BERENTZEN-GRUPPE

Group Half-yearly Financial Report 2021






Berentzen vivaris CITROCASA PERFORMING FRESHNESS PABST & RICHARZ

Key figures

Key figures of the Berentzen Group

		HY 1 2021 or 06/30/2021	HY 1 2020 or 06/30/2020	Change 2021 / 2020
Consolidated revenues excluding alcohol tax	EURm	67.7	73.5	- 7.9 %
Spirits segment	EURm	41.3	42.8	- 3.6 %
Non-alcoholic Beverages segment	EURm	18.7	22.7	- 17.7 %
Fresh Juice Systems segment	EURm	6.8	7.4	- 8.9 %
Other segments	EURm	0.9	0.5	+ 89.0 %
Total operating performance	EURm	67.5	74.2	- 9.0 %
Contribution margin after marketing budgets	EURm	26.9	28.1	- 4.0 %
Consolidated EBITDA	EURm	7.1	6.4	+ 9.7 %
Consolidated EBITDA margin	%	10.4	8.8	+ 1.6 PP [1]
Consolidated EBIT	EURm	2.6	2.1	+ 28.3 %
Consolidated EBIT margin	%	3.9	2.8	+ 1.1 PP [1]
Consolidated profit	EURm	1.5	0.1	> + 100 %
Operating cash flow	EURm	5.1	3.2	+ 56.7 %
Cash flow from investing activities	EURm	- 1.3	- 2.9	+ 53.4 %
Free cash flow [2]	EURm	- 9.9	- 9.6	- 3.6 %
Consolidated equity ratio	%	37.6	32.5 [3]	+ 5.1 PP [1]
Employees	Number	488	498	- 2.0 %

[1] PP = percentage points.

[2] Cash flow from operating activities plus cash flow from investing activities.

[3] 12/31/2020.

Key figures for the Berentzen common share

		HY 1 2021 or 06/30/2021	HY 1 2020 or 06/30/2020	Change 2021 / 2020
Berentzen common share (ISIN DE0005201602, WKN 520160) share price / XETRA	EUR / share	6.56	6.24	+ 5.1 %
Market capitalisation	EURm	61.6	58.6	+ 5.1 %
Dividend [1]	EUR / share	0.13	0.28	- 53.6 %

[1] In the current financial year the dividend was paid out on May 14, 2021 (July 5, 2020).

Content

BERENTZEN-GRUPPE
Thirst for life

A. Letter to shareholders

Ladies and Gentlemen, dear Shareholders,

over the past one and a half years we have repeatedly faced new and unprecedented developments and challenges. This has taught us that to make it through the current situation, two qualities are particularly important: entrepreneurial ability and operational agility. You can rest assured that we, the Executive Board and the entire team at Berentzen Group, have both. Beyond this, we always approach our day-to-day work with the optimism that despite the ongoing challenges we currently face, for example in the form of rising infection rates due to a new variant of the virus, the coronavirus pandemic will be overcome in the foreseeable future and we will together find our way back to – a potentially new kind of – normality.

These strengths have enabled us to keep operating profitably over the entire course of the pandemic, including in each of the individual six quarters affected, although we were sadly unable to avoid the dampening effects of the coronavirus pandemic on our business activities.

Let’s now take a look at the Berentzen Group’s economic development in the first half of the 2021 financial year. As at June 30, 2021, the consolidated revenues of the Berentzen Group amounted to EUR 67.7 million, compared with EUR 73.5 million in the previous-year period. This development was shaped by two factors in particular, which essentially had already been anticipated in our forecast for the 2021 financial year as a whole. Firstly, unlike in the previous 2020 financial year, the first two and a half months of the 2021 financial year were heavily impacted by the coronavirus pandemic. Secondly, the termination of a longstanding contract bottling agreement as at March 31, 2021 resulted in a loss of revenues in the second quarter of 2021. Consolidated earnings (consolidated EBIT) amounted to approximately EUR 2.6 million as at June 30, 2021, equating to an increase of EUR 0.6 million compared with the equivalent period last year. This growth is primarily attributed to efficiency gains, i.e. savings on overheads, as well as higher other operating income, which overall more than compensated for the decline in consolidated gross profit, which was on the moderate side compared with the reduction in revenues. Against this background, we once again managed to close the first half of the 2021 financial year very profitably, despite the enormous challenges encountered during the first six months of the year. This was helped by the fact that we had a good second quarter, during which we improved our earnings ratios in all segments compared with the same quarter last year.

Now let’s take a look at the economic development of the Berentzen Group in a bit more detail. Revenues in the *Spirits* segment declined by 3.6 % compared with the equivalent period last year. Within this segment, revenues in the business with export and private-label products increased slightly by 1 % – supported by product concepts with comparatively high margins – whereas the business with branded spirits in Germany recorded a decline in revenues of 13.2 % owing to the ongoing lockdown, which meant that social occasions and shared celebrations, where many of these spirits tend to be consumed, could not take place.

Revenues in the *Non-alcoholic Beverages* segment fell by 17.7 %, which was due almost exclusively to the aforementioned termination of a contract bottling agreement as at March 31, 2021 as well as to weak developments in the franchise business in the restaurant sales channel. In contrast, positive developments were observed in the business with our proprietary brands, particularly the *Mio Mio* brand – revenues here climbed by a substantial 14 % in the first half of 2021, building on the already high level of revenues generated previously. We are thrilled about this development, and it encourages us to continue along our path towards establishing ourselves as a national supplier of branded products in the *Non-alcoholic Beverages* segment as well.

As in the previous year, *Fresh Juice Systems* was the segment most heavily impacted by the effects of the coronavirus pandemic, with investment items, such as our fruit presses, being purchased only after much thought and consideration – this being the case for both restaurants and hotels, which have been particularly affected by the pandemic, and the food retail trade. Overall, revenues in this segment declined by 8.9 % compared with the first half of last year. Despite this, we still believe that this segment has the greatest potential to return to a profitable growth path after the end of the pandemic, in part because we are seeing freshness and health become increasingly important topics for consumers.

Above we mentioned the importance of not only possessing entrepreneurial ability and operational agility, but also having an optimistic outlook. On that note, let’s take a look at our expectations for the further course of the 2021 financial year. We still believe that we are on track to achieve the forecast communicated in the 2020 Annual Report. For example, we expect to achieve consolidated revenues in the range of EUR 152.0 million to EUR 158.0 million, a consolidated EBIT between EUR 4.0 million and EUR 6.0 million and a consolidated EBITDA between EUR 13.0 million and EUR 15.0 million. This means that we expect to achieve the same results as in the 2020 financial year. We still believe that the Berentzen Group’s business activities will pick up in the second half of the financial year – despite rates of new coronavirus infections currently on the rise again. This expectation is based on the percentage of people already vaccinated, especially in the risk groups, meaning that any restrictions on public and private life in the future should not be imposed to anywhere near the same extent as we saw in spring.

We would like to thank you for the trust you have placed in us and for your continued loyalty to us in these challenging times. Together, we have shown that we have staying power. Let’s also stick together in our optimism that we will soon be able once more to enjoy unrestricted social events, a zest for life and shared celebrations — which is what our products are meant for. We are ready for that moment. But until then, we will spend every day working on fantastic beverage ideas to help quench your thirst for life while we all wait for normality to return. We hope you’ll accompany us on this journey!

Kind regards,

Oliver Schwegmann
Executive Board member

Ralf Brühöfner
Executive Board member

B. Interim Group Management Report

(1) Underlying principles of the corporate group

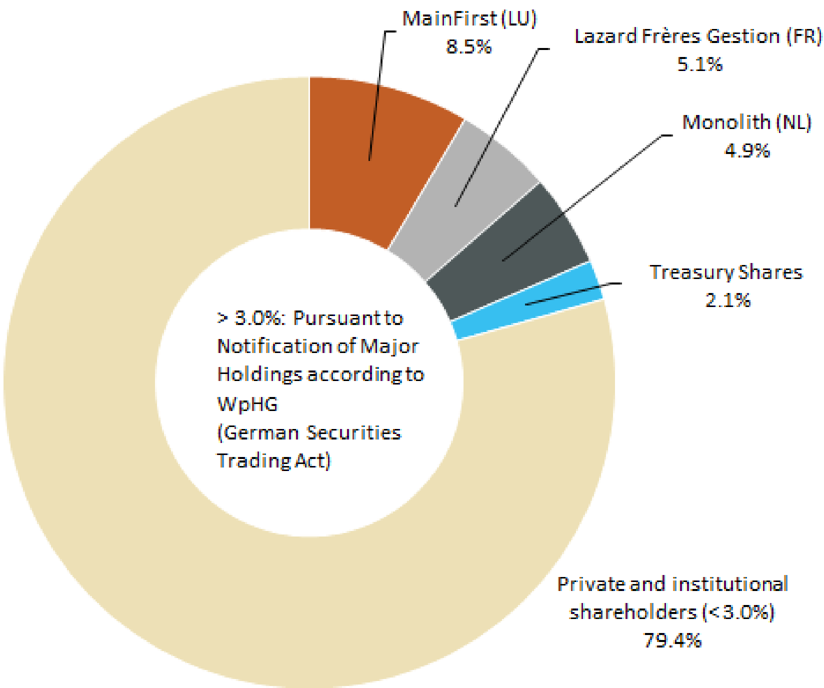
The Berentzen Group is one of the leading beverage groups in Germany and simultaneously one of the country's oldest producers of spirits with a history going back over 250 years. Berentzen-Gruppe Aktiengesellschaft based in Haselünne, Germany, is the ultimate parent of the Berentzen Group, which consists of more than 20 domestic and international subsidiaries as well as the parent company.

The business activities of the Berentzen Group are divided into the segments: *Spirits, Non-alcoholic Beverages, Fresh Juice Systems* and *Other Segments*. For a detailed description of the Group's business activities and how they are allocated to the different segments, please refer to the Berentzen-Gruppe Aktiengesellschaft's 2020 Annual Report, Combined Management Report Section (1), "Underlying principles of the corporate group".

The share capital of Berentzen-Gruppe Aktiengesellschaft is divided into 9.6 million no-par shares of common stock which are listed on the regulated market of the Frankfurt Stock Exchange (General Standard) under ISIN DE0005201602 and WKN 520160.

Shareholder structure

(At July 31, 2021)



(2) Economic report

(2.1) General economic and industry-specific framework conditions

General economic conditions

Developments in the global economy in the first half of 2021 continued to be shaped by the impacts of the coronavirus pandemic. As announced by the German Institute for Economic Research e.V. (DIW Berlin), global economic recovery was slow owing to high infection rates at the beginning of the year and the resulting economic restrictions. Economic growth initially declined in the first three months of 2021 compared with the end of the previous year. In the first quarter of 2021, coronavirus infections reached all-time highs in many countries, although economic losses were lower compared with the same period last year. The situation at the end of the second quarter was mixed: While falling infection rates and successes in vaccination programmes boosted economic growth in advanced economies, growth in emerging countries continued to be hampered by sharp increases in infection rates and a lack of vaccine supplies. The International Monetary Fund (IMF) shares this assessment and also pointed out the different rates of recovery between individual economic sectors in its World Economic Outlook Update from July 2021.

The coronavirus pandemic also continued to shape developments in the German economy. As the German Federal Statistical Office announced in May, gross domestic product (GDP) adjusted for seasonal, price and calendar reasons was 1.8 % lower in the first quarter of 2021 than the figure for the previous quarter and 3.1 % lower than the figure for the same quarter in the previous year. There was a particularly strong decline in consumer spending, compared with both the previous quarter and the equivalent quarter in the previous year, which can be attributed at the beginning of 2021 to ongoing and in part tightened measures taken to contain the coronavirus pandemic. According to DIW Berlin, with infection rates falling and vaccination programmes progressing, economic recovery was seen in Germany in the middle of the second quarter after the third coronavirus wave flattened out. The services sector in particular, such as the hospitality industry, benefitted from the resulting easing of measures, while industry was hampered by problems related to raw material availability. DIW Berlin forecasts that GDP will increase by 2.3 % in the second quarter of 2021 compared with the previous quarter.

Developments on the drinks market

According to figures from the German Federal Statistical Office, the change in consumer prices in Germany was between + 1.0 % and + 2.5 % overall in the first six months of 2021 compared with the equivalent months in the previous year, with prices in the “Alcoholic, beverages and tobacco” category, a key category for the Berentzen Group, rising at a mostly above-average rate. The inflation rates in this area were between 1.6 % and 3.1 % over the equivalent period last year. Prices rose at a predominantly below-average rate in the “Food and non-alcoholic beverages” category, however, with inflation in this area fluctuating between 1.3 % and 1.9 %.

In addition to the food retail trade, the German hospitality industry is another, albeit not as important, distribution channel for the spirits and non-alcoholic beverages of the Berentzen Group. This economic sector was hit particularly hard by the coronavirus pandemic in the first half of 2021 – as in the equivalent period of the previous year – as food and drink establishments, with the exception of takeaway and delivery services, were intermittently closed. In the reporting period, pandemic-related restrictions were in force for longer than in the previous year, however. For example, food and drink establishments were closed from the beginning of the year in the reporting period, and in most of Germany's federal states were only permitted to start opening again gradually in May 2021. This reopening was subject to strict measures, however, especially at the beginning. By comparison, in the equivalent period last year, food and drink establishments only had to close for pandemic reasons from March 22, and were permitted to reopen again gradually in May. As a result of this, restaurant revenues in Germany fell considerably from January to March compared with the equivalent months in the previous year according to figures from the German Federal Statistical Office – cumulatively the drop in revenues amounted to 54.6 %. While restaurant revenues increased or remained virtually constant in April and May compared with the same months in the previous year, revenues were down by 39.5 % on the equivalent period last year in the first five months of the 2021 financial year. A gradual recovery was observed as measures began to ease, however, with revenues in the hospitality sector rising by 13.7 % in May in a month-on-month comparison.

Figures published by market research company Information Resources GmbH (IRI) show that domestic sales of spirits in the first half of the current year amounted to 351.1 million 0.7-litre bottles (348.1 million 0.7-litre bottles), an increase of 0.9 % compared with the level recorded in the same period last year. At the same time, revenues in this sales channel also rose by around 2.9 % from EUR 2.89 billion to EUR 2.97 billion. 122.6 million 0.7-litre bottles (128.3 million 0.7-litre bottles) of private-label brands were sold through this channel between January and June, while the share of total revenues decreased from EUR 0.74 billion to EUR 0.69 billion at the same time.

Market research company IRI observed a decline in retail sales of non-alcoholic beverages in the first five months of the 2021 financial year of 6.4 % to 8.4 billion litres (9.0 billion litres), with the decline in sales of waters disproportionately high at 9.2 %. Sales of soft drinks also dropped by 4.5 %. The opposite development was seen in the area of sports and energy drinks as well as in the area of iced tea, to which mate beverages marketed under the *Mio Mio* brand are allocated; in these areas, sales grew by 8.0 % and 3.5 %, respectively.

According to internal assessments and qualified market observations, the *Fresh Juice Systems* segment continued to be negatively impacted in particular by two factors related to the coronavirus pandemic. Firstly, the high level of uncertainty led to investments being suspended, especially in the hospitality industry, causing sales of fruit presses to fall. Secondly, use of existing devices was limited owing to the temporary closure of hotels and restaurants and the strict hygiene measures that continued to be applied upon their reopening. This had a negative impact on sales of the system components oranges and bottling systems.

(2.2) Business performance and economic position

(2.2.1) Overview of business performance and operating results

In an economic situation that continues to be heavily impacted by the effects of the coronavirus pandemic, as well as in a very competitive environment, the Berentzen Group achieved consolidated revenues of EUR 67.7 million in the first half of the 2021 financial year (EUR 73.5 million); its adjusted consolidated operating profit (consolidated EBIT) increased to EUR 2.6 million (EUR 2.1 million) and its adjusted consolidated operating profit before depreciation and amortisation (consolidated EBITDA) likewise increased to EUR 7.1 million (EUR 6.4 million). Taking into account an expense of EUR 0.6 million (EUR 0.7 million) from the financial result and result from participating interests as well as an income tax expense of EUR 0.5 million (income of EUR 0.2 million), the Berentzen Group generated a consolidated profit of EUR 1.5 million (EUR 0.1 million) in the first six months of the 2021 financial year. Income in the equivalent period last year was negatively impacted by a special effect (non-recurring item) amounting to EUR 1.4 million.

(2.2.2) Business performance – significant developments and events

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 at times 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.

Termination of a contract bottling agreement in the 2021 financial year

At the end of the first quarter of the 2021 financial year, a long-standing collaboration between the Berentzen Group and an international beverages group regarding the filling of their non-alcoholic branded products was discontinued. Viewed separately, this will result in an approx. EUR 12.0 million annualised reduction in revenues in the *Non-alcoholic Beverages* segment as of the 2021 financial year. Taking into account countermeasures to be or already taken and owing to the comparatively low profitability of the contract bottling business, however, the effect on the adjusted consolidated operating result before interest and taxes (consolidated EBIT) is expected to be minor for the financial years from 2021 onwards.

(2.2.3) Financial performance

The following table summarises the development of the financial performance. Individual items in the Consolidated Statement of Comprehensive Income have been adjusted for income- and expense-related special effects (non-recurring items) in line with the definition of the normalised consolidated EBIT used to manage the corporate group.

	01/01 to 06/30/2021		01/01 to 06/30/2020		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Consolidated revenues	**67,681**	**100.3**	**73,498**	**99.1**	**- 5,817**	**- 7.9**
Change in inventories	- 186	- 0.3	679	0.9	- 865	> - 100.0
Total operating performance	**67,495**	**100.0**	**74,177**	**100.0**	**- 6,682**	**- 9.0**
Purchased goods and services	35,684	52.9	41,058	55.4	- 5,374	- 13.1
Consolidated gross profit	**31,811**	**47.1**	**33,119**	**44.6**	**- 1,308**	**- 3.9**
Other operating income	2,084	3.1	1,471	2.0	+ 613	+ 41.7
Operating expenses	31,255	46.3	32,532	43.9	- 1,277	- 3.9
Consolidated operating profit (EBIT)	**2,640**	**3.9**	**2,058**	**2.8**	**+ 582**	**+ 28.3**
Exceptional effects	0	0.0	- 1,377	- 1.9	+ 1,377	> + 100.0
Financial result and result from participating interests	- 630	- 0.9	- 720	- 1.0	+ 90	+ 12.5
Consolidated profit before taxes	**2,010**	**3.0**	**- 39**	**- 0.1**	**+ 2,049**	**> + 100.0**
Income taxes	542	0.8	- 188	- 0.3	+ 730	> + 100.0
Consolidated profit	**1,468**	**2.2**	**149**	**0.2**	**+ 1,319**	**> + 100.0**

Consolidated revenues and total operating performance

The consolidated revenues of the Berentzen Group amounted to EUR 67.7 million (EUR 73.5 million) in the first half of the 2021 financial year, while the consolidated revenues including alcohol tax amounted to EUR 151.7 million (EUR 171.7 million). Including the change in inventories amounting to EUR -0.2 million (EUR 0.7 million), the total operating performance amounted to EUR 67.5 million (EUR 74.2 million).

	01/01 to 06/30/2021	01/01 to 06/30/2020	Change	
	EUR'000	EUR'000	EUR'000	%
Spirits segment	41,271	42,832	- 1,561	- 3.6
Non-alcoholic Beverages segment	18,706	22,737	- 4,031	- 17.7
Fresh Juice Systems segment	6,774	7,437	- 663	- 8.9
Other segments	930	492	+ 438	+ 89.0
Consolidated revenues excluding alcohol tax	**67,681**	**73,498**	**- 5,817**	**- 7.9**
Alcohol tax	83,988	98,209	- 14,221	- 14.5
Consolidated revenues including alcohol tax	**151,669**	**171,707**	**- 20,038**	**- 11.7**

Revenue development across the individual segments.
A major factor influencing business performance is the development of revenues in various product groups and categories, even though diverse mix effects mean that there is no strictly linear relationship to the development of consolidated gross profit and performance indicators. The development of revenues is described below for the first time in the context of this report. In the 2020 Annual Report, the development of the sales volume, i.e. product sales, was illustrated here instead.

To permit a reconciliation of the product group-related revenues in the *Spirits* and *Non-alcoholic Beverages* segments with the revenues shown in the segment report, the customer sales budgets have also been shown. These contributions that directly reduce revenues pursuant to IFRS 15 can be allocated to the customer in question but not to the individual products, product groups or business categories shown below.

Spirits

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000	Change EUR'000	%
Berentzen	5,459	6,657	- 1,198	- 18.0
Puschkin	3,107	3,161	- 54	- 1.7
Other	496	236	+ 260	> + 100.0
Focus brands	9,062	10,054	- 992	- 9.9
Other brands	3,876	4,396	- 520	- 11.8
Customer sales budget	- 1,057	- 765	- 292	- 38.2
Branded spirits in Germany	**11,881**	**13,685**	**- 1,804**	**- 13.2**
Branded spirits abroad	2,262	2,182	+ 80	+ 3.7
Premium private-label brands	2,611	2,863	- 252	- 8.8
Medium private-label brands	7,511	5,339	+ 2,172	+ 40.7
Standard private-label brands	17,763	19,365	- 1,602	- 8.3
Customer sales budget	- 621	- 504	- 117	- 23.2
Export and private-label brands	**29,526**	**29,245**	**+ 281**	**+ 1.0**
Other and internal revenues	- 136	- 98	- 38	- 38.8
Revenues in the Spirits segment	**41,271**	**42,832**	**- 1,561**	**- 3.6**

In the first six months of the 2021 financial year, revenues in the *Spirits* segment decreased slightly by 3.6 % to EUR 41.3 million. In the first half of the financial year, the Berentzen Group achieved revenues from domestic branded spirits in the amount of EUR 11.9 million (EUR 13.7 million), while revenues in the amount of EUR 29.5 million (EUR 29.2 million) were generated from the business with branded spirits abroad and private-label brands (collectively: export and private-label brands).

The revenue volume for the domestic branded business was down by a total of 13.2 % as at June 30, 2021. The cancellation of numerous consumption occasions due to measures decided by the federal and state governments to contain the coronavirus had a considerable impact on the revenue development of the products assigned to this category. The entire first half of the 2021 financial year was affected by the consequences of the pandemic, whereas restrictions in the first half of the 2020 financial year were only imposed from mid-March onwards. As a result, the revenues generated from the focus brands were 9.9 % down on the level of the previous-year period. The reason for this development was the two brands *Berentzen* and *Puschkin*, albeit these developed differently in terms of their rates of decline in this regard: While revenues from the products sold under the brand *Berentzen* suffered a decline of 18.0 % in the first six months of the 2021 financial year, at 1.7 % revenues for the brand *Puschkin* declined to a somewhat lesser extent compared with the equivalent period in the previous year. Meanwhile, revenues from the other focus brands (*Tres Países, Norden Dry Gin* and *Goldkehlchen*) increased by more than 100 % to EUR 0.5 million (EUR 0.2 million) overall. There was a 11.8 % fall in revenues in the business with other branded spirits, particularly with traditional spirits (e.g. *Strothmann*, *Bommerlunder*). Reduced revenues for customer sales budgets applied within the national branded business increased from EUR 0.8 million in the first half of the previous financial year to EUR 1.1 million in the first half of the 2021 financial year.

With revenues of EUR 29.5 million (EUR 29.2 million), performance in the spirits business involving export and private-label brands was up 1.0 % on the previous-year level. However, the individual product categories developed differently, with the share of standard products with weaker margins reduced further in favour of concepts with higher yields. This led, for example, to revenues from the product category medium private-label brands increasing by 40.7 % to EUR 7.5 million compared with the equivalent period in the previous year. In the business with premium concepts, however, revenues fell by 8.8 %, with a comparable decline of 8.3 % recorded for the standard concepts. Revenues rose by 3.7 % in the export business with branded spirits. This is predominantly due to a positive development in revenues in the Netherlands. The customer sales budgets allocated to the business with export and private-label brands increased significantly by 23.2 % compared with the equivalent period last year.

Other and internal revenues in the *Spirits* segment amounted to EUR -0.1 million (EUR -0.1 million).

Non-alcoholic Beverages

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000	Change EUR'000	Change %
Mio Mio	6,974	6,116	+ 858	+ 14.0
Kräuterbraut	81	114	- 33	- 28.9
Focus brands	7,055	6,230	+ 825	+ 13.2
Emsland / St. Ansgari	4,581	4,305	+ 276	+ 6.4
Märkisch / Grüneberger	3,418	3,401	+ 17	+ 0.5
Regional brands	7,999	7,706	+ 293	+ 3.8
Other brands	1,373	1,441	- 68	- 4.7
Branded business	**16,427**	**15,377**	**+ 1,050**	**+ 6.8**
Franchise business	812	1,487	- 675	- 45.4
Contract bottling business	3,226	7,217	- 3,991	- 55.3
Other business	**4,038**	**8,704**	**- 4,666**	**- 53.6**
Customer sales budget	- 1,889	- 1,579	- 310	- 19.6
Other and internal revenues	130	235	- 105	- 44.7
Revenues in the Non-alcoholic Beverages segment	**18,706**	**22,737**	**- 4,031**	**- 17.7**

In the *Non-alcoholic Beverages segment*, revenues with mineral waters and soft drinks fell by 17.7 % to EUR 18.7 million (EUR 22.7 million) in the first six months of the 2021 financial year. The branded business, however, performed very well, achieving revenue growth of EUR 1.1 million or 6.8 %, while the other businesses (franchise and contract bottling) saw a significant decline in revenues of EUR 4.7 million or 53.6 % collectively, making it responsible for the decline in revenues in this segment.

Despite the external influences linked to the coronavirus pandemic explained above, business in the product category focus brands developed positively, with revenues increasing by 13.2 %. This growth was due exclusively to beverages marketed under the *Mio Mio* own brand, which once again saw a very positive development, with revenue growth amounting to 14.0 %.

The product category regional brands comprises the brands *Emsland Quelle, Emsland Sonne, Märkisch Kristall, St. Ansgari* and *Grüneberg Quelle* in particular. Compared with the equivalent period in the previous year, revenues from these brands also increased by 3.8 % to EUR 8.0 million particularly as a result of individual product price increases.

Revenues from products in the other brands category, where *Vivaris Sport* is responsible for most of the revenues generated, fell by 4.7 %.

Owing in particular to the closure of restaurants due to the coronavirus pandemic, a measure that was imposed for a longer period of time in the first half of the 2021 financial year than in the first half of the 2020 financial year, revenues in the franchise business with branded beverages from the Sinalco corporate group declined significantly by 45.4 % to EUR 0.8 million.

Revenues generated from contract bottling orders also fell by 55.3 %, predominantly as a result of the discontinuation of a long-standing agreement regarding the filling of *Pepsi* brand products at the end of the first quarter of 2021 (see Section (2.2.2.) for more details). The overall decline in revenues in this segment can therefore be almost entirely attributed to this event.

The customer sales budgets allocated to the *Non-alcoholic Beverages* segment increased by 19.6 % compared with the equivalent period in the previous year.

Other and internal revenues amounted to EUR 0.1 million (EUR 0.2 million).

Fresh Juice Systems

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000	Change EUR'000	%
Fruit juicers	2,345	2,908	- 563	- 19.4
Fruits	2,912	3,248	- 336	- 10.3
Bottling systems	1,649	1,467	+ 182	+ 12.4
Other and internal revenues	- 132	- 186	+ 54	+ 29.0
Revenues in the Fresh Juice Systems segment	**6,774**	**7,437**	**- 663**	**- 8.9**

In the first six months of the 2021 financial year, the *Fresh Juice Systems* segment, the segment that has been most heavily impacted by the coronavirus pandemic, recorded an overall decline in revenues of 8.9 %: Revenues generated in connection with fruit presses and the related replacement parts and servicing business decreased by 19.4 %, as more and more investments in fruit juice systems failed to materialise for the clientele. In contrast, a pleasing development was observed in the core regions of Germany and Austria, which are looked after by internal sales teams: Here, revenues rose sharply, by 53.0 % collectively, in the business involving fruit presses compared with the equivalent reporting period in the previous year. Revenues likewise developed positively in Scandinavia and France. In contrast, the revenue volume was considerably lower in the United Kingdom and Eastern Europe. Revenues with fruits (oranges) recorded a decline of 10.3 %, while revenues from the business with bottling systems rose by 12.4 %.

Other and internal revenues amounted to EUR -0.1 million (EUR -0.2 million).

Other segments

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000	Change EUR'000	%
Tourism and event-related activities	273	310	- 37	- 11.9
Spirits business in the Turkish Group company	717	264	+ 453	> + 100.0
Other and internal revenues	- 60	- 82	+ 22	+ 26.8
Revenues in the Other segment	**930**	**492**	**+ 438**	**+ 89.0**

The tourism and events business of the Berentzen Group contained within *Other Segments* was also severely impacted by the coronavirus pandemic in the first half of the 2021 financial year – with revenues declining considerably by 11.9 %. This development is linked to the ban on events, which affected the entire first quarter of 2021, whereas restrictions in the 2020 financial year were only imposed from the second half of March onwards.

While the tourism business in Turkey came to an almost complete standstill in the first half of the 2020 financial year, a slight recovery was observed in the first half of the 2021 financial year, resulting in revenues in the Turkish spirits business increasing by more than 100 % to EUR 0.7 million. Given the pandemic as well as the political and economic situation in Turkey, this market, which is managed by a local Group company, is still being more intensively monitored within the Berentzen Group risk management system, however.

Other and internal revenues amounted to EUR -0.1 million (EUR -0.1 million).

General statement on revenue performance

The first half of the 2021 financial year continued to be heavily impacted by the effects of the coronavirus pandemic. Given the business performance of the individual segments described above, the declining performance in the *Non-alcoholic Beverages* segment in particular contributed to a decrease in consolidated revenues of 7.9 % to EUR 67.7 million. It should be pointed out that this development is almost entirely due to the discontinuation of a long-standing agreement regarding the filling of *Pepsi* brand products at the end of the first quarter of 2021. The level of revenues in the *Fresh Juice Systems* segment was also considerably down on the previous-year level. The pleasing revenue performance in the spirits business involving export and private-label brands did not balance out the declining sales in the business with branded spirits in Germany, resulting in a slight decline in revenues in the *Spirits* segment overall. There was a very positive development in the comparatively small contribution of *Other segments* to revenues, however.

Purchased goods and services and consolidated gross profit

Against the background of decreased total operating performance, purchased goods and services fell at an above-average rate to EUR 35.7 million (EUR 41.1 million) in the first half of the 2021 financial year. The ratio of purchased goods and services to total operating performance fell accordingly to 52.9 % (55.4 %). The conditions underlying the sourcing of raw materials to produce spirits and non-alcoholic beverages and the procurement of system components in the *Fresh Juice Systems* segment varied with the cost prices for raw materials remaining stable to a great extent. The purchasing costs for the system component fruit (oranges) in the *Fresh Juice Systems* segment dropped slightly in the first half of the 2021 financial year. The purchasing costs for the key raw material neutral alcohol in the *Spirits* segment rose further, however, particularly owing to a supply shortage resulting from the pandemic.

Despite a EUR 6.7 million fall in total operating performance, consolidated operating profit only fell by EUR 1.3 million. This was due to the gross profit margin increasing by 2.5 percentage points — predominantly due to favourable product and segment mix effects.

Other operating income

Total other operating income increased to EUR 2.1 million (EUR 1.5 million) in the first half of the 2021 financial year. Alongside income from the reversal and derecognition of provisions and liabilities in the amount of EUR 0.6 million (EUR 0.4 million), this figure essentially includes income from the disposal of non-current assets held for sale and non-current assets of EUR 0.5 million (less than EUR 0.1 million).

Operating expenses

Operating expenses fell to EUR 31.3 million in absolute terms (EUR 32.5 million), while the ratio of operating expenses to revenues increased to 46.3 % (43.9 %) at the same time.

Personnel expenses climbed considerably by EUR 1.0 million to EUR 13.4 million, and the personnel expenses ratio increased accordingly to 19.8 % (16.7 %). The main reasons for this were additional positions created in the organisational areas of sales, production and technology and the contractual reorganisation of Executive Board member compensation. The Group had 488 (498) employees as at the June 30, 2021 reporting date and an average of 417 (413) full-time equivalents in the first half of the 2021 financial year. Accordingly, the headcount as at the June 30, 2021 reporting date decreased in comparison to June 30, 2020, whereas the average number of full-time equivalents was higher over the first half of the 2021 financial year than in the comparative period.

Scheduled amortisation and depreciation remained constant at EUR 4.4 million (EUR 4.4 million) in the first half of the 2021 financial year on a decreased investment volume amounting to EUR 2.5 million (EUR 2.9 million) by the end of that period.

Other operating expenses fell by EUR 2.3 million to EUR 13.5 million (EUR 15.8 million). Transport and selling costs fell to EUR 7.0 million (EUR 7.6 million), attributable primarily to the lower volume of business in the *Non-alcoholic Beverages* and *Spirits* segment. The expenditure on marketing and trade advertising, at the current EUR 1.6 million (EUR 1.6 million), remained at the level of the equivalent period last year, whereas maintenance expenses fell to EUR 1.2 million (EUR 1.6 million). At EUR 3.7 million (EUR 5.0 million), other overheads decreased in total compared with the first half of the 2020 financial year.

Exceptional effects

Special effects (non-recurring items) in the first half of the 2021 financial year

There were no exceptional earnings effects as such to be taken into account in the first half of the 2021 financial year.

Special effects (non-recurring items) in the first half of the 2020 financial year

As a result of the coronavirus pandemic, and in particular owing to the hard-hitting impacts of this crisis on restaurants, an ad hoc impairment test had to be carried out for the *Non-alcoholic Beverages* segment, as a result of which an impairment loss amounting to EUR 1.4 million was recognised as a special effect (non-recurring item) at March 31, 2020.

On the basis of updated scenario analyses and the decision from a previous client, an international beverages group, to discontinue a long-standing collaboration regarding the filling of their non-alcoholic branded products after 2020, another ad hoc impairment test was carried out for the *Non-alcoholic Beverages* CGU at June 30, 2020. This did not result in any further impairments or reversals, however.

Financial result and result from participating interests

The financial result and result from participating interests improved slightly year-on-year, resulting in a net expense of EUR 0.6 million (EUR 0.7 million).

Income taxes

In relation to the first half of the 2021 financial year, the Group incurred an expense of EUR 0.5 million (income of EUR 0.2 million). The total includes expenses of EUR 0.7 million (EUR 0.2 million) from German trade tax and corporate income tax and comparable foreign income taxes. The measurement of deferred taxes in accordance with IAS 34 in conjunction with IAS 12 gave rise to aggregate income of EUR 0.1 million (EUR 0.4 million), resulting mainly from decreases in deferred tax liabilities on temporary measurement differences of non-current assets.

Consolidated profit

Despite a decline in the volume of business compared with the equivalent period last year and the resulting EUR 1.3 million reduction in consolidated gross profit, the adjusted consolidated operating result or EBIT increased by 28.3 % to EUR 2.6 million (EUR 2.1 million) in the first half of the 2021 financial year compared with the equivalent period last year. This was primarily due to the EUR 1.3 million fall in operating expenses, which almost fully offset the negative development in gross profit mentioned above. At the same time, other operating income was up by EUR 0.6 million on the level of the previous-year period. While a negative earnings effect in the amount of EUR 1.4 million had to be recorded in the first half of the 2020 financial year, there were no exceptional earnings effects as such to be taken into account in the current reporting period. Taking into account a slightly improved financial result and result from participating interests and a EUR 0.7 million increase in expenses in connection with income taxes, consolidated profit increased considerably to EUR 1.5 million (EUR 0.1 million).

(2.2.4) Cash flows

Funding structure

The overall funding of the Berentzen Group as presented in the Annual Report for the 2020 financial year remains essentially unchanged at the end of the first half of the 2021 financial year, as shown in the table below:

		Financing line 06/30/2021			Financing line 12/31/2020		
		Long-term EURm	Short-term EURm	Total EURm	Long-term EURm	Short-term EURm	Total EURm
Syndicated loan agreement	Line, limited	7.5	25.5	33.0	7.5	25.5	33.0
Factoring	Line, limited	0.0	55.0	55.0	0.0	55.0	55.0
Central settlement and factoring	Line, unlimited [1]	0.0	7.5	7.5	0.0	8.0	8.0
Working capital loans	Line, limited [2]	0.0	0.8	0.8	0.0	0.7	0.7
Surety bond for alcohol tax liabilities	Line, limited	0.0	0.8	0.8	0.0	0.8	0.8
Total financing		**7.5**	**89.6**	**97.1**	**7.5**	**90.0**	**97.5**

1) Average financing volume in the (half) financial year.

2) This includes foreign currency working capital lines that have been translated as of the respective reporting dates.

The funding framework as of June 30, 2021 deviated from that in place at December 31, 2020 only with regard to the drawdown of factoring lines and the volume of funding from credit agreements with providers of working capital, excluding the syndicated loan agreement. The working capital line available to the two foreign group companies increased slightly by EUR 0.1 million to EUR 0.8 million (EUR 0.7 million).

Abridged Consolidated Cash Flow Statement for the period from January 1 to June 30, 2021

The following Cash Flow Statement shows the development of liquid assets in the corporate group. The cash and cash equivalents are calculated from the items "cash and cash equivalents" shown in the Statement of Financial Position and part of the "current financial liabilities".

Cash and cash equivalents include the current accounts maintained with banks that are used to settle two factoring agreements, containing the cash available at all times from the factoring arrangements ("customer settlement accounts"). The receivables from the customer settlement accounts have different characteristics from usual current account receivables from banks, notably with regard to interest. Only the shares of outside capital immediately available under working capital lines are presented as current financial liabilities.

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000	Change EUR'000
Operating cash flow	5,056	3,227	+ 1,829
Cash flow from operating activities	- 8,596	- 6,727	- 1,869
Cash flow from investing activities	- 1,331	- 2,859	+ 1,528
Cash flow from financing activities	- 1,862	- 645	- 1,217
Change in cash and cash equivalents	**- 11,789**	**- 10,231**	**- 1,558**
Cash and cash equivalents at the start of the period	**26,334**	**22,010**	**+ 4,324**
Cash and cash equivalents at the end of the period	**14,545**	**11,779**	**+ 2,766**

Operating cash flow and cash flow from operating activities

In the first half of the 2021 financial year, the operating cash flow increased to EUR 5.1 million (EUR 3.2 million). While the consolidated profit adjusted for amortisation, depreciation and impairment losses, as well as the payment balances in connection with the financial result, remained virtually constant compared with the equivalent period last year, the payment balances in connection with income taxes were down by EUR 2.0 million, which had a positive impact on the operating cash flow.

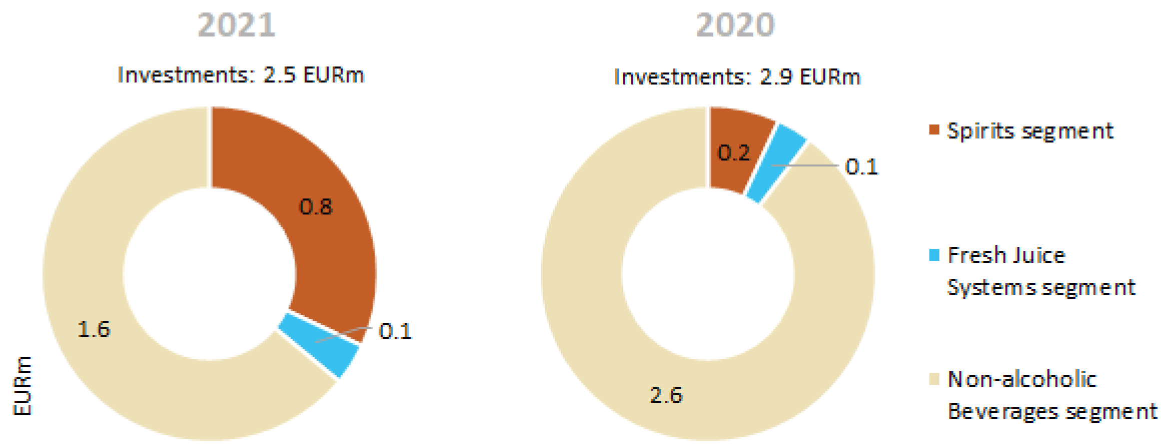
The cash flow from operating activities showed on balance a net cash outflow of EUR 8.6 million (EUR 6.7 million) over the first six months of the 2021 financial year. Compared with the operating cash flow, it also encompasses changes in working capital, which led to a cash outflow of EUR 13.7 million (EUR 10.0 million). The material factors influencing this development are presented below:

The change in what is known as trade working capital (the balance from movements in inventories, receivables including factoring arrangements, liabilities arising from alcohol tax and trade payables) on balance gave rise to a cash outflow of EUR 9.5 million (EUR 9.2 million). This outflow is attributable specifically to the effect that constantly recurs throughout the year arising from the seasonal reduction in alcohol tax liabilities; as at the June 30, 2021 reporting date, this figure amounted to EUR 13.1 million (EUR 10.2 million).

This was opposed by a cash inflow from a reduction in non-current assets held for sale and other assets amounting to EUR 1.9 million (EUR 4.4 million). Furthermore, the change in other liability items as well as other non-cash effects gave rise to a total cash outflow of EUR 6.1 million (EUR 5.1 million).

Cash flow from investing activities

The investing activities of the corporate group led to a net cash outflow of EUR 1.3 million (EUR 2.9 million). Cash outflows for investments in property, plant and equipment and intangible assets totalling EUR 2.5 million (EUR 2.9 million) were accompanied by cash inflows from the disposal of assets held for sale amounting to EUR 1.2 million (EUR 0.1 million). These cash inflows are linked to the sale of land and buildings from the former Norden production location. In this context, the cash outflow was once again essentially attributable to investments in empty bottle containers and crates in the *Non-alcoholic Beverages* segment.



Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 1.9 million (EUR 0.6 million), which – on the basis of corresponding resolutions of the annual general meeting – essentially resulted from the dividend payment and repayment of lease liabilities pursuant to IFRS 16.

Cash and cash equivalents

All in all, cash and cash equivalents totalled EUR 14.5 million (EUR 11.8 million) in the middle of the 2021 financial year, of which EUR 13.1 million (EUR 8.6 million) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements. Drawdowns of short-term credit lines and financial instruments to be disclosed as such amounted to EUR 0.5 million as at June 30, 2021.

(2.2.5) Financial position

	06/30/2021		12/31/2020		Change
	EUR'000	%	EUR'000	%	EUR'000
Assets					
Non-current assets	54,923	43.5	56,077	38.6	- 1,154
Current assets	71,255	56.5	88,388	60.9	- 17,133
Assets held for sale	0	0.0	717	0.5	- 717
	126,178	**100.0**	**145,182**	**100.0**	**- 19,004**
Shareholders' equity and liabilities					
Shareholders' equity	47,408	37.6	47,240	32.5	+ 168
Non-current liabilities	18,655	14.8	18,660	12.9	- 5
Current liabilities	60,115	47.6	79,282	54.6	- 19,167
	126,178	**100.0**	**145,182**	**100.0**	**- 19,004**

Assets

Total assets decreased significantly to EUR 126.2 million (EUR 145.2 million) compared with December 31, 2020.

Non-current assets

EUR 54.9 million (EUR 56.1 million) of the assets of the corporate group are non-current assets. Although non-current assets fell in absolute terms, the ratio to total assets has now increased to 43.5 % (38.6 %). The property, plant and equipment included in this figure decreased by a total of EUR 0.8 million owing to amortisation amounting to EUR 3.2 million and a comparatively lower investment volume amounting to EUR 2.4 million. Intangible assets likewise decreased slightly by EUR 0.6 million.

The coverage of non-current assets by shareholders' equity and non-current debt capital rose slightly to 120.3 % (117.5 %).

Current assets

Current assets declined to EUR 71.3 million (EUR 88.4 million), with trade receivables accounting for 11.6 % (13.3 %) of the total. At present, the Berentzen Group has two factoring agreements in place with a net funding framework of EUR 55.0 million together with a factoring line with no formal limit under three further central settlement and factoring agreements. Gross receivables of EUR 43.9 million (EUR 54.9 million) had been sold at June 30, 2021 on this basis. The volume of receivables still recognised decreased to EUR 8.3 million (EUR 11.8 million).

At EUR 38.6 million (EUR 39.4 million), the value of the stock of inventories decreased slightly.

The material items contained in other current assets are retentions arising from factoring transactions of EUR 6.2 million (EUR 8.0 million). This declined in line with the lower volume of gross receivables sold as at June 30, 2021.

The cash and cash equivalents of EUR 15.0 million (EUR 26.3 million) declined mainly due to the negative net cash outflow totalling EUR 11.8 million shown in the abridged Consolidated Cash Flow Statement.

Shareholders’ equity and liabilities

Shareholders’ equity

Based on consolidated comprehensive income of EUR 1.4 million (EUR -0.6 million) in the first half of the 2021 financial year, shareholders’ equity climbed slightly to EUR 47.4 million (EUR 47.2 million), taking into account the dividend payment of EUR 1.2 million (EUR 0.0 million) passed by resolution of the virtual annual general meeting in May 2021. It should be explained here that, in the 2020 financial year, the dividend for the 2019 financial year was only paid out in the second half of the year owing to the postponement of the annual general meeting to July 2, 2020.

Non-current liabilities

EUR 18.7 million (EUR 18.7 million) was available to the corporate group in the form of non-current liabilities. This item essentially comprises non-current financial liabilities of EUR 8.9 million (EUR 8.6 million) and pension provisions of EUR 8.2 million (EUR 8.6 million). Non-current liabilities accounted for 23.7 % (19.1 %) of total consolidated liabilities at June 30, 2021.

Current liabilities

Current liabilities decreased to EUR 60.1 million (EUR 79.3 million) or 47.6 % (54.6 %) of total consolidated assets. Of this figure, EUR 2.2 million (EUR 1.7 million) was attributable to the item “current financial liabilities”.

Alcohol tax liabilities amounted to EUR 29.5 million (EUR 42.6 million). The decline of EUR 13.1 million compared with December 31, 2020 in alcohol tax liabilities arising from revenues in *Spirits* and *Other Segments* in Germany results mainly from the traditionally stronger business activities towards the end of each financial year compared with the middle of the financial year for seasonal reasons.

At EUR 9.0 million (EUR 9.7 million), trade payables were EUR 0.7 million lower than at year-end 2020 due to scheduling and period-end reasons. Other current liabilities including current provisions fell to EUR 19.5 million (EUR 25.3 million).

As at the June 30, 2021 reporting date, the Berentzen Group did not have any net formal overindebtedness linked to interest rates. The dynamic gearing ratio was consequently calculated with a reverse sign (minus instead of plus), and amounted to -0.27 (-0.13).

(2.2.6) *General statement about the business performance and economic position of the corporate group*

The first half of the 2021 financial year was again characterised in particular by numerous operational challenges owing to the coronavirus pandemic. The measures decided by the federal and state governments – such as closing restaurants, social distancing and banning events – had a significant adverse effect on consumer demand for the range of products offered by the Berentzen Group, particularly in the first four months of the financial year. In this context, the Berentzen Group took numerous measures to ensure that the economic position of the corporate group can be considered sound against the backdrop of stable financing with matching maturities as well as a continued positive financial performance. Against this background, performance of the three main earnings indicators can also be described as satisfactory:

While consolidated revenues fell by 7.9 % to EUR 67.7 million (EUR 73.5 million) and gross profit dropped by 3.9 % or EUR 1.3 million at the same time, the main earnings ratios developed considerably more positively. In particular as a result of the decline in operating expenses of EUR 1.3 million and the EUR 0.6 million improvement in other operating income, the Berentzen Group closed the first half of the 2021 financial year with a consolidated operating result (consolidated EBIT) of EUR 2.6 million (EUR 2.1 million) and an adjusted consolidated operating profit before depreciation and amortisation (consolidated EBITDA) of EUR 7.1 million (EUR 6.4 million), while the consolidated profit increased to EUR 1.5 million (EUR 0.1 million).

Although the business performance varied between the segments, performance in all segments continued to be impacted by the effects of the coronavirus pandemic. While revenues declined by 17.7 % in the *Non-alcoholic Beverages* segment predominantly owing to the termination of a long-standing contract bottling agreement at the end of the first quarter of 2021, performance picked up considerably in the *Spirits* and *Non-alcoholic Beverages* segments in the second quarter, with revenue losses in these segments limited to 3.6 % and 8.9 % for the first half of the financial year.

The cash flows and financial position remained sturdy. The funding of the corporate group remains secure especially in light of the overall funding described, and the corporate group continues to enjoy a very good liquidity base to fund its commercial operations and its medium-term growth strategy. For example, the dynamic gearing ratio shows that the Berentzen Group did not have any net formal indebtedness linked to interest rates (June 30, 2021: -0.27; June 30, 2020: -0.13). As a consequence of the positive development of the consolidated financial performance, consolidated equity increased slightly by EUR 0.2 million; taking into account a EUR 19.0 million decline in total consolidated assets to EUR 126.2 million, the equity ratio rose considerably in comparison to December 31, 2020 to 37.5 % (32.5 %).

(3) Report on risks and opportunities

On the one hand, the Group's business activities open up numerous opportunities, while on the other hand, the corporate group is exposed to numerous risks. Risk may have a negative impact on the business performance due to the occurrence of internal or external events affecting future developments that prevent the company from achieving defined goals or successfully implementing strategies. In contrast, opportunities provide ways of positively impacting the business performance by means of future successes that go beyond the defined objectives.

The Berentzen Group’s risk management system is geared towards promptly identifying, assessing and mitigating risk by means of appropriate early identification and hedging measures. The structure of the risk management system is described in detail in the Report on opportunities and risks contained in the Berentzen Group Annual Report for the 2020 financial year.

In the first half of the 2021 financial year, there were no significant changes in the opportunities and risks of the Group’s expected development for the remaining six months of the 2021 financial year compared with those described in the Annual Report for the 2020 financial year. Despite this, during the reporting period, as already seen in the 2020 financial year, the coronavirus pandemic impacted a number of risks consolidated within the various categories, especially in relation to the short-term horizon. Individual risks in the categories of “financial risks” and “operating environment risks” are affected in particular. However, this did not result in changes to the risk categories within the risk matrix presented in the 2020 Annual Report. This includes the overall assessment of opportunities and risks made in the report. Consequently, there are no risks classified as high risk within the scope of the risk management system. In the opinion of the Management, the Berentzen Group’s risk exposure has thus remained unchanged overall compared with the position described in the Berentzen Group Annual Report for the 2020 financial year, and continues to be manageable from today’s perspective.

(4) Forecast report

The forecast report for the Berentzen Group takes account of the relevant facts and events known at the time of preparation of the interim consolidated half-yearly financial statements which might have an impact on the corporate group's future business performance. The forecasts made herein on the basis of the current version of the integrated corporate plan for the Berentzen Group for the 2021 financial year, and taking into account the business performance in the first half of the 2021 financial year, are built around the organic development of the corporate group excluding significant non-recurring (special) effects and changes arising from possible company acquisitions; where such events need to be incorporated at the time of preparation of the present Forecast report, this is stated accordingly. Given how difficult it is to predict how the coronavirus pandemic will develop further as well as the economic impacts, there are still uncertainties when it comes to planning.

(4.1) General economic and industry-specific framework conditions

General economic conditions

The global economy is expected to continue to recover over the further course of the 2021 financial year. In its World Economic Outlook Update dated July 2021, the International Monetary Fund (IMF) forecasts global economic growth of 6.0 % for 2021. This development continues to be characterised by the further course of the coronavirus pandemic, however, meaning that there is high degree of uncertainty linked to the forecast. DIW Berlin shares this assessment and anticipates global economic growth of 6.7 % for 2021. Increasing growth is expected from the second half of the year onwards. Different developments were anticipated for the individual economies: While advanced economies were assumed to observe a decline in infections, progress in vaccination programmes and a resulting gradual easing of measures, slower progress was expected in the pandemic response in less advanced economies. For the eurozone, the IMF and the DIW both expect below-average growth of 4.6 % and 4.1 %, respectively.

The German economy, too, is expected to recover increasingly from the impacts of the coronavirus pandemic over the further course of the 2021 financial year. DIW Berlin expects growth of 3.2 % for 2021. This prognosis, too, however, is linked to considerable uncertainties in relation to the further course of infection rates. The IMF has a somewhat more optimistic outlook at 3.6 %.

Developments on the drinks market

The anticipated recovery of the global and, in particular, national economy as described above will likewise impact the sales markets of all segments in the Berentzen Group to varying extents.

The Berentzen Group is of the view that the German hospitality industry, which is a key sales channel for the spirits and non-alcoholic beverages of the Berentzen Group, will continue to recover slowly over the coming months. The reopening of food and drink establishments is expected to have a positive effect compared with the first half of the year. Recovery in this sales channel is heavily dependent on the further course of the coronavirus pandemic, however, as increases in infection rates threaten to result in stricter measures or another (partial) closure of food and drink establishments. As a result, performance in the hospitality industry in the remaining months of the 2021 financial year is expected to remain stable compared with the previous year.

The Berentzen Group forecasts that domestic retail sales of spirits will remain slightly above the level observed in the previous year on the whole, but expects the individual product categories to perform differently. For example, the Berentzen Group expects a positive development for its aperitifs and premium spirits, but has a less optimistic outlook when it comes to its business with classic spirits such as Korn and Weinbrand. Moreover, categories such as “fun spirits” or “party shots”, which are primarily consumed during social occasions, are expected to continue to be adversely affected by the impacts of the coronavirus pandemic.

In the retail business with non-alcoholic beverages, sales are expected to decline slightly, with the submarket mineral waters in particular heavily dependent on weather conditions, which so far have failed to generate any positive momentum during this year’s summer months, which although warm have been characterised by rain and storms. While trends such as healthy eating, sustainability, regionality as well as fresh and premium products are still driving growth in some product segments, they tend to have a negative impact on others, in particular classic sweet beverages and products filled in PET bottles. The mineral water business is also increasingly suffering from the effects of the market growth of carbonated water makers.

As far as the Berentzen Group is aware, there are practically no all-round, reliable market data available for the *Fresh Juice Systems* segment, meaning that it makes use of the market development of fresh drinks such as not-from-concentrate juices, freshly squeezed fruit juices and also smoothies – which are also in line with the trend of several years’ standing towards increased dietary awareness – as a leading indicator. This trend is currently still being overshadowed by the impacts of the coronavirus pandemic, however. The Berentzen Group is of the view, however, that the topic of conscious, healthy eating will take on an even more important role as a result of the coronavirus crisis and thus the trend towards freshly squeezed juices will return to a greater extent than seen previously. A study by consulting firm McKinsey published in May 2021 confirms this assessment. According to the survey results, the majority of those asked would like to focus more on healthy food and nutrition in 2021 than in 2020.

(4.2) Anticipated development of financial performance

Anticipated development of the segments

	2020 EURm	Forecast for the 2021 financial year in the 2020 forecast report EURm	Forecast for the 2021 financial year Q2/2021 EURm
Contribution margin after marketing budgets			
Segment			
Spirits	30.2	28.0 to 31.0	unchanged
Non-alcoholic Beverages	22.2	22.0 to 24.0	unchanged
Fresh Juice Systems	4.5	5.5 to 6.0	unchanged
Other segments	0.6	1.0 to 1.3	unchanged

The anticipated development of the individual segment results (contribution margin after marketing budgets) as shown in the above table is based in particular on the information gained from the internal planning and forecasting processes, which reflect the respective business performance achieved in the first seven months of the 2021 financial year as well as the estimates for the period remaining until the end of the 2021 financial year. On this basis, there was no need to adjust any of the forecasts during the year.

Segment earnings in the *Spirits* segment of between EUR 28.0 million and EUR 31.0 million are anticipated (EUR 30.2 million). The lower segment earnings in the first half of the year compared with the equivalent period last year, which were in line with expectations, are due to more extensive restrictions in response to the coronavirus pandemic – the entire first half of the 2021 financial year was affected by the consequences of the pandemic, whereas restrictions in the first half of the 2020 financial year were only imposed from mid-March onwards – as well as to a change in the product mix as a result of the pandemic. For example, the business with private-label brands performed slightly positively on the whole, whereas the high-margin business with the two focus areas generating the highest revenues, *Berentzen* and *Puschkin*, suffered in particular from the impacts of the crisis, with sales declining considerably overall. The other focus brands *Tres Países, Norden Dry Gin* and *Goldkehlchen* generated positive growth results, however – albeit at a considerably lower level of revenues in absolute terms. For the second half of the 2021 financial year, the Berentzen Group continues to anticipate a market environment made difficult by the pandemic and competition, but expects a more favourable product mix and better focus brand development. As the volume of business traditionally tends to increase at the end of the year, contribution margins are also expected to be higher in the second half of the 2021 financial year than in the first half. Spending on marketing and trade advertising is still expected to exceed that in the previous year.

For the *Non-alcoholic Beverages* segment, the Berentzen Group confirms its forecast with a contribution margin after marketing budgets ranging between EUR 22.0 million and EUR 24.0 million (EUR 22.2 million). Given the considerable decline in revenues in the first half of the year, the segment result was down on the level in the equivalent period of last year, but this decline was less pronounced than that seen in relation to the drop in revenues. The main reason for this development was the termination of the *Pepsi* contract bottling agreement at the end of the first quarter of 2021. In this context, revenues fell by around EUR 3.9 million compared with the same period last year; however, owing to the comparatively low profitability of the contract bottling business, contribution margin development was much less affected. Furthermore, business in the restaurants sales channel, particularly the franchise business with branded beverages from the *Sinalco* brand, continued to suffer from the closure of restaurants owing to the pandemic. These were closed from the beginning of the year in the reporting period, and in most of Germany's federal states were only permitted to start opening again gradually in May 2021, whereas in the same period last year, such establishments only had to largely halt their operations from March 22. As already explained above, the Berentzen Group expects to see a positive trend for this sales channel in the second half of the 2021 financial year, albeit its recovery is heavily dependent on the further course of the pandemic. There were pleasing developments in the business with the *Mio Mio* focus brand as well as with the proprietary regional brands in the first six months of the year, despite the difficult market conditions. The volume of business for the second half of the 2021 financial year is expected to grow again and therefore have a positive effect on segment earnings. This will continue to be supported by the now firmly established distribution company. Spending on marketing and trade advertising will continue to grow, based on assumptions.

In the first half of the 2021 financial year, the *Fresh Juice Systems* segment was still the segment hit most severely by the effects of the coronavirus pandemic within the Berentzen Group. Although revenues for this segment declined on the whole as a result, segment earnings increased significantly compared with the previous year. This was primarily due to positive developments in the contribution margins in the business with oranges, driven by a good sourcing market, as well as to the business with fruit presses in the core regions of Germany and Austria, which are looked after by internal sales teams, associated with an advantageous product mix. For the second half of the year, the Berentzen Group expects to see further positive developments in the core regions as well as recovery in individual international markets in the business with fruit presses. The conditions underlying the sourcing market for oranges are expected to be more challenging for seasonal and harvest reasons, meaning that contribution margins are expected to remain at the same level as last year. With the marketing budget remaining at the same level as last year to the greatest extent possible, the Berentzen Group still expects segment earnings of between EUR 5.5 million and EUR 6.0 million (EUR 4.5 million).

Other Segments has primarily included the tourism and events business of the Berentzen Group as well as the Spirits business in Turkey, managed by a local Group company. The tourism and events business continues to be negatively impacted by the pandemic, resulting in a decline in revenues and the contribution margins to date. Although the market situation in Turkey remains very challenging in light of the pandemic and the country's political and economic situation, there was a significant increase in revenues and contribution margins, driven by higher sales volumes in the tourism sales channel. With marketing expenses remaining stable at a low level, the Berentzen Group still expects segment earnings of between EUR 1.0 million and EUR 1.3 million (EUR 0.6 million).

Anticipated development of consolidated revenues and consolidated operating profit

	2020 EURm	Forecast for the 2021 financial year in the 2020 forecast report EURm	Forecast for the 2021 financial year Q2/2021 EURm
Consolidated revenues	154.6	152.0 to 158.0	unchanged
Consolidated operating profit (consolidated EBIT)	5.2	4.0 to 6.0	unchanged
Consolidated operating profit before depreciation and amortisation (consolidated EBITDA)	14.1	13.0 to 15.0	unchanged

In light of the development of the individual segments presented above, the Berentzen Group still anticipates consolidated revenues for the 2021 financial year of between EUR 152.0 million and EUR 158.0 million. This is still based on the assumption that revenues in the *Spirits* and *Fresh Juice Systems* segments will grow, while the *Non-alcoholic Beverages* segment will decline significantly owing to the termination of a major contract bottling agreement at the end of the first quarter.

Based on this forecast development of revenues as well as the positive trend in earnings in the first six months of the 2021 financial year, the Berentzen Group still expects an adjusted consolidated operating result (consolidated EBIT) of between EUR 4.0 million and EUR 6.0 million. For the consolidated EBITDA, which is based on the consolidated EBIT, a range of between EUR 13.0 million and EUR 15.0 million is still expected without any change.

(4.3) Anticipated development of cash flows and financial position

Based on the anticipated development of the operating activities as described above, the Berentzen Group assumes that the good cash flows and financial position of the corporate group to date will continue to show a solid performance on the whole.

Anticipated development of cash flows

	2020 EURm	Forecast for the 2021 financial year in the 2020 forecast report EURm	Forecast for the 2021 financial year Q2/2021 EURm
Operating cash flow	9.2	11.0 to 13.0	unchanged

With regard to the anticipated development of the operating cash flow, the Berentzen Group still expects a range of between EUR 11.0 million and EUR 13.0 million (EUR 9.2 million). This improvement is based on assumptions regarding the development of consolidated profit, adjusted for amortisation, depreciation and impairment losses, as well as a more favourable payment balance in connection with income taxes.

Anticipated development of financial position

	2020	Forecast for the 2021 financial year in the 2020 forecast report	Forecast for the 2021 financial year Q2/2021
Equity ratio	32.5 %	31.0 % to 36.0 %	unchanged
Dynamic gearing ratio	- 1.13	- 0.70 to 0.00	unchanged

In line with the earnings development forecast presented above, the Berentzen Group still expects consolidated equity to increase slightly in absolute terms by the end of the 2021 financial year. Taking into account largely stable consolidated total assets, an equity ratio within the range of 31.0 % and 36.0 % (32.5 %) is still expected.

In light of the changing accounting parameters, the Berentzen Group expects a dynamic gearing ratio of somewhere between -0.70 and 0.00 (-1.13) at the end of the 2021 financial year. The ability of the Berentzen Group to service its debts going forward reflected in this indicator will therefore remain sound.

Based on the current status of the integrated corporate forecast for the 2021 financial year, the financial position and cash flows of the corporate group will remain balanced overall. Nevertheless, the indicators used to manage the corporate group are also subject to reporting-date effects to a large extent, in particular if they are only subject to short commitment periods.

Concluding remark on the forecast

Achievement of the forecast financial performance, cash flows and financial position of the Berentzen Group, and particularly anticipated revenues, is dependent on the further course of the coronavirus pandemic and any potential social restrictions associated therewith in Germany, particularly in the fourth quarter of 2021.

C. Consolidated half-yearly financial statements

Consolidated Statement of Financial Position at June 30, 2021

	06/30/2021 EUR'000	12/31/2020 EUR'000
ASSETS		
Non-current assets		
Intangible assets	10,133	10,718
Property, plant and equipment	41,319	42,168
Right-of-use assets	2,394	2,122
Other financial assets	948	937
Deferred tax assets	129	132
Total non-current assets	**54,923**	**56,077**
Current assets		
Inventories	38,599	39,397
Current trade receivables	8,254	11,765
Current income tax assets	1,631	847
Cash and cash equivalents	15,002	26,334
Other current financial and non-financial assets	7,769	10,045
Total current assets	**71,255**	**88,388**
Assets held for sale	**0**	**717**
TOTAL ASSETS	**126,178**	**145,182**

	06/30/2021 EUR'000	12/31/2020 EUR'000
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	24,424	24,424
Additional paid-in capital	6,821	6,821
Retained earnings	16,163	15,995
Total shareholders' equity	**47,408**	**47,240**
Non-current liabilities		
Non-current provisions	8,735	8,885
Non-current financial liabilities	8,872	8,596
Deferred tax liabilities	1,048	1,179
Total non-current liabilities	**18,655**	**18,660**
Current liabilities		
Alcohol tax liabilities	29,486	42,626
Current provisions	81	81
Current income tax liabilities	267	255
Current financial liabilities	2,151	1,732
Trade payables and other liabilities	28,130	34,588
Total current liabilities	**60,115**	**79,282**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**126,178**	**145,182**

Consolidated Statement of Comprehensive Income for the period from January 1 to June 30, 2021

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Revenues	67,681	73,498
Change in inventories	- 186	679
Other operating income	2,084	1,471
Purchased goods and services	35,684	41,058
Personnel expenses	13,379	12,368
Amortisation and depreciation of assets	4,421	4,378
Impairments of assets	0	1,377
Other operating expenses	13,455	15,786
Financial income	34	55
Financial expenses	664	775
Earnings before income taxes	**2,010**	**- 39**
Income taxes	542	- 188
Consolidated profit	**1,468**	**149**
Currency translation differences	- 79	- 995
Items to be reclassified to the income statement at a later date	**- 79**	**- 995**
Revaluation of defined benefit obligations	0	344
Deferred taxes on revaluation of defined benefit obligations	0	- 101
Items not to be reclassified to the income statement at a later date	**0**	**243**
Other comprehensive income	**- 79**	**- 752**
Consolidated comprehensive income	**1,389**	**- 603**
Earnings per share after profit attributable to shareholders (in euros per share)		
Basic / diluted earnings per common share	0.156	0.016

Consolidated Statement of Changes in Shareholders' Equity for the period from January 1 to June 30, 2021

	Subscribed capital EUR'000	Additional paid-in capital EUR'000	Retained earnings EUR'000	Total shareholders' equity EUR'000
Total at 01/01/2020	**24,424**	**6,821**	**17,955**	**49,200**
Consolidated profit			149	149
Other comprehensive income			- 752	- 752
Consolidated comprehensive income			- 603	- 603
Total at 06/30/2020	**24,424**	**6,821**	**17,352**	**48,597**
Total at 01/01/2021	**24,424**	**6,821**	**15,995**	**47,240**
Consolidated profit			1,468	1,468
Other comprehensive income			- 79	- 79
Consolidated comprehensive income			1,389	1,389
Dividends paid			- 1,221	- 1,221
Total at 06/30/2021	**24,424**	**6,821**	**16,163**	**47,408**

Abridged Consolidated Cash Flow Statement for the period from January 1 to June 30, 2021

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Cash flow from operating activities	- 8,596	- 6,727
Cash flow from investing activities	- 1,331	- 2,859
Cash flow from financing activities	- 1,862	- 645
Change in cash and cash equivalents	- 11,789	- 10,231
Cash and cash equivalents at the start of the period	26,334	22,010
Cash and cash equivalents at the end of the period	14,545	11,779

Abridged notes to the consolidated financial statements

(1) Policies and methods

(1.1) Information about the Company

Berentzen-Gruppe Aktiengesellschaft, Haselünne, is a stock corporation (Aktiengesellschaft) organised under German law. The company has its registered office at Ritterstraße 7, 49740 Haselünne, Germany, and is recorded in the Commercial Register maintained by Osnabrück Local Court (entry HRB 120444).

The share capital of Berentzen-Gruppe Aktiengesellschaft is divided into 9.6 million no-par shares of common stock which are listed on the regulated market of the Frankfurt Stock Exchange (General Standard) under ISIN DE0005201602 and WKN 520160.

The business activities of Berentzen-Gruppe Aktiengesellschaft and its affiliated companies comprise the production and distribution of spirits and non-alcoholic beverages and the development and distribution of fresh juice systems.

(1.2) Explanatory notes to the policies and methods applied in the preparation of the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft in accordance with International Financial Reporting Standards (IFRS)

Principal accounting policies

The present consolidated half-yearly financial statements at June 30, 2021 were prepared in accordance with Section 117 No. 2 of the German Securities Trading Act (WpHG) in conjunction with Section 115 WpHG and in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee as applicable in the European Union (EU) for interim financial reporting. In particular, IAS 34 “Interim Financial Reporting” was applied; in addition, German Accounting Standard No. 16 (GAS 16) “Half-Year Financial Reporting” was observed.

With the following exception, the recognition and measurement methods applied in the consolidated half-yearly financial statements are essentially the same as those applied in the last consolidated financial statements at the end of the 2020 financial year:

In accordance with IAS 34 in conjunction with IAS 12, the income tax expense in the interim reporting period was calculated on the basis of the best estimate of the currently anticipated tax rate for the financial year as a whole. This tax rate is applied to the pre-tax profit for the interim reporting period.

A detailed description of the principal accounting policies and the recognition and measurement methods applied is provided in the consolidated financial statements at December 31, 2020, which forms the basis for the present consolidated half-yearly financial statements.

The consolidated half-yearly financial statements at June 30, 2021 and the interim group management report for the first half of the 2021 financial year were subjected to neither a voluntary review nor an audit in accordance with Section 317 HGB and should be read in conjunction with the consolidated financial statements at December 31, 2020 and the combined management report of the Berentzen Group and of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year.

The Executive Board approved the present consolidated half-yearly financial statements for the period from January 1 to June 30, 2021 and the interim Group management report for the first half of the 2021 financial year for publication on August 11, 2021.

(1.3) Effects of the coronavirus pandemic

The coronavirus pandemic continued to severely impact the business performance of the Berentzen Group in the first half of 2021. More detailed information on the impacts of the coronavirus pandemic and on business performance can be found in the Interim Group Management Report, in particular in Section (2.2.2) "Business performance – significant developments and events".

When preparing the consolidated half-yearly financial statements, assumptions and estimates are applied which have an impact on the presentation and measurement of the recognised assets, liabilities, income and expenses. With the consequences of the coronavirus pandemic remaining incalculable, these assumptions and estimates are associated with a heightened level of uncertainty. The amounts actually recorded may deviate from these assumptions and estimates, and changes may have a material impact on the consolidated half-yearly financial statements.

In this context, it is worth pointing out the review of the need to carry out impairment tests on the cash-generating units of the Berentzen Group, No ad hoc impairment tests needed to be carried out in the first half of the 2021 financial year, however.

Moreover, an income tax expense will be calculated pursuant to IAS 34 on the basis of the expected tax rate for the full year. This will be based on the company's planning with regard to the financial performance of the individual Group companies, for which there will be higher levels of uncertainty regarding estimates owing to the coronavirus pandemic.

(1.4) New and amended IFRS standards

No significant new or amended IFRS standards were applied for the first time in the 2021 financial year.

(1.5) Consolidated group

The consolidated group is unchanged compared with the consolidated financial statements at December 31, 2020.

(1.6) Assumptions and estimates

When preparing the consolidated half-yearly financial statements in accordance with IAS 34, the Executive Board is required to apply assessments and estimates, and make assumptions, that have an impact on the application of accounting principles in the corporate group and the disclosure of assets and liabilities, and income and expenses. The actual amounts may deviate from these estimates. The results for the reporting period ending June 30, 2021 do not necessarily allow any conclusions to be drawn regarding the development of future results.

The methods applied when making assumptions and estimations are unchanged compared with the consolidated financial statements at December 31, 2020.

(1.7) Economic and seasonal factors

The Group's revenues are influenced by seasonal factors, particularly in the *Spirits* and *Non-alcoholic Beverages* segments. As described in greater detail in Note (4.2) "Segment reporting", the revenues of the *Spirits* segment – the segment with the highest revenues – are generally higher in the second half of the financial year than the first half of the financial year. In addition, the earnings performance of this segment is also dependent on the nature and scope of the marketing instruments employed, whereas general weather conditions are a significant factor influencing the unit sales and revenues of the *Non-alcoholic Beverages* segment. By contrast, no material seasonal factors have been identified for the *Fresh Juice Systems* segment.

Consequently, the results for the first half of the financial year are not necessarily indicative of the results that can be expected for the financial year as a whole.

(2) Explanatory notes to the Consolidated Statement of Financial Position

(2.1) Non-current assets

Investments

A total of EUR 2,525 thousand (first half of 2020: EUR 2,928 thousand) was invested in intangible assets and property, plant and equipment in the first half of the 2021 financial year.

Obligations to purchase property, plant and equipment

Furthermore, there were obligations at June 30, 2021 to purchase property, plant and equipment of EUR 652 thousand (December 31, 2020: EUR 0 thousand).

(2.2) Current trade receivables

Transfers of financial assets

As part of its external funding, the Berentzen Group also utilises factoring lines. The total available financing amount on the basis of two factoring agreements is EUR 55,000 thousand (December 31, 2020: EUR 55,000 thousand). The Group can also access a formally unlimited factoring line based on three additional centralised settlement and factoring agreements which stipulate no maximum commitment; instead, the possible drawdown is limited only by the available amount of saleable receivables.

At June 30, 2021, trade receivables amounting to EUR 43,893 thousand (December 31, 2020: EUR 54,918 thousand) had been sold and assigned to the respective factoring companies. Because almost all of the risks and rewards incident to ownership of the financial assets were transferred to the factor, the trade receivables sold were completely derecognised in accordance with IFRS 9.3.2.6 a). The late payment risk remaining with the Berentzen Group at the time of derecognition was recognised as an asset representing a continuing involvement of EUR 146 thousand at June 30, 2021 (December 31, 2020: EUR 196 thousand). A liability of the same amount was recognised at the same time.

The factor retained collateral amounting to EUR 6,239 thousand (December 31, 2020: EUR 7,958 thousand) to secure any deductions from the face value of receivables. This item is presented under Other current assets.

(2.3) Non-current assets held for sale

The carrying amounts of a property amounting to EUR 717 thousand, owned by Doornkaat Aktiengesellschaft and no longer required for operating purposes, the sale of which was concluded in the first quarter of 2021, were recognised under “Non-current assets held for sale” as at December 31, 2020. The sale of the property led to cash inflows of EUR 1,150 thousand and other operating income from the disposal of non-current assets of EUR 433 thousand.

(2.4) Equity

Profit utilisation / dividend

In accordance with the German Stock Corporation Act (AktG), the profit utilisation including the dividend distribution to shareholders is determined exclusively on the basis of the distributable profit presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with commercial-law regulations.

At the annual general meeting of May 11, 2021, it was decided that the distributable profit for the 2020 financial year in the amount of around EUR 14,991 thousand (previous year: EUR 13,171 thousand) presented in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft be utilised to pay a dividend of EUR 0.13 (previous year: EUR 0.28) per common share qualifying for dividends for the 2020 financial year and to carry forward the remaining amount to new account. In consideration of the treasury shares held by the Company at the date of the annual general meeting, which do not qualify for dividends in accordance with Section 71b AktG, this amount corresponds to a total distribution of approximately EUR 1,221 thousand (previous year: EUR 2,630 thousand) and a carry-forward to new account of approximately EUR 13,770 thousand (previous year: EUR 10,540 thousand).

(2.5) Non-current provisions

	06/30/2021 EUR'000	12/31/2020 EUR'000
Pension provisions	8,227	8,567
Other non-current provisions	508	318
	8,735	**8,885**

Pension provisions

The pension provisions based on defined benefit plans pertain to the post-employment benefit obligations (old age, disability, and survivor’s pensions) of the companies included in the consolidated financial statements, which are governed by different pension codes. The amount of individual benefits depends on the length of service with the Company and the age and/or salary level of the employee. No defined benefit commitments are being made to newly hired employees at this time.

Pursuant to IAS 19, the provisions for pension and similar obligations are calculated in accordance with the projected unit credit method for defined benefit plans. The figures are determined on the basis of actuarial reports. The parameters for the actuarial interest rate, rate of increase in future compensation and imputed rate of increase on the pension obligation were retained unchanged in the first six months of the 2021 financial year compared with December 31, 2020. The following table shows an analysis of the defined benefit obligation (DBO) at June 30, 2021:

	06/30/2021 EUR'000	12/31/2020 EUR'000
DBO at the start of the financial year	8,567	9,263
Interest expenses on DBO	14	65
Revaluations		
Actuarial gains / losses due to change in financial assumptions	0	297
Actuarial gains / losses due to change in experience-based adjustments	0	- 334
Pension benefits paid	- 354	- 724
DBO at the end of the first half / financial year	**8,227**	**8,567**

The following table shows the breakdown of the pension expenses for the respective six-month period:

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Interest expenses on DBO	14	33
Expenses recognised in the Consolidated Statement of Comprehensive Income	**14**	**33**
Actuarial gains (-) / losses (+)	0	- 344
Expenses / income recognised in other comprehensive income	**0**	**- 344**
Total pension expenses	**14**	**- 311**

Other non-current provisions

	06/30/2021 EUR'000	12/31/2020 EUR'000
Performance-dependent components	257	73
Service anniversary awards	251	245
	508	**318**

Please refer to Section (4.5) "Related Party Disclosures" for a detailed explanation of the performance-based components of Executive Board compensation as well as to the description of the compensation system for Executive Board members available at https://www.berentzen-gruppe.de/fileadmin/media/4_0_investoren/4_1-aktiengesellschaft/Resolution_and_remuneration_system_for_Executive_Board_members____120a_AktG_2021.pdf.

(2.6) Alcohol tax liabilities

	06/30/2021 EUR'000	12/31/2020 EUR'000
Alcohol tax liabilities	29,486	42,626
	29,486	**42,626**

The amount disclosed at June 30, 2021 pertains to the domestic alcohol tax reported for the months of May and June 2021. The amount disclosed at December 31, 2020 contains the domestic alcohol tax reported for the months of November and December 2020 which, under the provisions of the German Alcohol Tax Act, fell due for payment in January and February of 2021 respectively.

(2.7) Current financial liabilities

	06/30/2021 EUR'000	12/31/2020 EUR'000
Lease liabilities	1,001	946
Liabilities due to non-consolidated affiliated companies	542	546
Liabilities to banks	456	36
Continuing involvement	146	196
Interest liability from continuing involvement	6	8
	2,151	**1,732**

The liabilities due to banks of EUR 456 thousand (December 31, 2020: EUR 36 thousand) are essentially the current account liabilities of a foreign subsidiary.

(2.8) Financial instruments

The cash and cash equivalents, trade receivables and other financial assets have mostly short-term residual maturities. Therefore, the carrying amounts at the reporting date are approximately equal to the fair values. The amortised cost of certain financial instruments in the category of “measured at fair value through profit or loss”, such as shares in affiliated companies, other equity investments and shares in a cooperative society, constitutes the best estimate of their fair value.

The fair value of the liabilities from the syndicated loan agreement approximates the recognised value due to part of the interest being charged at variable rates on the basis of reference interest rates. The fair values of current financial liabilities, such as liabilities due to non-consolidated affiliated companies, are equal to their respective carrying amounts because they have short-term residual maturities and the effects of discounting are immaterial. The market value of derivative financial instruments is determined by application of the present-value method. End-of-day interest rates are applied for this purpose, and ECB reference rates are applied for the last day of the month. The fair value is attributable to Level 2 of the fair value hierarchy of IFRS 13. On balance, measurement at fair value did not give rise to any earnings effect (first half of 2020: negative earnings effect of EUR 3 thousand). Trade payables and Other liabilities generally have shorter terms. The figures disclosed approximate the fair values.

The different levels of the fair value hierarchy defined in IFRS 13 are presented below:

- Level 1: The input factors are quoted (not adjusted) prices in active markets for identical assets or liabilities, which the company can access at the measurement date.

- Level 2: The input factors are inputs other than the quoted market prices applied in Level 1, which are observable for the asset or liability, either directly or indirectly.

- Level 3: The input factors are unobservable inputs for the asset or liability.

Carrying amounts and fair values by category of financial instrument

The table below shows the carrying amounts and fair values of the financial instruments reported in the consolidated half-yearly financial statements:

	Category per IFRS 9	06/30/2021 Carrying amount EUR'000	06/30/2021 Fair value EUR'000	12/31/2020 Carrying amount EUR'000	12/31/2020 Fair value EUR'000
Assets					
Cash and cash equivalents	AC [1]	15,002	15,002	26,334	26,334
Trade receivables	AC	8,254	8,254	11,765	11,765
Other financial assets					
Equity instruments	FVPL [2]	802	802	774	774
Other financial assets	AC	7,254	7,254	9,368	9,368
Liabilities					
Liabilities to banks	AC	7,798	7,798	7,324	7,324
Trade payables	AC	9,007	9,007	9,664	9,664
Other financial liabilities	AC	13,575	13,575	17,962	17,962

1) Amortised cost.

2) Fair Value through Profit & Loss.

(3) Explanatory notes to the Consolidated Statement of Comprehensive Income

Revenues are generated primarily from the sale of goods in various geographic regions and within various product groups at specific times.

(3.1) Revenues

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Spirits segment	41,271	42,832
Non-alcoholic Beverages segment	18,706	22,737
Fresh Juice Systems segment	6,774	7,437
Other segments	930	492
Revenues	**67,681**	**73,498**

(3.2) Other operating income

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Reversal of liabilities (accruals)	617	388
Income from the disposal of non-current assets	459	42
Costs allocations / cost reimbursements	212	317
Miscellaneous other operating income	796	724
	2,084	**1,471**

(3.3) Impairments of assets

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Impairments of assets	0	1,377
	0	**1,377**

In the first six months of the 2021 financial year, there was no need to carry out an ad hoc impairment text pursuant to the provisions of IAS 36, meaning that there were no impairments of assets to be recorded.

For information on impairments of assets recorded in the first half of the 2020 financial year, please refer to Note (3.7) “Impairments of assets” in the notes to the consolidated financial statements in the 2020 Annual Report of Berentzen-Gruppe Aktiengesellschaft.

(3.4) Other operating expenses

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Other selling costs	7,009	7,556
Marketing, including advertising	1,593	1,607
Maintenance	1,186	1,584
Miscellaneous other operating expenses	3,667	5,039
	13,455	**15,786**

(3.5) Income taxes

	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Current income taxes	670	246
Deferred income tax expenses	- 128	- 434
	542	**- 188**

(4) Other explanatory notes

(4.1) Abridged Cash Flow Statement

The cash flows are explained together with the abridged Consolidated Cash Flow Statement in the Interim Group Management Report in Section (2.2.4) Economic report, Cash flows on pages 17 f. of these consolidated half-yearly financial statements. The abridged Consolidated Cash Flow Statement is shown separately on page 32 of these consolidated half-yearly financial statements.

(4.2) Segment reporting

Business segments

The segment report is prepared in accordance with IFRS 8 “Operating Segments”. This requires the business segments to be identified on the basis of the internal management reports of the Company’s divisions, the operating results of which are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The segment reports accord with the internal reports presented to the chief operating decision maker, the Executive Board of Berentzen-Gruppe Aktiengesellschaft. The Executive Board uses the “contribution margin after marketing budgets” as the key performance indicator. The corporate group is mainly organised and managed on the basis of product groups and sales units. The internal reporting of Berentzen-Gruppe Aktiengesellschaft is generally based on the same recognition and measurement principles as the consolidated financial statements. The segment report is organised in the same way as the internal reports.

In the segment report, the main operating units of “Domestic Branded Spirits” and “Export and Private-Label Brands” in the spirits business are grouped together to form one reporting segment, due to their similar customer groups, products and similar long-term margins.

The corporate group was active in the following segments in the 2020 financial year and in the first half of the 2021 financial year:

- *Spirits* (domestic branded spirits and export and private-label brands): The marketing, distribution and sale of spirits in the above-mentioned sales divisions are combined in this segment.

- *Non-alcoholic Beverages*: The marketing, distribution and sale of non-alcoholic beverages are combined in this segment.

- *Fresh Juice Systems:* Depending on the system component, the development, manufacture, marketing, distribution and sale of juicers, oranges and filling containers are combined in this segment.

- *Other segments:* This segment primarily includes the tourist and event activities of the Berentzen Group as well as the Spirits business in Turkey, managed by a local Group company.

Segment data

The revenues of the individual segments consist of the intersegment revenues together with revenues generated with customers outside of the corporate group. The sum total of the external revenues of the individual segments yields the consolidated revenues of the corporate group. The prices and terms for the products and services exchanged between the Group companies and segments are the same as those applied with third parties.

Expenses accruing directly in the units grouped together to form the respective segment are included in the segment result “contribution margin after marketing budgets”. It is possible to allocate the product-related purchased goods and services, other direct costs (shipping, packaging recycling and commissions) and marketing, including advertising, to the correct business segment. This means that the contribution margin after marketing budgets can be shown in full for the segments and is used as a key performance indicator in the corporate group.

In the internal reports presented to the chief operating decision maker, assets and liabilities are only presented at the Group level and are not allocated to the segments. This means that the Executive Board of Berentzen-Gruppe Aktiengesellschaft in its function as chief operating decision maker does not receive any information about segment assets.

Segment reporting for the period from January 1 to June 30, 2021

	01/01 to 06/30/2021					
	Spirits EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments EUR'000	Elimination of intersegment income / expenses EUR'000	Total EUR'000
Revenues with third parties	**41,271**	**18,706**	**6,774**	**930**		**67,681**
Intersegment revenues	130	17	0	2	- 149	
Total revenues	**41,401**	**18,723**	**6,774**	**932**	**- 149**	**67,681**
Purchased goods and services (product-related only)	- 24,777	- 5,735	- 3,473	- 415	149	- 34,251
Other direct costs	- 2,244	- 2,289	- 523	- 34		- 5,090
Marketing, including advertising	- 1,042	- 323	- 7	- 20		- 1,392
Contribution margin after marketing budgets	**13,338**	**10,376**	**2,771**	**463**		**26,948**
Other operating income						2,084
Purchased goods and services / change in inventories (if not included in contribution margin)						1,619
Personnel expenses						- 13,379
Amortisation and depreciation of assets						- 4,421
Miscellaneous other operating expenses						- 6,973
Consolidated operating profit, EBIT						**2,640**
Financial income						34
Financial expenses						- 664
Consolidated profit before income taxes						**2,010**
Income taxes						- 542
Consolidated profit						**1,468**

Segment reporting for the period from January 1 to June 30, 2020

	01/01 to 06/30/2020					
	Spirits EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments EUR'000	Elimination of intersegment income / expenses EUR'000	Total EUR'000
Revenues with third parties	**42,832**	**22,737**	**7,437**	**492**		**73,498**
Intersegment revenues	125	17	2	10	- 154	
Total revenues	**42,957**	**22,754**	**7,439**	**502**	**- 154**	**73,498**
Purchased goods and services (product-related only)	- 25,226	- 8,956	- 4,514	- 207	154	- 38,749
Other direct costs	- 2,339	- 2,350	- 548	- 29		- 5,266
Marketing, including advertising	- 882	- 444	- 51	- 27		- 1,404
Contribution margin after marketing budgets	**14,510**	**11,004**	**2,326**	**239**		**28,079**
Other operating income						1,471
Purchased goods and services / change in inventories (if not included in contribution margin)						- 1,630
Personnel expenses						- 12,368
Amortisation and depreciation of assets						- 4,378
Miscellaneous other operating expenses						- 9,116
Consolidated operating profit, EBIT						**2,058**
Exceptional effects		- 1,377				- 1,377
Financial income						55
Financial expenses						- 775
Consolidated profit before income taxes						**- 39**
Income taxes						188
Consolidated profit						**149**

(4.3) Contingent liabilities

	06/30/2021 EUR'000	12/31/2020 EUR'000
Liabilities from guarantees	872	872
Other contingent liabilities	341	327
	1,213	**1,199**

Furthermore, there are liability undertakings of EUR 776 thousand (December 31, 2020: EUR 776 thousand) under customs absolute maximum-liability guarantees. The current spirits tax liabilities secured by such guarantees amounted to EUR 29,486 thousand at June 30, 2021 (December 31, 2020: EUR 42,626 thousand).

(4.4) Litigation

In connection with their ordinary business activities, the companies of the Berentzen Group are involved in legal disputes in different jurisdictions; moreover, existing legal disputes may be broadened or additional legal disputes may be initiated. These legal disputes could result in payment obligations for the companies of the Berentzen Group in the form of damages, punitive damages, or obligations to satisfy other claims, as well as penalties, fines, or disgorgements under criminal law or civil law. In isolated cases, moreover, legal disputes could lead to formal or informal exclusions from public tenders or the withdrawal or loss of government permits or approvals. Claims asserted in legal disputes bear interest, as a general rule.

At the present time, the Berentzen Group does not expect any material adverse effects on its financial position, cash flows and financial performance. Appropriate risk provisions have been formed insofar as the obligation resulting from the proceedings is sufficiently concretised. However, because the risks of legal disputes can be estimated only to a limited extent, the occurrence of adverse effects not fully covered by the respective risk provisions cannot be ruled out, as a general rule.

(4.5) Related Party Disclosures

The disclosures prescribed by IAS 24 refer to dealings with related entities and persons, to the extent that they are not included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as reporting entities. Persons or entities related to the reporting entity within the meaning of IAS 24 specifically include companies that belong to the same corporate group as the reporting entity and persons who either control or have a significant influence over the reporting entity, or who are a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Related persons

The members of the Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft are related persons.

Executive Board

The compensation granted to the members of the Executive Board within the meaning of IAS 24.17 is presented below:

Type of compensation	01/01 to 06/30/2021 EUR'000	01/01 to 06/30/2020 EUR'000
Short-term benefits	606	446
Other long-term benefits	23	- 125
Share-based Payment	210	0
	839	**321**

The Supervisory Board passed a resolution on changes to the compensation system for Executive Board members at January 1, 2021, which was approved by the virtual annual general meeting on May 11, 2021. In addition to fixed basic salaries, the compensation system also consists of short- and long-term variable components. The long-term variable components are based on share-based and non-financial performance criteria. Share-based compensation is assessed on the basis of a multivariate Black–Scholes model with Monte Carlo simulations corresponding to IFRS 2 requirements. As at June 30, 2021, a fair value of EUR 210 thousand was determined for this and shown on the liabilities side accordingly.

Post-employment benefits of EUR 14 thousand (first half of 2020: EUR 20 thousand) were granted to former managing directors of group companies to which Berentzen-Gruppe Aktiengesellschaft is the legal successor, and their surviving dependents, in the first half of the 2021 financial year.

As calculated in accordance with IAS 19, the present value of accrued pension obligations for this group of persons amounted to EUR 392 thousand at June 30, 2021 (December 31, 2020: EUR 392 thousand).

Supervisory Board

Short-term benefits within the meaning of IAS 24.17 in the total amount of EUR 94 thousand (first half of 2020: EUR 94 thousand) were granted to the members of the Supervisory Board in their function as members of the Supervisory Board.

The employee representatives on the Supervisory Board received short-term benefits in the total amount of EUR 48 thousand (first half of 2020: EUR 49 thousand) in the first half of the financial year for their activity outside their function as members of the Supervisory Board.

Additional related-party disclosures

The outstanding balances due to or from related parties at the end of the first half of the financial year at June 30, 2021 are not secured and do not bear interest. No guarantees have been provided for amounts due to or from related parties.

There were no doubtful receivables related to outstanding balances due from related parties at June 30, 2021, and therefore no provisions have been recognised for this purpose. No expenses for uncollectible or doubtful receivables due from related parties were recognised in the first half of the 2021 financial year.

(4.6) Significant events after the reporting date

No reportable events occurred after the end of the first half of the financial year.

Haselünne, August 11, 2021

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann	Ralf Brühöfner
Executive Board member	Executive Board member

D. Declarations and other information

Declaration by the legal representatives

We hereby declare that, to the best of our knowledge, and in accordance with the applicable accounting principles for half-year reporting, the consolidated half-yearly financial statements give a true and fair view of the Group's financial position, cash flows and financial performance and the Interim Group Management Report provides a true and fair view of the development and performance of the Group together with a description of the principal opportunities and risks associated with the probable development of the Group in the rest of the present financial year.

Haselünne, August 11, 2021

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann	Ralf Brühöfner
Executive Board member	Executive Board member

Company information

Berentzen-Gruppe Aktiengesellschaft
Ritterstraße 7
49740 Haselünne
Germany
T: +49 (0) 5961 502 0
F: +49 (0) 5961 502 268
E: info@berentzen.de
Internet: www.berentzen-gruppe.de/en

Corporate Communications & Investor Relations
T: +49 (0) 5961 502 215
F: +49 (0) 5961 502 550
E: pr@berentzen.de
E: ir@berentzen.de

Publication date: August 11, 2021

Current 2021 financial calendar

August 11, 2021	Group Half-Yearly Financial Report 2021
October 21, 2021	Interim Report Q3 / 2021
November 22-24, 2021	German Equity Forum – online

Last updated on August 11, 2021. The financial calendar is provided for information purposes only and will be regularly updated. It is subject to change.

Disclaimer

This report contains forward-looking statements relating in particular to future business development and future financial performance as well as future events or developments concerning Berentzen-Gruppe Aktiengesellschaft and the Berentzen Group. These are based on the management's assumptions, assessments and expectations of future company-related developments at the time of publication of this report. They therefore carry risks and uncertainties which are named and explained, particularly (but not exclusively) as part of the management report within the risk and opportunities report and the forecast report. To this extent, events and results which actually occur may deviate substantially from the forward-looking statements, be it positively or negatively. Many uncertainties and the resulting risks are due to circumstances that are outside the control or influence of Berentzen-Gruppe Aktiengesellschaft and cannot be assessed with certainty. These include, but are not limited to, changing market conditions and their economic development and effect, changes in financial markets and exchange rates, the behaviour of other market actors and competitors and legal changes or political decisions by regulatory and governmental authorities. Berentzen-Gruppe Aktiengesellschaft is not obliged, unless otherwise stipulated by law, to make any corrections or adjustments to the forward-looking statements owing to circumstances that occurred after the date of publication of this report. Berentzen-Gruppe Aktiengesellschaft shall not make any guarantee or accept any liability, either express or implied, for the currentness, accuracy or completeness of the forward-looking statements.

In addition to the financial results reported in the annual and consolidated financial statements and calculated in line with the relevant accounting frameworks, this report also contains financial results that are not or are not accurately defined in the relevant accounting frameworks and are or could be alternative key performance indicators. Alternative key performance indicators presented or reported by other companies using an identical or comparable description may be calculated in a different way.

Any trademarks and distinctive signs used within this report or protected by third parties are subject to the provisions of the relevant trademark law applicable as well as the rights of the registered owners. Berentzen-Gruppe Aktiengesellschaft shall retain the copyrights and reproduction rights for trademarks and other distinctive signs it has produced, unless otherwise explicitly agreed.

For information purposes, this report is also available in English. In the event of deviations, the German version shall be the sole definitive version and take precedence over the English version.

Berentzen-Gruppe Aktiengesellschaft
Ritterstraße 7
49740 Haselünne
Germany
T: +49 (0) 5961 502 0
F: +49 (0) 5961 502 268
E: info@berentzen.de
Internet: www.berentzen-gruppe.de/en