153 (prior year 11,950)	- (prior year -)	- (prior year -)
Total	2,306,921 (prior year 2,680,421)	748,658 (prior year 708,416)	900,704 (prior year 989,925)	657,559 (prior year 982,081)

² The issuance liabilities with a remaining term of more than 5 years consist entirely of open-end certificates (tracker certificates, factor certificates, mini-futures and open-end turbo warrants).

a. Nature and scope of derivative financial instruments

The table below shows the nature and scope of the derivative financial instruments and the related hedging instruments. The volume of these securities is given in numbers of individual securities. The securities issued and the hedging instruments acquired are combined into perfect micro hedges in accordance with § 254 HGB, eliminating all fair value and cash flow risk (including price fluctuation, interest rate, foreign currency, credit/default and liquidity risk). The terms and parameters of the underlying and hedging transactions are matched to ensure the effectiveness of the individual hedge.

Effectiveness is measured using the critical term match method. The fair value of these financial instruments after initial recognition is determined on the basis of quoted market prices or prices quoted by dealers if the financial instrument is traded on an active market. In the case of unquoted financial instruments, fair value is determined solely by the use of generally recognised valuation models which rely on input parameters that are observable in the market. Complex structured products were measured separately in accordance with accounting principle AcP HFA 22 of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland*, "IDW"). Other disclosures in accordance with § 285 no. 23 HGB include the interim management report for the first half of financial year 2022.

The derivative financial instruments were reported in the balance sheet under the following items:

Certificates issued	Issuance liabilities
OTC hedging instruments	Receivables from affiliated companies
Warrants issued	Issuance liabilities
OTC hedging instruments	Receivables from affiliated companies

Summary analysis of the derivative financial instruments and the related hedging instruments as at 30 June 2022:

Category	30/06/2022 Number of securities	30/06/2022 Fair value _{SEP} in EUR	Prior year Number of securities	Prior year Fair value _{SEP} in EUR
Type of security:				
Certificates	23,543,388	2,110,643,824.58	8,416,881	2,267,064,826.78
Underlying shares	8,205,218	912,072,436.13	2,985,503	1,101,701,441.71
Underlying indices	13,486,755	1,116,021,978.32	3,991,957	1,024,399,278.76
Underlying interest rate instruments	0	0	0	0.00
Underlying precious metals	85,820	2,341,830.83	74,156	1,921,788.26
Underlying commodities	98,803	6,943,184.06	0	0.00
Underlying currencies*	1,666,792	73,264,395.24	1,365,266	139,042,318.05
Warrants	1,941,085,957	186,306,226.50	1,829,534,135	400,975,526.66
Underlying shares	317,769,222	45,331,138.66	213,785,291	148,342,907.50
Underlying indices	1,607,332,995	109,777,311.06	1,597,220,709	168,765,765.95
Underlying interest rate instruments	59,460	671,758.79	46,101	243,542.07
Underlying precious metals	9,967,199	13,516,787.42	10,902,743	18,946,886.47
Underlying commodities	3,058,092	7,114,314.18	2,594,748	4,474,140.21
Underlying currencies*	2,898,989	9,894,916.39	4,984,543	60,202,284.46
Total	1,964,629,345	2,296,950,051.08	1,837,951,016	2,668,040,353.44

*Items also include products with cryptocurrencies as the underlying.

OTC hedging instruments linked to:

Certificates	23,543,388	2,110,643,824.58	8,416,881	2,267,064,826.78
Underlying shares	8,205,218	912,072,436.13	2,985,503	1,101,701,441.71
Underlying indices	13,486,755	1,116,021,978.32	3,991,957	1,024,399,278.76
Underlying interest rate instruments	0	0	0	0.00
Underlying precious metals	85,820	2,341,830.83	74,156	1,921,788.26
Underlying commodities	98,803	6,943,184.06	0	0.00
Underlying currencies*	1,666,792	73,264,395.24	1,365,266	139,042,318.05
Warrants	1,941,085,957	186,306,226.50	1,829,534,135	400,975,526.63
Underlying shares	317,769,222	45,331,138.66	213,785,291	148,342,907.50
Underlying indices	1,607,332,995	109,777,311.06	1,597,220,709	168,765,765.91
Underlying interest rate instruments	59,460	671,758.79	46,101	243,542.07
Underlying precious metals	9,967,199	13,516,787.42	10,902,743	18,946,886.48
Underlying commodities	3,058,092	7,114,314.18	2,594,748	4,474,140.21
Underlying currencies*	2,898,989	9,894,916.39	4,984,543	60,202,284.46
Total	1,964,629,345	2,296,950,051.08	1,837,951,016	2,668,040,353.41

* Items also include hedging instruments linked to products with cryptocurrencies as the underlying.

3. Notes to the income statement

a. Sales

Sales amounting to EUR 4,160 thousand (prior year EUR 3,921 thousand) comprise EUR 4,139 thousand (prior year EUR 3,902 thousand) from the issuance business and EUR 21 thousand (prior year EUR 19 thousand) from other operating income. Other operating income includes EUR 21 thousand in currency translation gains (prior year EUR 6 thousand), income from the reversal of provisions amounting to EUR 0 thousand (prior year EUR 1 thousand) and prior-period income of EUR 0 thousand (prior year EUR 13 thousand).

Income from the issuance business is reflected in the income statement as the difference between the realised and unrealised gains and losses from the issuance business and hedging transactions; EUR 4,139 thousand is attributable to the issuance margin (prior year EUR 3,902 thousand), which the Company receives as compensation pursuant to the Issuance Agreement for its business activities.

b. Personnel expenses

Personnel expenses amount to EUR 333 thousand (prior year EUR 292 thousand).

c. Other operating expenses

Other operating expenses consist primarily of issuance and guarantee costs amounting to EUR 3,075 thousand (prior year EUR 2,926 thousand).

The expenses total EUR 3,510 thousand (prior year EUR 3,324 thousand). That figure also includes currency translation expenses amounting to EUR 45 thousand (prior year EUR 41 thousand).

d. Interest

The financial result amounts to EUR -11 thousand (prior year EUR -17 thousand).

e. Taxes on income

Taxes on income amounting to EUR 92 thousand (prior year EUR 86 thousand) relate entirely to the net income for the year.

4. Supplementary disclosures

a. Contingent liabilities

At the balance sheet date, there were no contingent liabilities that were not reported in the balance sheet.

b. Management and employees

The management comprised the following members:

Anton Hötzl, Member of Executive Board, Bank Vontobel Europe AG,
Jörn Peglow, Executive Director, employee of Bank Vontobel Europe AG,
Daniela Werner, Executive Director, employee of Bank Vontobel AG, Zurich.

The members of the management are employed by other companies of the Vontobel Group; their remuneration is paid in its entirety by other companies of the Vontobel Group. The Company made use of the exemption granted by § 286 (4) HGB with respect to the disclosures required by § 285 sentence 1 no. 9 a) and b) HGB.

The Company had an average of 5.5 employees during the financial year (prior year: 5.5) and 0.9 trainees/temporary members of staff (prior year: 1.1).

c. Audit committee

With effect from 31 March 2021, the Company dissolved its audit committee, which had been established in accordance with § 324 HGB and was no longer required to convene due to the fact that the Company had ceased to be classified as publicly traded pursuant to section 264d HGB in 2020.

d. Net financial liabilities

Net financial liabilities as at 30 June 2022 amounted to EUR 2,304,727 thousand (prior year EUR 2,678,704 thousand). They broke down as follows: debt (total assets minus equity): EUR 2,307,420 thousand (prior year EUR 2,680,596 thousand) minus cash on hand, central bank balances, bank balances and cheques: EUR 2,692 thousand (prior year EUR 1,892 thousand).

e. Fees

The fee for the audit of the financial statements recorded as an expense in the financial year amounted to EUR 29 thousand (prior year EUR 48 thousand).

f. Other financial obligations

Other financial obligations consist primarily of rental agreements.

The obligations amount in total to EUR 55 thousand (prior year EUR 120 thousand), including obligations amounting to EUR 55 thousand (prior year EUR 66 thousand) with a remaining term of up to 1 year and EUR 0 thousand (prior year EUR 54 thousand) with a remaining term of 2 to 5 years. Other financial obligations relate in their full amount to affiliated companies.

g. Group and shareholdings

The consolidated financial statements for the largest group of companies are prepared by Vontobel Holding AG, Zurich, Switzerland, and are available for inspection at their offices. The Company is included in those consolidated financial statements. There are no smaller groups of consolidated companies.

h. Report on post-balance sheet date events

No events of particular significance have occurred since the close of the reporting period for the first half of 2022.

Frankfurt am Main, 18 August 2022

Vontobel Financial Products GmbH

The Management

Anton Hötzl

Jörn Peglow

Daniela Werner

Vontobel Financial Products GmbH, Frankfurt am Main

Interim management report for the period from 1 January to 30 June 2022

I. Fundamental information about the Company

Vontobel Financial Products GmbH (the "Company") is a wholly owned subsidiary of Vontobel Holding AG, Zurich, Switzerland. The object of the Company is to issue securities and derivative securities and to carry out financial transactions and auxiliary transactions of financial transactions. Activities that require authorisation under the German Banking Act (*Gesetz über das Kreditwesen*) are excluded.

The Company commenced its business activities as an issuance company (company whose main purpose is to issue securities) in spring 2005. The activities relating to the issuance of investment and leveraged products (issuance of certificates, bonds, warrants and knock-out products) commenced in April 2005. The securities issued are acquired exclusively by Bank Vontobel AG, Zurich. Simultaneously, the Company enters into OTC hedging transactions, i.e. hedging transactions negotiated individually between two parties, with other companies within the Vontobel Group (Bank Vontobel AG, Zurich, Switzerland, and Vontobel Financial Products Ltd., Dubai, United Arab Emirates). Bank Vontobel Europe AG, Frankfurt am Main branch, offers the Company's securities to the public and conducts marketing activities for the Company's securities.

II. Business and general environment

In 2020, the Company ceased to be classified as publicly traded pursuant to section 264d HGB because it is no longer admitted to trading on an organised market within the meaning of section 2 (11) WpHG and now merely has securities admitted to multilateral trading systems within the meaning of section 2 (22) WpHG. As a result of this, it is now subject to certain exemptions to its reporting duty. In order to ensure continuity of the reported financial information, the Company has opted to continue to publish its interim financial statements, including its statement of cash flows, even though it is no longer obligated to do so.

Germany is currently the largest capital market for the securities issued by the Company. In German-speaking countries, the Company's securities are also offered by Bank Vontobel Europe AG in Austria, Luxembourg and Liechtenstein. In addition, the Company has been issuing securities in non-German-speaking countries since 2015, such as Sweden and Finland. Since then, Vontobel Financial Products GmbH has tapped into other markets within the European Economic Area, particularly in Italy (2016), France and the Netherlands (2016/2017), Denmark (2019) and Norway (2022). Bank Vontobel Europe AG serves as the distributor and liquidity provider for these securities.

The Company's issuance activities, its most important performance indicator for the management, rose compared with the previous year. In the first half of 2022, the Company issued a total of 292,202 securities. In the first half of 2021, the total amounted to 215,468 securities. This increase was due mainly to greater volumes, primarily in Germany for 234,855 securities (prior year 178,945), for turbo warrants, mini-futures and warrants. The growth in these products was due in particular to major market movements in all asset classes as compared to the previous year arising from the war in Ukraine and the resulting implications for the geopolitical and energy situation. Accordingly, the constant

demand for new securities with features adapted to the changing market levels was very high. Outside Germany, issuance activities also increased on every foreign market – issuing 10,586 securities in Sweden (prior year 5,130) and 3,387 in Finland (prior year 2,543). The following was observed on the markets developed since 2016: Italy 6,588 securities (prior year 2,088), France 34,846 (prior year 18,995), and Denmark 777 (prior year 378). Only 29 securities were issued in the Netherlands (prior year 7,388) following a collapse in market volume due to a product intervention by the local regulator which had caused the market to lose appeal. In the first half of 2022, the Company tapped into the Norwegian market for the first time with the issuance of 1,134 securities (prior year 0). Thus, in every market but the Netherlands, issuance activity in the first half of the year rose due to the rising demand for new securities with features adapted for the changing market levels.

Over the first half of 2022, turnover in structured securities on the European exchanges was more mixed than in the prior year. For instance, turnover on the Frankfurt and Stuttgart stock exchanges grew by 13.9% from EUR 28.5 billion in the first half of 2021 to EUR 32.5 billion in the first half of 2022 (source: German Derivatives Association). Turnover decreased in Italy by 15.5% from EUR 9.0 billion to EUR 7.6 billion (source: Technolab). Turnover in the Swedish segment of the Nordic Growth Market fell by 2.5% percent from EUR 18.8 billion in the prior year to EUR 18.3 billion in the first half of 2022 (source: NGM Statistics); in Finland, by contrast, turnover increased by 39.6% from EUR 1.1 billion in the prior year to EUR 1.5 billion (source: NGM Statistics). By comparison, the Euronext market in France and the Netherlands was in decline. Activity in France remained virtually unchanged year on year at EUR 2.7 billion, with growth amounting to 1.9% in the first half of 2022 (prior year EUR 2.7 billion). At the same time, activity in the Netherlands declined sharply in the wake of the above-mentioned product intervention, dropping by 35.4% from EUR 2.5 billion in the previous year to EUR 1.6 billion in the first half of 2022 (source: Euronext Paris & Amsterdam Warrants & Certificates Stats).

In Germany, turnover in securities issued by the Company fell by 30.4% from EUR 3,412 million to EUR 2,376 million, thereby reducing the Company's market share from 12.0% (second-largest) to 7.3% (sixth-largest). This was caused mainly by the sharp decline in demand for tracker certificates and leveraged products issued by the Company linked to cryptocurrencies as well as the significant increase in competition for marketing cooperation deals with the major online brokers. In northern Europe, Vontobel became an established provider: market share amounted to 6.5% in Sweden (fourth-largest) and 8.9% in Finland (second-largest). Market share in Italy was 17.8% (second-largest), in France it was 7.0% (fourth-largest) and in the Netherlands it was 0.9% (sixth-largest).

The outstanding volume on the overall German certificates market rose by 3.1% (EUR 76.3 billion, up from EUR 74.0 billion in the prior year), although the Company's volume of sales showed above-average growth as at 30 June 2022. The outstanding volume thus declined from EUR 2,819 million to EUR 2,297 million, representing a decrease of 18.5% (see the key figure "Issuance liabilities" in the balance sheet). Key factors behind this development included the decrease in investor demand for tracker certificates and leveraged products issued by the Company linked to cryptocurrencies in the first half of the year as well as the sharp decline in the market valuations of almost all underlyings in the reporting period.

Performance in the first half of 2022 was marked by a volatile, rapidly deteriorating market environment, which led to lower valuations for securities issued by the Company as compared to the same period of the previous year.

In the area of cryptocurrencies, the Company revised its product range in 2021, replacing longer-dated open-end products with new products featuring more flexible terms, and included exchange-traded future contracts on cryptocurrencies as the underlying, particularly for the leveraged products it issues. The collapse in cryptocurrencies during the reporting period also caused investor demand to decline sharply as valuations for outstanding products fell significantly.

In addition, during the first half of 2022, the Company started analysing the German Electronic Securities Act (*Gesetz zur Einführung von elektronischen Wertpapieren*, "eWpG") which was promulgated in June 2021. Corresponding use cases for its business activities are being examined.

The Company moreover continues to work closely together with other units of the Vontobel Group, as well as with the German Derivatives Association and other European derivatives associations and working groups.

III. Management system

The Company is integrated into the global management system of the Vontobel Group and performs its business activities in cooperation with its affiliated companies in particular: Bank Vontobel AG, Zurich, Switzerland, Vontobel Financial Products Ltd., Dubai, United Arab Emirates, and Bank Vontobel Europe AG, Frankfurt am Main branch. The management of the Company is therefore also coordinated with these affiliated companies and in line with the strategy of the Vontobel Group.

The Company aims to offer a broad range of issuable payoff profiles and combinations of underlyings and at the same time, increase the degree of automation. All contemplated issues are subject to the applicable statutory requirements.

IV. Results of operations/ financial position/ net assets

1. Results of operations

The Company's issuance activities are governed by an agreement ("Issuance Agreement") with Bank Vontobel AG, Zurich, Switzerland, and with Vontobel Financial Products Ltd., Dubai, United Arab Emirates. The remuneration for the issuance activities is calculated and agreed on a year-by-year basis within the framework of this agreement.

A key performance indicator in this connection is the volume of securities sold by affiliated companies (issuance volume). Since the Company did not meet or exceed the target figures agreed for 2022 during the first half of the year, income from the issuance activities amounted to the minimum budgeted figure for income agreed between the parties of EUR 4,139 thousand (prior year EUR 3,902 thousand).

Other operating income rose to EUR 21 thousand (prior year EUR 19 thousand). In addition, personnel expenses of EUR 333 thousand (prior year EUR 292 thousand), depreciation of EUR 0 thousand (prior year EUR 0 thousand) and other operating expenses amounting to EUR 3,510 thousand (prior year EUR 3,324 thousand) were incurred. The other operating expenses mainly comprised EUR 3,075 thousand for issuance and guarantee costs (prior year EUR 2,926 thousand) and Group cost allocations of EUR 188 thousand (prior year EUR 158 thousand).

The increase in interest and similar income to EUR 45,344 thousand (prior year EUR 28,301 thousand) as well as the increase in interest and similar expenses to EUR 45,355 thousand (prior year EUR 28,317 thousand) were attributable to the fact that investors were increasingly investing in interest-bearing securities with accrued interest during the period under review. However, as in previous years, demand dominated for securities for which current income is included in the valuation (so-called "dirty pricing"), so that accrued interest on these securities is reported on the face of the balance sheet under issuance liabilities and receivables from affiliated companies.

The result from ordinary activities therefore amounted to EUR 307 thousand (prior year EUR 288 thousand). The primary cause for this year-on-year increase was the minimum income accrued in the reporting period, which more than offset the increase in issuance costs. An expense for taxes on income amounting to EUR 92 thousand (prior year EUR 86 thousand) was incurred.

On the whole, net income for the first half of 2022 rose by EUR 13 thousand compared with the previous year to EUR 215 thousand (prior year EUR 201 thousand).

2. Financial position

As at 30 June 2022, the liquid funds of the Company decreased to EUR 2,692 thousand (prior year EUR 3,453 thousand). The share of total assets represented by liquid funds remained at 0.12% (prior year 0.12%).

Cash flow from operating activities as of June 2022 amounted to EUR 497 thousand (prior year EUR -23 thousand). Based on the net income as at June 2022 amounting to EUR 215 thousand (prior year EUR 201 thousand), the above cash flows essentially represent the increase in other assets amounting to EUR 373,981 thousand (prior year EUR -206,150 thousand), which includes the decrease in trade receivables amounting to EUR 0 thousand (prior year EUR 399 thousand) and the increase in other liabilities and equity amounting to EUR -374,021 thousand (prior year EUR 205,882 thousand) and the decrease in provisions amounting to EUR 322 thousand (prior year EUR 43 thousand).

The Company also has the ability obtain funds from the Vontobel Group at any time.

3. Net assets

Receivables from affiliated companies amounted to EUR 2,297,344 thousand as at 30 June 2022 (prior year EUR 2,668,917 thousand) and represented the largest component of total assets with a share of 99.5% (prior year 99.5%).

The liabilities side of the balance sheet as at 30 June 2022 was dominated by issuance liabilities of EUR 2,296,950 thousand or 99.4% (prior year EUR 2,668,040 thousand or 99.4%). In addition, trade payables amounted to EUR 158 thousand (prior year EUR 291 thousand).

Other liabilities mostly relate to accrued interest amounting to EUR 9,136 thousand (prior year EUR 11,950 thousand). Provisions amounted to EUR 499 thousand (prior year EUR 174 thousand) and consisted of miscellaneous provisions (particularly liabilities accrued for bonus payments (EUR 21 thousand; prior year EUR 56 thousand) and provisions for performance shares (EUR 5 thousand; prior year EUR 17 thousand), provisions for the costs of auditing (EUR 28 thousand; prior year EUR 12 thousand), provisions for personnel expenses (EUR 10 thousand; prior year EUR 10 thousand) and other provisions (EUR 433 thousand; prior year EUR 80 thousand)).

The retained profit brought forward from the previous year (EUR 217 thousand; prior year EUR 409 thousand) was distributed to the sole shareholder in the first half of 2022. Based on the net income generated for the year of EUR 215 thousand (prior year EUR 217 thousand), equity therefore decreased to EUR 2,265 thousand (prior year EUR 2,267 thousand). Equity represents 0.10% (prior year 0.08%) of total assets.

The largest asset and liability items are therefore receivables from hedging transactions and issuance liabilities, so that the Company's balance sheet structure is clearly presented.

4. Overall assessment of economic position

The management's assessment of the Company's economic position is positive as at the end of the first half of 2022. With issuance activity in the previous year 2021 having been characterised by strong growth due to volatile market developments, issuance activity in the first half of 2022 once again increased again year on year. At the same time, the valuations of many of the underlying assets on which the securities issued by the Company are based decreased (particularly in the area of equities and share indices), resulting in a lower total volume of securities issued and outstanding by the Company despite high issuance figures. The integration of the Company into the Vontobel Group and its Structured Solutions & Treasury division will enable the Company to generate income. Constant cost discipline is a significant factor for achieving these positive results.

V. Report on expected developments and on opportunities and risks

1. Report on expected developments

The Vontobel Group has confirmed its strategy of continuing to expand its business activities with investment and leveraged products in 2022 and 2023. Now that the Company has gained a foothold in every European market of relevance to the leveraged products offering, the Group intends to expand its product range in the developed markets. In particular, the Structured Solutions & Treasury division

intends to push forward with its (continued) introduction of investment products to markets in which the Company's leveraged products are already listed. In light of investor reluctance to invest in financial products since the outbreak of the war in Ukraine, the expectation for the remainder of the year is that business will stabilise at the level achieved in the first half of 2022.

Development at the beginning of the second half of 2022 is marked by a cautious market environment due to the war in Ukraine and its implications, particularly with respect to energy supply, market uncertainty concerning the future interest rate policy of the central banks, and high inflation. Accordingly, many of the underlyings to which the securities issued by the Company are linked continue to see declining prices, particularly in the equities sector.

Throughout the remainder of 2022, we expect the business in relation to investment products to develop much as it did in the first half of the year. Assuming the markets will be more stable than in the first half of the year, we expect a sharp decline in issuance figures – and hence issuance costs – as fewer leveraged products will need to be issued with features adapted for the changing market levels.

We also expect political and economic uncertainties to persist over the course of the year, which may well have an adverse impact on our business activities.

However, it is likely in this case that new securities issuance activity will once again increase so as to ensure that there are products on offer for any possible market situation.

Liquidity is secured by the corporate structure, bank balances and the integration into the Vontobel Group. No liquidity squeezes are expected.

On the whole, the management is confident that the Company is well positioned to achieve stable growth of its business in the coming two financial years despite the major hurdles that the economic, political and regulatory environment will no doubt present. The Company will amend the annual budget agreements with the parties to the Issuance Agreement to reflect the costs resulting from the expansion of its product offering into the European markets. This ensures that the increase in costs correlates to an increase in income for the Company.

2. Risk report

The principal factors affecting the Company's risk position are its clearly arranged corporate structure and the integration of the Company into the Vontobel Group, in particular into its risk management system. The Risk Management and Risk Control units aim to ensure that all risks are managed and monitored with utmost care.

The most important principles regarding risk management and control are:

- clear responsibilities and authority;
- alignment of risk profile and risk appetite;
- independent control functions and adequate human and technical resources;
- adequate internal control systems; and
- transparency with respect to the risks assumed.

All market price risks arising from investment and leveraged products issued are fully hedged by means of hedging transactions with other companies within the Vontobel Group (Bank Vontobel AG, Zurich, Switzerland, and Vontobel Financial Products Ltd., Dubai, United Arab Emirates) using micro hedges, i.e. each individual security issued by the Company is directly matched against an individual hedging instrument. There are therefore no risks arising from movements in prices. Since the payments associated with the sale of the securities issued and the purchase of the hedging instruments as well as with the exercise and maturity of securities always offset each other, there are also no settlement risks arising. The Company does not represent an independent risk.

Credit risks primarily relate to the hedging transactions entered into with Bank Vontobel AG, Zurich, and Vontobel Financial Products Ltd., Dubai. The Company's issuances were guaranteed by either Vontobel Holding AG, Zurich, or by Bank Vontobel Europe AG, Munich, throughout 2020. Due to a

change in the securities issued by the Company at certain trading venues in 2020, all new issuances by the Company are henceforth guaranteed solely by Vontobel Holding AG, Zurich. If Bank Vontobel Europe AG guaranteed past issuances by the Company of securities still outstanding, the Company grants Bank Vontobel Europe AG a right of lien in respect of the hedges concluded and provides further collateral upon request, which can be lent to Bank Vontobel AG, Zurich, for that purpose. Default risk is classified as low. The external rating issued by Moody's for the long-term liabilities of the Group parent, Vontobel Holding AG, was "A2" with a stable outlook. No liquidity risks or cash flow risks were recognised due to the integration into the Vontobel Group.

Comprehensive reconciliation procedures are performed to mitigate operational risk. The reconciliation process for intragroup receivables and liabilities is reviewed by the Group Accounting department on a regular basis. Where necessary, external legal advisers are involved in preparing and reviewing securities prospectuses. Most of the final terms and all of the documents required for an issue are generated automatically. Furthermore, the distribution of issue documentation to market participants, stock exchanges, clearing systems and the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) is also largely automated.

The Company does not have its own IT systems. The Company uses the systems and standard software of the Vontobel Group. As a result, operational risks relating to processes and IT systems are covered by contingency plans at affiliated companies.

There were no significant changes in risks compared with the previous year.

3. Report on opportunities

The Company's opportunities of increasing and expanding its income correspond to this risk position. The integration of the Company into the Structured Solutions & Treasury division of the Vontobel Group means that growth in the Company's income is conditional on growth in the Structured Solutions & Treasury division as a whole.

VI. Internal control and risk management system relevant for the financial reporting process

The Company's internal control and risk management system is implemented by means of appropriate organisational precautions. The basic principles, the organisation of the structure and processes and the procedures of the accounting-related internal control and risk management system are laid down on a Group-wide basis in guidelines and instructions that are updated at regular intervals to reflect current external and internal developments.

Compliance with internal requirements and instructions is monitored as part of Group-wide internal audit activities.

1. Responsibility

The management is independently responsible for managing the Company and works closely together with the other governing bodies to achieve the objectives of the Company. It has overall responsibility for the preparation of the annual financial statements, among other things.

With effect from 31 March 2021, the Company dissolved its audit committee, which had been established in 2015 in accordance with § 324 HGB and was no longer required to convene due to the fact that the Company had ceased to be classified as publicly traded pursuant to section 264d HGB in 2020.

The shareholder is responsible for the adoption of the annual financial statements as part of the annual financial statement process. To meet these responsibilities, the financial statement documents are submitted to the Advisory Board. The Advisory Board discusses the key findings of the audit with the auditors.

2. Organisation and components of the financial reporting process

Business transactions settled by the Company (issues, repurchases) are recorded – largely automatically – in the existing application of Bank Vontobel AG in Zurich.

The Group Accounting department continuously checks that these transactions have been recorded correctly.

Furthermore, the Company's financial accounting is outsourced to a specialised, independent company in Düsseldorf. Supplier invoices are allocated and approved by the Company's employees. After they are paid, the records are sent electronically to the external service provider.

Bank Vontobel AG, Zurich, issues monthly reports on the Company's issuance-related assets and liabilities to the service provider. The service provider consolidates this data with the other financial accounts and prepares it for reporting to the Vontobel Group and the management.

Vontobel Financial Products GmbH

Frankfurt am Main, 18 August 2022

The Management

Anton Hötzl

Jörn Peglow

Daniela Werner