

BERENTZEN-GRUPPE

Interim Report Q1

2021



Berentzen

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BERENTZEN-GRUPPE
Thirst for life

Overview Q1/2021

Consolidated revenues down 13.2% from the same quarter in the previous year. Positive consolidated EBIT and consolidated EBITDA, but likewise below the level of the previous year. Positive operating cash flow above the previous-year level.

As expected, the coronavirus pandemic and the related restrictions on social life negatively impacted business activities and therefore the development of revenues and earnings in the first quarter of 2021. The earnings forecasts for the 2021 financial year as a whole therefore remain unchanged.

Q1/2021

- Consolidated revenues: EUR 31.4 million (EUR 36.2 million).
- Consolidated EBIT: EUR 0.5 million (EUR 1.1 million).
- Consolidated EBITDA: EUR 2.7 million (EUR 3.2 million).
- Operating cash flow: EUR 1.6 million (EUR 0.8 million).
- Cash and cash equivalents: EUR 4.5 million (EUR 6.6 million).
- Dynamic gearing ratio: 0.45 (0.15).
- Equity ratio: 39.8% (36.0%).

Outlook

- Earnings forecasts for the 2021 financial year confirmed.

(1) Business performance and economic position

(1.1) Significant events in the reporting period

Effects of the coronavirus pandemic

As was already the case in the 2020 financial year, the coronavirus pandemic was also a significant event in the reporting year, in line with expectations. Some of the measures taken by federal and state governments to contain the coronavirus continue to have an adverse impact on the German economy. These measures include closing food and drink establishments, introducing extensive social distancing measures and banning events.

All segments of the Berentzen Group continue to be affected by the effects of the coronavirus pandemic. The *Fresh Juice Systems* segment saw a decline in sales of fruit presses in particular, owing to a suspension of investments in the direct and indirect sales channels restaurants and food retailers. The business with non-alcoholic beverages and branded spirits was impacted in particular by the almost complete closure of restaurants. This predominantly impacted the *Non-alcoholic Beverages* segment. In the *Spirits* segment, the cancellation of celebrations also impacted sales performance, in particular of those branded products that tend to be consumed on social occasions.

(1.2) Financial performance

		Q1/2021	Q1/2020	Change
Consolidated revenues excluding alcohol tax	EUR'000	31,439	36,214	- 13.2 %
Spirits segment	EUR'000	18,051	20,040	- 9.9 %
Non-alcoholic Beverages segment	EUR'000	9,655	11,346	- 14.9 %
Fresh Juice Systems segment	EUR'000	3,308	4,549	- 27.3 %
Other segments	EUR'000	425	279	+ 52.3 %
Consolidated EBITDA	EUR'000	2,668	3,192	- 16.4 %
Consolidated EBITDA margin	%	8.5	8.8	- 0.3 PP ¹⁾
Consolidated EBIT	EUR'000	463	1,082	- 57.2 %
Consolidated EBIT margin (return on sales)	%	1.5	3.0	- 1.5 PP ¹⁾

¹⁾ PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 31.4 million (EUR 36.2 million) in the first three months of the 2021 financial year. This corresponds to a 13.2% decline in revenues. Developments were shaped by the effects of the coronavirus pandemic across the entire reporting period, whereas in the equivalent quarter of the previous year only the second half of March was affected by measures to contain the coronavirus.

In the *Spirits* segment, revenues declined by 9.9%, thus falling short of the level in the same quarter of last year. Owing to the cancellation of numerous consumption occasions, such as Karneval and private celebrations, the joint revenue volume for the umbrella brands *Berentzen* and *Puschkin* in Germany was 31.6% below the level of the year-ago comparison period. By contrast, revenues from exports and private-label brands only exhibited a slight decline of 2.0%, with the different private-label

brand categories developing differently: While revenues from premium and medium product concepts recorded a significant increase of 32.9%, revenues from standard products declined by 8.8%. Revenues from the export business with branded spirits dropped considerably by 27.3%.

In the *Non-alcoholic Beverages* segment, revenues likewise fell, with a decline of 14.9%. Business performance relating to beverages under the *Sinalco* franchise brand was considerably weaker, with revenues standing at 93.1% below the levels seen in the same quarter of the previous year. This was due to the closure of hospitality establishments as a result of the coronavirus pandemic. The contract bottling business also saw significant declines, with revenues falling by 17.3%. By contrast, revenues from proprietary brands (accounting for over 70% of the revenues generated in this segment in the reporting period), predominantly generated in the food retail sector, exhibited a slightly positive development of 1.2% overall. This was driven mainly by a significant 10.8% rise in revenues from beverages distributed under the proprietary brand *Mio Mio*.

The *Fresh Juice Systems* segment is still the segment hit most severely by the effects of the coronavirus pandemic within the Berentzen Group. Revenues generated in this segment were substantially lower, by 27.3%, in the first quarter of 2021. Revenues from all system components – fruit presses, fruit, and filling containers – declined, although the system components developed differently in terms of their rates of decline in this regard: While fruit presses and fruit exhibited considerable declines of 42.0% and 20.8%, respectively, the drop in revenues from filling containers was less severe compared with the previous-

year quarter, at 6.2%. In contrast, a pleasing development was observed in the core regions of Germany and Austria, which are looked after by Group sales teams: Here, revenues rose sharply, by 54.8% collectively, in the business involving fruit presses compared with the equivalent reporting period in the previous year.

Consolidated EBIT was again positive in the first quarter of 2021 at EUR 0.5 million, but still fell considerably short of the level of the year-ago comparison period (EUR 1.1 million). The basis for this decrease was the significantly lower volume of sales and the lower gross profit margin resulting from a less advantageous segment mix compared with the equivalent quarter in the previous year. On the other hand, other operating income increased and the level of operating expenses fell. This partly compensated for the aforementioned development in gross profit. Consolidated EBITDA based on the above-mentioned consolidated EBIT came to EUR 2.7 million (EUR 3.2 million). The smaller decline in consolidated EBITDA compared with that of consolidated EBIT resulted from higher amortisation and depreciation, which rose by EUR 0.1 million.

There were no exceptional earnings effects as such to be taken into account in the first three months of the 2021 financial year, whereas an impairment expense of EUR 1.4 million was recognised as an exceptional earnings effect in the *Non-alcoholic Beverages* segment in the first quarter of the 2020 financial year as a result of the coronavirus pandemic.

(1.3) Cash flows and financial position

Cash flows

		Q1/2021	Q1/2020	Change
Operating cash flow	EUR'000	1,577	828	+ 749
Cash flow from operating activities	EUR'000	- 21,375	- 13,398	- 7,977
Cash flow from investing activities	EUR'000	- 73	- 1,727	+ 1,654
Cash flow from financing activities	EUR'000	- 337	- 284	- 53
Cash and cash equivalents at the beginning of the period	EUR'000	26,334	22,010	+ 4,324
Cash and cash equivalents at the end of the period	EUR'000	4,549	6,601	- 2,052

The total funding of the Berentzen Group presented in the Annual Report for the 2020 financial year remains essentially unchanged at the end of the interim reporting period.

The operating cash flow, which excludes changes in working capital and hence documents the impact of operating profitability on the change in cash, amounted to EUR 1.6 million (EUR 0.8 million) in the first three months of the 2021 financial year. The improvement is predominantly attributable to a more favourable payment balance linked to income taxes.

The cash flow from operating activities also encompasses changes in working capital and led to a net cash outflow of EUR 21.4 million (EUR 13.4 million). This development is primarily due to adverse changes in what is referred to as trade working capital – i.e. the balance of the cash movements in inventories, receivables including factoring, alcohol tax liabilities and trade payables – for period-end reasons. In this context, it is worth pointing out the effect arising from the seasonal decrease in alcohol tax liabilities in the period from January 1, 2021 to March 31, 2021 amounting to EUR 14.9 million (EUR 12.5 million).

The Group's investing activities – including but not limited to payments for investments in property, plant and equipment – led to a net cash outflow of EUR 0.1 million (EUR 1.7 million). Investments in non-current assets in the amount of EUR 1.3 million were accompanied by proceeds from disposals of non-current assets held for sale of EUR 1.2 million. The latter cash inflow is linked to the sale of land and buildings from the former Norden production location.

In the first quarter of 2021, financing activities gave rise to a cash outflow of EUR 0.3 million (EUR 0.3 million) in connection with the repayment of lease liabilities according to IFRS 16.

In total, cash and cash equivalents totalled EUR 4.5 million (EUR 6.6 million) at the end of the interim reporting period, of which EUR 2.5 million (EUR 3.9 million) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements.

Financial position

		3/31/2021	3/31/2020	Change
Equity ratio	%	39.8	36.0	+ 3.8 PP ¹⁾
Dynamic gearing ratio	Ratio	0.45	0.15	+ 0.30

¹⁾ PP = percentage points.

The Group's asset and capital structure remains robust overall. At 39.8% (36.0%), the equity ratio had risen considerably as at the end of the first quarter of 2021 compared with the level of the equivalent quarter in the previous year. This development is due to the slight increase in equity and the decrease in total assets owing to changes in the trade working capital.

As a result of the decline in the consolidated EBITDA over the previous 12 months and an increase in the level of net overindebtedness as at the reporting date, the dynamic gearing ratio with a value of 0.45 (0.15) was down on the equivalent period of the previous year. However, this means that the Berentzen Group continues to maintain a good ability to service its debt.

(2) Report on subsequent events

No events that could have a significant impact on the future business performance and the financial performance, cash flows and financial position of the Berentzen Group occurred after the end of the reporting period.

(3) Report on risks and opportunities

The primary risks consolidated into categories that could have significant detrimental effects on the Group's business activities and its financial performance, cash flows and financial position are presented in the Berentzen Group Annual Report for the 2020 financial year, together with the greatest opportunities and the structure of the risk management system.

In the first quarter of the 2021 financial year, there have been no significant changes in the opportunities and risks of the Group's expected development for the remaining nine months of the 2021 financial year compared with those described in the Annual Report for the 2020 financial year. This includes the overall assessment of opportunities and risks made in the report. Even though there were no significant changes, the coronavirus pandemic impacted the short-term horizon of a number of risks consolidated within the various categories during the reporting period, as already seen in the 2020 financial year. Individual risks in the categories of "financial risks" and "operating environment risks" are affected in particular.

(4) Outlook

		2020	Forecast for the 2021 financial year in the 2020 forecast report	Forecast for the 2021 financial year Q1/2021
Consolidated revenues	EURm	154.6	152.0 to 158.0	unchanged
Consolidated EBIT	EURm	5.2	4.0 to 6.0	unchanged
Consolidated EBITDA	EURm	14.1	13.0 to 15.0	unchanged

As at the end of the first quarter of 2021, the Berentzen Group confirms the forecasts made in the Annual Report for the 2020 financial year in relation to the consolidated operating result (consolidated EBIT), the consolidated operating result before amortisation and depreciation (consolidated EBITDA) and consolidated revenues. Against this background, the Berentzen Group expects its financial performance to remain sturdy in the 2021 financial year.

On the whole, the Berentzen Group does not have any new information on whether the significant forecasts and other statements on the Group's expected development made in the 2020 Annual Report for the 2021 financial year have changed considerably, although it is increasingly focusing its expectations for more business momentum on the second half of the year.

The forecasts are based on the Group structure remaining essentially unchanged compared with the 2020 financial year and are furthermore dependent on the general economic and industry-specific environment. The risks and opportunities described in the Report on Opportunities and Risks and contained in the Annual Report for the 2020 financial year, as well as those that were not identifiable at the time of preparing this Interim Report, may also have an effect on the forecast. In this context, particular mention should be given to the potential ongoing consequences of the coronavirus pandemic, which could negatively impact the expected development of the financial performance, cash flows and financial position of the Berentzen Group.

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Financial calendar 2021

May 4, 2021	Q1/2021 Interim Report
May 4 to 5, 2021	Virtual Roadshow with Metzler Capital Markets
May 11, 2021	Virtual annual general meeting of Berentzen-Gruppe Aktiengesellschaft
May 17 to 18, 2021	Equity Forum Spring Conference 1 on 1 Summit online
August 11, 2021	2021 Group Half-Yearly Annual Report
October 21, 2021	Q3/2021 Interim Report
November 22 to 24, 2021	German Equity Forum – online

At May 4, 2021. The financial calendar is provided for information purposes and will be regularly updated. It is subject to change.

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