BERENTZEN-GRUPPE

Annual Report 2020

Berentzen vivaris CITROCASA PERFORMING FRESHNESS PABST & RICHARZ

Key Figures

Key figures of the Berentzen-Gruppe

		2020 or 12/31/2020	2019 or 12/31/2019	Change 2020/2019
Consolidated revenues excl. spirits tax	EURm	154.6	167.4	- 7.7%
Spirits segment	EURm	93.0	93.3 [1]	- 0.4%
Non-alcoholic Beverages segment	EURm	45.3	51.4	- 11.8%
Fresh Juice Systems segment	EURm	15.0	20.0	- 25.0%
Other segments	EURm	1.4	2.8 [1]	- 51.6%
Total operating performance	EURm	154.6	167.4	- 7.6%
Contribution margin after marketing budgets	EURm	57.4	63.4	- 9.5%
Consolidated EBITDA	EURm	14.1	18.4	- 23.1%
Consolidated EBITDA margin	%	9.1	11.0	- 1.9 PP [2]
Consolidated EBIT	EURm	5.2	9.8	- 46.9%
Consolidated EBIT margin	%	3.4	5.9	- 2.5 PP [2]
Consolidated profit	EURm	1.2	4.9	- 75.0%
Operating cash flow	EURm	9.2	12.0	- 23.9%
Cash flow from investing activities	EURm	- 5.4	- 6.9	+ 21.5%
Free cash flow [3]	EURm	8.3	9.7	- 15.0%
Consolidated equity ratio	%	32.5	32.4	+ 0.1 PP [2]
Employees	Total	507	498	+ 1.8%

[1] Previous-year values adjusted due to change in the composition of the *Spirits* and *Other segments* as a result of new organisational structure.

[2] PP = percentage points.

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

		2020 or 12/31/2020	2019 or 12/31/2019	Change 2020/2019
Berentzen common share (ISIN DE0005201602, WKN 520160) share price / XETRA	EUR / share	5.54	6.84	- 19.0%
Market capitalisation	EURm	52.0	64.3	- 19.0%
Dividend / Berentzen common share	EUR / share	0.13 [1]	0.28	- 53.6%
Dividend yield	%	2.3	4.1	- 1.8 PP [2]
Payout Ratio	%	99	53	+ 46 PP [2]

[1] Proposal for the 2020 financial year.

[2] PP = percentage points.

Content

BERENTZEN-GRUPPE
Thirst for life

A. To our shareholders

(1) Letter to shareholders

Ladies and Gentlemen, dear Shareholders,

Last spring events unfolded at breakneck speed all over the world, and Germany too saw the onset of a time of unprecedented consequences – for our personal lives, our society and our business activities. As early as March 26, 2020, the date on which our Annual Report was published, it was already clear that the coronavirus pandemic was certain to impact our business activities even if it was impossible for us to predict the extent. Accordingly, we had to retract the forecast for the 2020 financial year that we had just made on the very day on which we published the Annual Report. The imponderables of the pandemic situation meant that it was impossible to reliably assess how business would develop over the full year 2020 before we entered last summer.

When we finally published a new forecast for the financial year in July 2020, we were one of the first companies that felt confident enough to do so. We prepared this outlook, although many assumptions on how the social and economic situation would develop going forward remained vague by necessity. With hindsight, we now know that many of our assessments were correct, as our three performance indicators – consolidated revenues, consolidated EBIT and consolidated EBITDA – are in fact within the ranges we forecast for the 2020 financial year. We generated consolidated revenues of EUR 154.6 million. Our adjusted consolidated EBIT stood at EUR 5.2 million, and our consolidated EBITDA at EUR 14.1 million.

You will surely concur with us that last year cost a lot of energy. This applies not only to every one of us but to the companies concerned. We – and by this we mean the entire Berentzen Group – have made every effort, working as a team, to achieve the amended earnings targets. It became clear very early on in the pandemic that the number of relevant occasions and seasonal highlights for the consumption of our brands was going to fall and that the willingness to invest on the part of our business partners, especially in the retail, hospitality and hotel sectors, would decrease. A massive impact on the volume of our business – and consequently on consolidated revenues and consolidated gross profit – was foreseeable and also inevitable. We reacted to this development with a number of counter-measures. For example, operating expenses and investments were reduced and postponed as far as economically reasonable. This and other measures ensured that we were able to generate sound EBIT, albeit significantly down on the previous year, and maintain a liquidity situation that is still good.

Despite this focus on coronavirus-related challenges, we did not remain stuck in crisis mode in 2020, but launched and implemented many new products and campaigns in order to avoid too much short-termism, and to keep our eyes fixed on ensuring that our positive development is sustained over the long run. The start of our own sales field organisation, Berentzen-Vivaris Vertriebs GmbH, and the purchase of the premium cider brand *Goldkehlchen*, were two very important milestones. Our newly formed sales company will ensure shorter response times and greater effectiveness in retail spaces, because our own employees identify more strongly with our brands, which means they show more dedication to getting our products onto retailers' shelves more quickly. With the acquisition of *Goldkehlchen* we are tapping into a new and modern beverages segment, and pressing forward with our mission of being a broad-based beverages group that markets innovative and modern beverage ideas. *Goldkehlchen* has clear potential for growth, as modern ciders and other “ready-to-drink” concepts are returning double-digit growth both in Germany and on the international markets – even in a year as difficult as 2020.

When we now look at the 2021 financial year, we must first note that it did not have an easy start. The entire first quarter was overshadowed by a “lockdown” in Germany and other European countries that brought social life virtually to a standstill. To all intents and purposes, there have not yet been any occasions where people meet up and consume our brands and products. And we have to face up to the fact that there are likely to be considerable restrictions over the rest of the year 2021 as well. This means that the 2021 financial year as a whole will be similar to 2020. For this reason, we anticipate a level of revenues and earnings comparable to the 2020 financial year. Specifically, we expect consolidated revenues in the range between EUR 152.0 million and EUR 158.0 million, consolidated EBIT of between EUR 4.0 million and EUR 6.0 million and consolidated EBITDA of between EUR 13.0 million and EUR 15.0 million. The EBIT and EBITDA forecast figures are thus in exactly the same range as in the previous year.

Along with the increasing numbers of people being vaccinated and the expansion of the possibilities for testing, we anticipate a gradual return to public life over the further course of the year. Consequently, we are convinced that our operations will also be profitable in the second year of the pandemic.

Looking a little further into the future, particularly beyond the year 2021, we have reason for great optimism. People will once again enjoy being in cheery high spirits and celebrating in the company of others – perhaps even more so than before. At the Berentzen Group, we have already started preparing for this time. The aforementioned formation of the new company Berentzen-Vivaris Vertriebs GmbH and the launch of *Goldkehlchen* in Germany are important examples of how we are already setting our strategic course for the time after the pandemic. Over and above this, we are working at full speed in all segments to develop new products, in order to be prepared with numerous innovations for the return to a profitable growth trajectory after the coronavirus. After all, we were on the right path already before the pandemic. Between 2017 and 2019, we not only generated sound revenue growth but also an even faster rate of growth in gross profit. This demonstrates that our growth strategy that we have publicised on many occasions, involving innovation-driven value creation, was beginning to bear fruit. That is where we intend to continue on from. That is what we intend to be prepared for. That is what we at the Berentzen Group are working for – every day and with great dedication. We would be pleased for you to accompany us.

Yours sincerely,

(2) Our share

Key figures on the Berentzen-Gruppe Aktiengesellschaft share

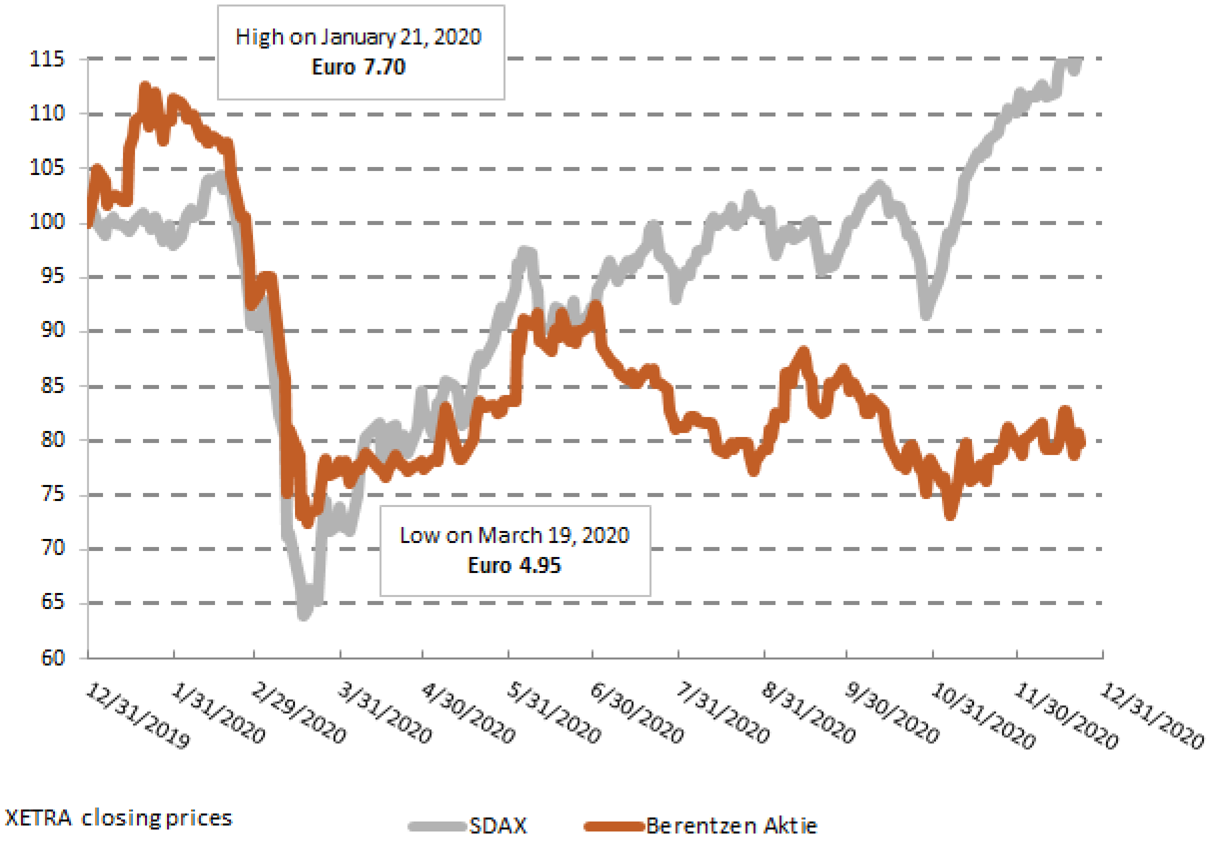
		2020	2019
Number of listed shares (common stock)	Units	9,600,000	9,600,000
Number of treasury shares	Units	206,309	206,309
High for the year / XETRA	Euro / share	7.70	7.20
Low for the year / XETRA	Euro / share	4.95	5.86
Average for the year / XETRA	Euro / share	5.89	6.48
Average trading volume per trading day / XETRA	Units	11,311	9,900
Price at year-end / XETRA	Euro / share	5.54	6.84
Price-earnings ratio	Ratio	42.2	13.1
Dividend / share	Euro / share	0.13 [1)]	0.28
Dividend yield	%	2.3	4.1
Basic / diluted earnings per share	Euro / share	0.13	0.52
Payout ratio	%	99	53

1) Proposal for the 2020 financial year.

The Berentzen-Gruppe Aktiengesellschaft share is listed on the regulated market (General Standard) of the Frankfurt Stock Exchange and is traded on all German stock exchanges. Trading sales (XETRA) amounted to 2.9 million in 2020, thus up on the previous-year volume (2.5 million). Average trading volume per trading day (XETRA) of 11.3 thousand shares was likewise up on the previous-year figure (9.9 thousand shares).

Price of the Berentzen-Gruppe Aktiengesellschaft share in 2020

Berentzen Group | Investors | Share



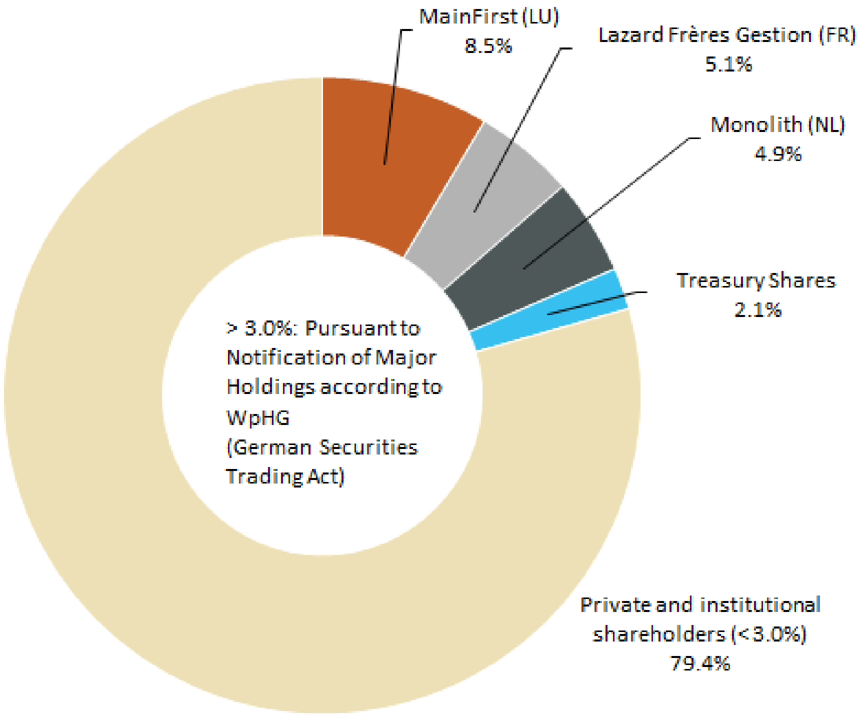
2020 was a positive year overall for the German equity market, despite the massive slump observed in spring owing to the onset of the coronavirus crisis. The SDAX recovered swiftly despite the imposed lockdown and the extensive restrictions affecting the economy, reaching a record level of 14,767 points in December. Overall, it closed the year with an increase of 18.0%. This swift recovery after the first quarter of 2020 was attributable to, among other things, the expansionary monetary policy pursued by central banks as well as government aid packages, which ensured sufficient liquidity for companies and appeared to alleviate concerns about financing. The other key German equity indices likewise developed positively in 2020, with the DAX up by 4% and the TecDAX and MDAX increasing by more than 6% and 8%, respectively.

The Berentzen-Gruppe Aktiengesellschaft share, however, developed considerably more weakly in this environment, with its value decreasing by around 19%. After starting trading at EUR 6.94 on the stock exchange on January 2, 2020, the share price briefly edged up at the beginning of the year, even exceeding the performance of the SDAX, and culminated in an annual high of EUR 7.70 on January 21, 2020. With the onset of the coronavirus crisis in February and early March, however, the value of the share fell significantly, leading to an annual low of EUR 4.95 on March 19, 2020. Following the publication of the annual and consolidated financial statements at the end of March, the price recovered to EUR 6.32 on July 1, 2020. However, the share price continued to drop over the course of the year, albeit it temporarily exceeded the EUR 6 mark again in mid-September. The shares closed the year at a price of EUR 5.54 on December 30, 2020. Market capitalisation also decreased from EUR 64.3 million (at the end of 2019) to EUR 52.0 million (at the end of 2020) accordingly.

Berentzen Group | Investors | Share

Shareholder structure

(at February 28, 2021)



Dividend proposal

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft will propose to the general meeting that part of the distributable profit presented in the separate commercial-law financial statements of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 15.0 million for the 2020 financial year be utilised to pay a dividend of EUR 0.13 per qualifying common share for the 2020 financial year and the rest be carried forward to new account.

Basic information on the Berentzen-Gruppe Aktiengesellschaft share

Securities identification numbers	ISIN: DE0005201602 Securities ID: 520160
Ticker symbol	Reuters: BEZ.DE Bloomberg: BEZ3 GR
Market segment	Regulated Market in Frankfurt, XETRA
Transparency level	General Standard
Other stock exchanges	Open Market in Berlin, Dusseldorf, Germany, Hamburg, Hannover, Munich, Stuttgart
Designated sponsor	Oddo Seydler Bank AG
IPO	June 14, 1994

(3) Our products

The Berentzen Group: a modern, innovative beverages group with a broad base in its three segments: *Spirits*, *Non-alcoholic Beverages* and *Fresh Juice Systems*. The corporate group develops, produces and markets beverage ideas for the widest range of consumer needs – from spirits, mineral waters and carbonated soft drinks through to fruit presses for freshly squeezed orange juice.

Spirits

The Company's roots in the grain alcohol distillery and the *Berentzen* brand. Date back more than 250 years. The year 1976, when the Company launched the *Berentzen Fruchtigen* line of products around the core *Apfelkorn* product, was an important milestone in the Company's history. The subsequent success paved the way for the further corporate expansion. Since 1990, consumers can also find products from the *Puschkin* brand in the portfolio of the Berentzen Group. This was then expanded in the 1990s to include traditional spirits like *Strothmann*, *Bommerlunder* and *Doornkaat*. The strategic focus in developing the spirits portfolio is on the *Berentzen* and *Puschkin* umbrella brands. They are continuously reinforced by means of innovation and renewal, together with communication programmes for the retail trade.

Since 2018, new products and brands have entered spirits categories such as rum and gin that cannot be served by the umbrella brands. In this respect, premium concepts in particular are being implemented that take up the market trend towards higher-quality products and make a contribution to the corporate group's value creation. As an example, a premium rum was launched on the market under the *Tres Países* brand at the beginning of 2019. Secondly, the Berentzen Group distributes *Norden Dry Gin* under the *Doornkaat* brand as a product that responds to the current popularity of gin and sets itself apart from other gins thanks to its northern German heritage.

Furthermore, 2020 saw the development of a new premium Korn concept with *Berentzen Burgmannshof Korn*. *Burgmannshof Korn* is distilled at the Berentzen Hof Distillery in Haselünne, stored in barrels for six months within the historic walls of the Westerholtscher Burgmannshof building before being bottled by hand.

Berentzen Group | Brands | Spirits

The Berentzen Group's product portfolio was extended in August 2020 with the takeover of *Goldkehlchen*, a premium cider from Austria. On the basis of the modern, high-quality cider concept behind *Goldkehlchen*, the Berentzen Group is entering a new beverages segment that is revealing significant growth both on the German and international markets. In doing so, *Goldkehlchen* is fulfilling several consumer needs at the same time: alongside the current trend of modern cider and ready-to-drink concepts, the product meets the desire for natural, regional raw materials. *Goldkehlchen* is produced without the addition of artificial ingredients, colourings and sugar. Production is based in Styria, Austria, and uses hand-picked apples from the surrounding area and pears from the neighbouring Mostviertel region.

Already since the close of 2018, the Berentzen Group's sales offering has included the *Berentzen Winter Editions* with the *White Chocolate Macadamia*, *Coffee Cream* and *Caramel Cream* varieties for a limited promotion period until the end of that winter. According to market research data, *Berentzen Winter Editions* already achieved in its first year the third largest sales volume of all cream liqueurs in Germany over the campaign period. The *Berentzen Summer Editions* in the *Raspberry Cream*, *Passion Fruit Cream* and *Coco Pineapple Cream* tastes were developed with a view to participating in the success of the growing cream liqueur segment not only in the winter season but also in the spring and summer months; they successfully entered the market mid-March 2020. According to market research data, these products reached second place among the strongest-selling branded cream liqueurs in Germany last June. This means that the seasonal cream liqueurs are developing overall into an important strategic pillar within the Berentzen portfolio.

The various flavours of *Berentzen Minis* remain at the focus of marketing activities. Despite the coronavirus pandemic and the associated cancellation of many occasions for use, October 2020 saw the market launch of the *Berentzen Party Box*, a box with 24 miniature glass bottles that are particularly suitable for consumption at home.

With regard to the *Puschkin* brand, positive developments were seen in particular by products known as the Dessert Range that include the *Nuts & Nougat*, *Coffee & Caramel* and *White Choco Coco* varieties in 2020. Furthermore, the strong growth in the *Watermelon* variety was joined by the very positive start for the *Blueberry* variety launched in February 2020. It received the accolade of "novelty of the year 2020" in its category from beverages industry journal "Getränke Zeitung". The successful business with miniature bottles was expanded in 2020 by a new box with 24 miniature glass bottles, the *Puschkin Shot Box*, in line with the aforementioned *Berentzen Party Box*. Alongside the top-selling *Nuts & Nougat*, *Watermelon* and *Blueberry* flavours, the *Puschkin Shot Box* contains the new *Passionfruit Yuzu* variety. The latter has also been available in a 0.7-litre bottle since March 2021. According to market research data, *Puschkin* liqueurs saw significantly stronger growth than the liqueur market overall in 2020. *Puschkin Vodka*, which is one of the top 5 vodkas in Germany by sales volume, was put on the market as an attractive limited edition with an effect label once again towards year-end 2020.

Once again in 2020, the *Berentzen* brand was managed using targeted communication measures involving an optimised multimedia mix and adaptation to target groups. At the core of these measures was the "Freude bekennen" campaign, which was continued via a variety of channels with a focus on social media. New approaches to communication within the scope of digital marketing have led to a significant improvement in adaptation to specific target groups. The existing expertise in the field of digital advertising is also benefiting the *Puschkin* brand.

The international brand portfolio is essentially based on the products distributed in Germany too, likewise also taking into account the innovations launched on the German market.

Berentzen Apfel remains the strongest-selling flavour of the *Berentzen Fruchtigen* line of products internationally. For years, the Netherlands has held the best market position, with a clear gearing to young adults. The *Puschkin* product family has likewise been present on the market especially in the Benelux countries and in many countries of central and eastern Europe for many years. Other important products in the international business include *Berentzen Doppelkorn*, *Rasputin* and *Fjodor* in the border-shop business at the eastern border of the EU, that came under pressure due to the temporary border closures on account of the coronavirus pandemic in the past year.

The Group's branded dealer and private-label products, which are marketed by the subsidiary Pabst & Richarz Vertriebs GmbH, are popular with the retail trade not only because of their excellent quality and strong customer focus, but also for their new, customised product and marketing concepts. Among others, these also include international spirits specialities such as gin, bourbon, Cuban rum and tequila. Alongside the important entry-level business, the development, manufacture and sale of "value added dealer brand concepts" has expanded significantly in virtually all spirits categories as part of an extended strategy in place since 2018. Several premium concepts were successfully launched on the market in 2020 that were convincing to trade partners, both in Germany and at an international level.

The growing importance of the international market for the Berentzen Group's branded dealer and private-label product business is also underlined by a structural change within the Group. In order to develop and implement a uniform strategy for the working of the international markets and to pool existing resources, the international business with branded spirits and Pabst & Richarz were merged to form a new organisational unit. The Export and Dealer Brands organisation, which is intended to better exploit the Berentzen Group's potential at an international level was launched in January 2020.

Non-alcoholic Beverages

The core competencies of the Group company Vivaris Getränke GmbH & Co. KG, which represents the *Non-alcoholic Beverages* segment in the Berentzen Group, consist in the production and marketing of mineral waters, lemonades, cola, mate and energy drinks in numerous different packaging forms and under established own brands and the franchise brand *Sinalco*.

Berentzen Group | Brands | Non-alcoholic Beverages

vivaris.net

The most successful product line in the *Non-alcoholic Beverages* segment is *Mio Mio*. More than 37 million *Mio Mio* bottles were sold in 2020. *Mio Mio* is currently available in Poland and the Netherlands in addition to Germany. For *Mio Mio*, the focus continues to be placed on the expansion of distribution. Alongside geographical expansion, widening the product range provides great growth potential for the brand. *Mio Mio Mate Zero*, a sugar-free variant of the *Mio Mio Mate Original*, was launched on the market towards the end of 2020; it constitutes a genuine novelty in the traditional mate segment. Together with the other mate, cola, guarana and lapacho products, the *Mio Mio* product portfolio now spans a total of seven invigorating flavours. The willingness on the part of retailers to stock innovative new varieties of the *Mio Mio* brand remains at a high level and is being spurred on by the ongoing trend towards sugar-free or reduced-sugar products. In light of the coronavirus pandemic, the communication measures were modified in 2020, with advertising being placed in digital media in particular. Furthermore, a national out-of-home campaign was held. These media measures relating to specific target groups (particularly social media, authentic out-of-home communications and digital moving-image campaigns) will be continued in a similar form in 2021. In order to make a positive contribution to climate protection,

unavoidable emissions caused by *Mio Mio* products have been offset since 2020. This means that consumers will be able to purchase all *Mio Mio* products retailed in Germany as a climate neutral product.

Emsland Quelle, the highest volume mineral water brand in Vivaris' portfolio, achieved a significant increase in sales in 2020 compared to the previous year. Both *Emsland Quelle* and *Märkisch Kristall* – from the Grüneberg spring near Berlin – was awarded the best mark of "very good" in the June 2020 edition of consumer magazine "ÖKO-TEST". The products of the *Emsland Quelle* and *Märkisch Kristall* brands are completely climate neutral products. For this, not only the carbon emissions caused by the Company's own production are offset but the entire carbon footprint including the upstream supply chain and transportation to retailers are taken into consideration, as is also the case with the *Mio Mio* brand. The carbon offset is achieved through certified climate protection projects. The climate neutrality of *Emsland Quelle*, *Märkisch Kristall* and *Mio Mio* enable the corporate group to provide an active and valuable contribution to climate protection.

Emsland Sonne, a traditional carbonated soft drink, has been on offer in a new design since February 2021. Labels with a modern design and an eye-catching logo provide an attractive, fresh brand image and, together with the *Emsland Quelle* products, now optically reflect a single brand family. The carbonated soft drinks from *Emsland Sonne* are already also being distributed in environmentally friendly reusable glass bottles. In addition, all *Emsland Sonne* products have likewise been climate neutral since this year.

Building on the success of the *Mio Mio* product range, the *Kräuterbraut* brand was introduced in the *Non-alcoholic Beverages* segment in 2019. As a herb lemonade, *Kräuterbraut* is a response to the trend towards reduced-sugar beverages. In addition, the lemonade is vegan and is aimed at purchasers looking for a natural and authentic alternative to carbonated soft drinks. Available in three flavours, *Kräuterbraut* stands for sensible refreshment on a herbal basis.

In its *Non-alcoholic Beverages* segment, the Berentzen Group also boasts more than 50 years of experience in the franchise business, currently acting as franchisee for the *Sinalco* brand. A large number of *Sinalco* products are manufactured at the production locations in Haselünne and Grüneberg, and mainly distributed in the core sales area for Vivaris.

Fresh Juice Systems

Since the end of 2014, the Berentzen Group's portfolio has been rounded off with the *Fresh Juice Systems* segment. The associated subsidiary that was acquired as Technic-Marketing-Products GmbH was renamed Citrocasa GmbH in July 2019. It offers a system combining high-quality fruit juicers distributed under the *Citrocasa* brand with juice oranges untreated after harvesting with the brand name *frutas naturales* and special bottling systems in some local markets. The fruit juicers are marketed worldwide.

In the area of technology at *Citrocasa*, the focus was placed entirely on the refinement and expansion of digital concepts for novel, interactive orange presses over the course of 2020. With the new *8000 eXpress* and *8000 Connect* fruit presses, the largest series of machines specifically aimed at the food retailing sector has now been equipped with digital features, such as a link for payments systems and a touch display with a video function, as well as innovative cleaning systems. This means that Citrocasa is once again positioning itself as the food retailing sector's expert for state-of-the-art concepts for fresh products. In addition, the new *Fantastic iMpress* is a machine also designed for the HoReCa industry that scores top points with a more efficient cleaning mechanism.

Since 2019, a focus has also been placed on pomegranates and the associated technical requirements to extend the range of products available in the area of fruit. With regard to containers, Citrocasa has likewise had a bottle made from 100% recycled PET material on offer since 2019. In doing so, this segment also makes a material contribution to sustainability.

Berentzen Group| Brands| Fresh Juice Systems

citrocasa.com

Berentzen Hof

The Group company Der Berentzen Hof GmbH has also been located in the Company's headquarters in Haselünne for 25 years in the meantime. Berentzen Hof includes numerous historical buildings which usually form part of an extensive programme of tours and events. The coronavirus pandemic meant that Berentzen Hof was closed to guests at times over the past year. Once again in 2021, Berentzen Hof has been impacted by the general lockdown. As soon as possible, this popular location for events and experiences will reopen its doors to visitors – it usually welcomes more than 35,000 guests each year. The Berentzen Hof Distillery, which was opened in 2017, is considered to be the heart of the Berentzen Hof site. A conference room redesigned in 2018 forms part of the facility. This also positions Berentzen Hof as an attractive and unusual setting for conferences. A further attraction is the “Gaudium”, which was added to Berentzen Hof in July 2018. In smaller groups, guests can compete with each other here in a total of seven entertaining games.

The Berentzen Hof offering is rounded off by the farm shop, which provides a broad overview of the Berentzen Group's product portfolio. Limited and hand-bottled products from the Berentzen Hof Distillery are likewise on offer there.

berentzen-hof.de

Berentzen Group | Responsibility | Sustainability approach

Berentzen Group | Sustainability Report

(4) Sustainability in the Berentzen Group

As a broad-based beverages group with a company history going back over 250 years, the Berentzen Group has firmly embedded long-term thinking into its corporate culture. The corporate group considers itself to be a responsible employer and an integral part of society. As a manufacturing company, the Berentzen Group bears responsibility for its products and consumers and is therefore increasingly focused on ensuring that its value added chain is sustainable and its range of products are enjoyed responsibly and/or are especially natural and healthy. At a time when environmental protection has become a key global challenge, the Berentzen Group believes that safeguarding the natural foundations of life for future generations is part and parcel of its responsibility as a company.

All information on the sustainability activities carried out by the Berentzen Group can be found in the Sustainability Report. The fourth Sustainability Report of Berentzen-Gruppe Aktiengesellschaft and its affiliated subsidiaries was published at the same time as this Annual Report and presents the outcome of the sustainability activities over the 2020 financial year. The German Sustainability Code (Deutsche Nachhaltigkeitskodex, DNK) with the set of indicators for the GRI standards was used again as a framework for the preparation of the Sustainability Report.

A summary of the Berentzen Group's sustainability activities can be found on the following pages. To obtain a comprehensive insight into the Berentzen Group's sustainability accomplishments, please refer to the Sustainability Report.

(4.1) Sustainability strategy

Responsible corporate governance plays an essential role in ensuring the future success of the Berentzen Group. The framework for this is provided by the corporate group's sustainability strategy, comprising objectives intended to have an effect up to 2025 and beyond. The strategy is in line with the Berentzen Group's understanding of sustainability: achieving commercial success in the long term whilst taking responsibility for society and the environment.

Based on the three areas of activity People, Planet and Products – classified as relevant in the corporate group's materiality analysis – and taking into account the Sustainable Development Goals (SDGs) relevant to the group, the Berentzen Group has developed specific objectives, measures and action plans to make sustainable development within the corporate group measurable and controllable. With this, the corporate group is continuing to expand its sustainability activities, which have been systematically structured and continuously increased over the last few years.

Sustainability strategy of the Berentzen Group

Areas of activity	Objectives	SDGs	Key measures	Dead-lines
People	Zero accidents and improved health	3, 8, 10	– Developing and implementing the new occupational health management plan – Introducing an occupational health management steering committee – Revising the system of key indicators, implementing a new monitoring system and defining performance indicators – Joining and implementing the occupational health and safety campaign “Vision Zero”	**2023**
Planet	Hundred percent resource efficiency	6, 8, 12, 13	– Setting up a digital system to monitor environmental indicators at the production locations on a monthly basis – Defining performance indicators and setting target values in the Planet area of activity – Introducing an environmental management system pursuant to ISO 14001 – Deriving potential to improve efficiency and developing an efficiency strategy to optimise resource consumption	2024
Products	One hundred sustainable products	3, 8, 12, 13	– Designing a road map to increase the share of more sustainable products – Developing guidelines for more environmentally friendly product packaging – Reviewing and scoring product packaging based on the new guidelines for more environmentally friendly product packaging – Developing a business partner screening concept	2025

(4.2) People

A competent, capable and committed workforce forms the basis of the Berentzen Group's business success and further development. With a view to positioning itself as an attractive employer, the Berentzen Group constantly scrutinises its offerings and responds to changing requirements in the current labour market.

To address personnel-related challenges, a strategy derived from the corporate group's central strategy as well as its corporate values and skills has been established.

As part of the Berentzen Group's perception of itself as an attractive and responsible employer, the corporate group finds it especially important to concern itself with its employees' varying needs and interests. It also offers interesting work environments and attaches importance to a good work/life balance, competitive remuneration, equal pay for equal work irrespective of gender as well as a good company atmosphere.

To ensure mutual success and a shared drive to succeed, employees are trained and their continuous development promoted. This includes high-quality training for entry-level workers and actively supporting further training and skills development for employees.

Combined, these efforts are intended to put the Berentzen Group in a position to recruit the best people for the job in sufficient numbers, and keep them.

Challenges of the coronavirus pandemic

The 2020 financial year was characterised by unprecedented operational and financial challenges owing to the coronavirus pandemic. As an employer, the Berentzen Group placed the protection of its employees at the centre of its activities. With this in mind, comprehensive hygiene practices were implemented, protective measures taken and a crisis management group set up within the corporate group to continuously monitor current developments and develop possible courses of action.

Employee-related ratios at December 31, 2020

		2020	2019
Annual average headcount	Number	503	497
Headcount at December 31, 2020	Number	507	498
Illness ratio	%	3.9	4.3
Part-time ratio	%	15.8	15.9
Ratio of women	%	35.1	35.9
Trainee ratio	%	6.3	5.8
Hiring rate	%	71.4	80.0
Turnover rate	%	9.5	12.1
Average term of employment	Years	12.9	13.1

Employee retention and satisfaction

Employees who have strong emotional ties to a company and are satisfied with the working conditions are less likely to give notice, are less frequently absent and are happy to recommend the company to others. This presupposes that the employees feel comfortable at their place of work and have appropriate opportunities for development, that they can balance work with their private lives, that they feel appreciated and are actively involved in decision-making processes and are kept informed of developments.

Work/life balance

For the employees of the Berentzen Group, having a work/life balance is essential, and the corporate group would like to support its employees in achieving this in the best way it can. Provided this is compatible with the employees' activities, various working time modes and family-friendly part-time modes tailored to individual needs are offered. In the 2020 financial year, the part-time ratio remained virtually stable at 15.8%. To develop contemporary, reasonable working time modes, the needs of employees are regularly identified.

Since many employees would like to work from home at least some of the time, extensive remote working possibilities were created in the reporting year. For example, work agreements were concluded, extensive investments were made in hardware and software and a digital meeting culture was established. These measures offer employees more flexibility in their working environment and help to improve their work/life balance.

(4.3) Planet

Preserving the natural foundations of life for future generations is one of the Berentzen Group's first and foremost priorities. The entire corporate group assumes responsibility for environmentally friendly production and each unit makes its own contribution to sustainable development. It therefore makes sense to work on keeping the impact of its business activities on the environment and people as minimal as possible.

Material ecological impacts arise from the use of material, raw materials, water, electricity, heat and other components. Alongside costs, use of the same is, as a rule, associated with emissions and other environmental impacts where the cause can directly or indirectly be allocated to our value added chain. The activities along the value added chain cause waste that is likewise associated with environmental impact depending on the form of disposal involved and possibility for reuse or recycling. For this reason, the topic of resource efficiency is considered essential.

In the *Non-alcoholic Beverages* segment, the Berentzen Group for the most part uses environmentally friendly reusable containers. Ecological benefits aside, however, this does result in a higher level of water consumption, as all bottles have to be intensively cleaned before being refilled.

In 2013, an energy management system pursuant to ISO 50001:2011 was successfully introduced at the Grüneberg and Haselünne production locations, which was rolled out to all of the corporate group's German locations in 2016. In the reporting year, the corporate group successfully switched to the ISO 50001:2015 standard and the Austrian subsidiary was included in the energy management system.

Systematic energy management makes it possible to record all energy flows within the corporate group on the basis of measurements and other data and to assess the consumption levels of the most important equipment and processes. The transparency provided in this way regarding energy consumption levels offers the possibility to identify potential for optimisation and to gradually implement the same. This can be used as a basis to derive technical as well as strategic and organisational measures with a view to continually improving energy-related performance and at the same time making energy use systematically and permanently more efficient.

Environmental indicators for the Berentzen Group

		2020	**2019**
Water consumption per litre of finished product	l/l	2.24	2.17
Waste water produced per litre of finished product	l/l	1.10	1.04
Waste for recovery per litre of finished product	g/l	18.05	16.10
Waste for disposal per litre of finished product	g/l	0.59	0.57
Specific fuel consumption	kWh/m^3	75.27	82.57
Specific electricity consumption	kWh/m^3	38.22	42.41
Specific energy consumption	kWh/m^3	124.09	137.60
Specific emissions	kg CO_2e/m^3	24.20	26.72
Electricity from renewable energy	%	98.00	97.40

Climate protection

Fighting climate change is one of the major challenges of the present day. The Berentzen Group makes its own contribution to fighting the effects of climate change by focusing on energy and resource efficiency and using electricity generated from renewable energy with a view to continuously reducing emissions of harmful greenhouse gases.

Since the 2017 financial year, the Berentzen Group has been calculating its corporate carbon footprint using the well-known Greenhouse Gas Protocol. This calculation determines the quantity of CO_2 emissions incurred by the Berentzen Group and where they come from. This information helps the corporate group to reduce CO_2 emissions in a targeted manner and in the long term.

(4.4) Products

For the Berentzen Group, there is a long-term bond between economic success and ecological progress. For this reason, the corporate group actively addresses the impacts of its products on the environment and society, with the avoidance of negative impacts and the promotion of positive impacts at the centre of its efforts.

In the 2019 financial year, a new climate protection pilot project was launched in the *Non-alcoholic Beverages* segment that saw the carbon footprint of different brands calculated. This served as a basis for introducing the first climate-neutral products in the 2020 financial year. Since the start of the 2020 financial year, consumers have been able to purchase mineral waters *Emsland Quelle* and *Märkisch Kristall* as well as all *Mio Mio* products available on the German market climate neutrally.

Key figures in the Products area of activity

		2020	**2019**
Climate-neutral products	Number	34	0
Segment: Non-alcoholic Beverages			
Finished product	Million litres	161.82	166.78
Fillings	Million units	191.08	192.81
Share of reusable containers [1)]	%	69.33	69.12
Share of glass containers [1)]	%	46.82	39.34
Segment: Spirits			
Finished product	Million litres	56.62	56.76
Fillings	Million units	145.22	145.95
Share of glass containers [2)]	%	98.69	99.00

1) In the entire production volume in the *Non-alcoholic Beverages* segment on the basis of litres produced.

2) In the entire production volume in the *Spirits* segment on the basis of litres produced.

The environmentally friendly glass bottle has been the primary means of packaging in the *Spirits* segment for many decades already. However, owing to use restrictions for glass containers – e.g. at public events – there is also a need to offer a comparatively low proportion of the product portfolio of the Berentzen Group in fully recyclable miniature PET bottles. If disposed of properly, they can be returned to the material cycle.

Owing to the very heterogeneous customer and consumer wishes, the Berentzen Group offers its products in the *Non-alcoholic Beverages* segment in a variety of packaging types. With a reusable container share of 69.33% on the basis of litres produced, the corporate group's focus is predominantly on environmentally friendly reusable containers, with reusable glass bottles accounting for the largest portion. In the area of PET bottles, a variety of single-use and reusable containers are used as packaging, e.g. PET CYCLE bottles, which on average consist of 65% recycled materials.

In the *Fresh Juice Systems* segment, sustainability means developing long-lasting, efficient machines, continuing to implement the already-extensive responsible concept for oranges used in the *frutas naturales* brand and establishing the range of new rPET bottles – made of up to 100% recycled materials – on the market.

Responsible sourcing

The corporate group's suppliers have the greatest influence on sustainability issues in the value added chain. It is therefore the Berentzen Group's duty to focus on responsible sourcing and look beyond the usual aspects of costs, quality and delivery deadlines. For this reason, efforts are continuously being made to intensify the consideration of ethical, labour-related, social and ecological topics in the supply chain in the long term.

The corporate group maintains long-term business relationships with its suppliers based on mutual trust. Furthermore, there are supply and quality assurance agreements in place with key suppliers, including with regard to sustainability aspects. In addition, great importance is attached to the careful selection of suppliers in Germany and abroad.

The Berentzen Group's Supplier Code of Conduct is another instrument for ensuring responsible sourcing. All suppliers are required to acknowledge and comply with the Supplier Code of Conduct. If a supplier has its own Code of Conduct with the same standards, this is also accepted. The aim of the Supplier Code of Conduct is to create a common understanding of decent living and working conditions for employees (including temporary staff and day labourers) among all suppliers of the Berentzen Group and its own employees.

The SEDEX supplier platform offers its members the possibility of sharing information relating to ethical and social responsibility with customers and business partners. By joining the platform, the corporate group is bolstering its efforts to boost transparency and security in the supply chain.

(5) Report of the Supervisory Board

Ladies and gentlemen,

The following report provides information on the activities of the Supervisory Board in the 2020 financial year pursuant to Section 171 (2) of the German Stock Corporation Act (AktG).

Again this year, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft and its committees performed the duties incumbent upon them by law, the Company's Articles of Association and its rules of procedure, and supervised and advised the Executive Board as it managed the Company and the corporate group. The Supervisory Board was involved in all decisions of fundamental importance for the Berentzen Group.

Cooperation between the Executive Board and Supervisory Board

The Executive Board continued to keep the Supervisory Board informed promptly and comprehensively about all issues relevant to the Berentzen Group on a regular basis over the course of the 2020 financial year. In particular, this covered reporting on the strategy, the planning, the business performance as well as on the risk position, risk management, financial reporting and the financial reporting process, the effectiveness of the internal control system, as well as the risk management system and the internal audit system, the audit of the financial statements, the compliance function and numerous current topics of significance for the Berentzen Group. Deviations in the Company's performance from the business plan were explained case by case to the Supervisory Board. Furthermore, the Supervisory Board discussed material transactions with the Executive Board and provided advice on significant individual measures on the basis of relevant regular reports by the Executive Board and during individual meetings.

The Chairman of the Supervisory Board was in regular contact with the Executive Board outside of meetings and likewise discussed with them issues of business performance, the risk position, risk management and compliance. Strategy discussions with the Chairman of the Supervisory Board focused on the prospects and future orientation of the Company and the corporate group.

The Supervisory Board was notified in due time where its approval was required for measures undertaken by the Executive Board. The Supervisory Board granted its approval to the underlying motions for resolution following in-depth examination and deliberation.

Meetings and main topics of deliberation of the Supervisory Board

A total of four meetings of the full assembly of the Supervisory Board were held in the 2020 financial year. Two further resolutions were adopted by written circular.

The business development — including financial performance, cash flows and financial position of the corporate group — was the subject of the four ordinary meetings of the Supervisory Board. Topics of major importance in the past financial year were the effects of the worldwide coronavirus on the corporate group and its business performance in 2020.

On March 6, 2020, the Supervisory Board initially adopted a resolution by written circular on the report on corporate governance at the Berentzen Group in the 2019 financial year, including the Group declaration on corporate governance and the declaration on corporate governance of Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year.

Berentzen Group| Investors| Public limited company

At its meeting on March 23, 2020, the Supervisory Board discussed the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2019 and the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year. In line with the final result of its own review, the Supervisory Board did not raise any objections and concurred with the audit findings of the independent auditor. Following the recommendations of the Finance and Audit Committee in each case, the Supervisory Board subsequently approved the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft; the financial statements were thus adopted. The separate Sustainability Report of the Berentzen Group for the year 2019, prepared on a voluntary basis, was likewise discussed by the full assembly. Furthermore, the Supervisory Board passed the agenda for the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2020 together with proposed resolutions. This annual general meeting had originally been scheduled as an in-person event on May 13, 2020, but was postponed to a later date in 2020 by mutual agreement of the Executive Board and Supervisory Board due to the coronavirus pandemic. The proposed resolutions included among other things the proposal by the Supervisory Board based in each case on a recommendation of the Finance and Audit Committee for the appointment of the independent auditor of the separate and consolidated financial statements for the 2020 financial year and its proposal to the annual general meeting concerning the utilisation of the distributable profit for the 2019 financial year of Berentzen-Gruppe Aktiengesellschaft, with which the Supervisory Board in turn concurred with the proposal by the Executive Board to the annual general meeting on the utilisation of profit following its review of the same. Other proposals passed by the Supervisory Board for submission to the annual general meeting related to a proposal based on the recommendation made in this respect by the Nomination Committee concerning a by-election of shareholder representatives to the Supervisory Board and furthermore a proposal on the renewal of the authorisation to purchase and use treasury shares. At this meeting, the Supervisory Board further dealt with the extension of two factoring agreements and granted its approval of this extension. In other resolutions, the Supervisory Board adopted updated versions of the rules of procedure for the Executive Board and the Supervisory Board and updated versions of the diversity plans for the composition of the Executive Board and Supervisory Board, which were required to incorporate the changes in the relevant legal requirements resulting from the Act on the Implementation of the Second Shareholder Rights Directive (SRD II) and from the fundamental revision of the German Corporate Governance Code of December 16, 2019 (GCGC 2020).

At its meeting of May 13 – again in the midst of the coronavirus pandemic – the Supervisory Board deliberated again on the convocation of and agenda for the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2020 and the resolutions proposed by the Executive Board and Supervisory Board to the annual general meeting on the utilisation of the distributable profit for the 2019 financial year of Berentzen-Gruppe Aktiengesellschaft. At this meeting, the Supervisory Board granted the necessary approvals to hold the annual general meeting as a virtual event without the in-person attendance of shareholders or their authorised representatives on July 2, 2020 on the basis of special provisions related to certain notice periods to be observed and the rights of shareholders to file motions and ask questions.

The deliberations of the Supervisory Board at its meeting held on September 17, 2020, focused on the future corporate strategy of the Berentzen Group. The Supervisory Board also adopted another update of its rules of procedure at this meeting on the basis of the amendments of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft adopted by the scheduled annual general meeting of July 2, 2020.

Based on the resolution of November 27, 2020 adopted by written circular, the Supervisory Board approved the annual declaration of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG.

At its meeting held on December 10, 2020, the Supervisory Board's discussions centred on the business plan submitted by the Executive Board for the 2021 financial year, the medium-term plan for the 2022 and 2023 financial years, which were then approved. Corporate governance issues were again on the agenda for this meeting. As part of its regular annual deliberations on the subject of the diversity plans for the composition of the Executive Board and the Supervisory Board, the Supervisory Board adopted a resolution on the results achieved in the 2020 financial year with regard to the goals defined in the diversity plans and also adopted another update of these two diversity plans. Finally, the Supervisory Board deliberated on and adopted the compensation and compensation systems for Executive Board and Supervisory Board members in accordance with the changes in the relevant legal requirements of the German Stock Corporations Act resulting from the SRD II and the corresponding recommendations of the GCGC 2020. The resolution on the changes to the compensation system for the members of the Executive Board effective as of January 1, 2021 was adopted on the basis of a corresponding recommendation of the Personnel Committee of the Supervisory Board. The system of compensation of Executive Board members and the compensation and compensation system for Supervisory Board members will be submitted to the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2021 for approval and confirmation.

Meetings and main topics of deliberation of the committees of the Supervisory Board

As in the previous year, the Supervisory Board had two committees in the 2020 financial year to help it carry out its tasks efficiently and to increase their effectiveness. In order to prepare and supplement its tasks, the Supervisory Board set up a Personnel/Nomination Committee and a Finance and Audit Committee, which act as standing committees. Certain decision-making powers of the Supervisory Board have been delegated to the committees within the legally permitted framework. The chairmen of the committees reported to the full assembly of the Supervisory Board on the work in the committees.

Personnel Committee

The following tasks in particular have been delegated to the Personnel Committee: preparation of the relevant resolutions of the Supervisory Board and the submission of recommendations to the Supervisory Board regarding the appointment and dismissal of members of the Executive Board and the specification, implementation and review of the compensation system for Executive Board members, the proposed resolutions approving the compensation system for Executive Board members to be submitted to the annual general meeting, the adoption of a resolution on the compensation of Supervisory Board members and on the approval of the Compensation Report, and other resolutions of the Supervisory Board in matters relating to the Executive Board. The Personnel Committee is also responsible for adopting the resolution on the conclusion, amendment and termination of employment contracts with the members of the Executive

Board. The responsibility of the Personnel Committee does not extend to resolutions regarding the setting of the total compensation payable to an individual member of the Executive Board or regarding the reduction of compensation and benefits of members of the Executive Board; resolutions on such matters are solely the responsibility of the Supervisory Board.

The Personnel Committee met for a total of four times in the 2020 financial year.

In all the Personnel Committee meetings on May 18, October 22 and November 10 and 23, 2020, the Personnel Committee deliberated on the compensation system for Executive Board members and the changes made to that system in view of the changes made to the provisions of the German Stock Corporations Act by the SRD ARUG II and the recommendations of the GCGC 2020. The Personnel Committee engaged an outside compensation expert who is independent of the Executive Board and the Company to develop this compensation system and assess the appropriateness of the compensation. Based on its deliberations, the Personnel Committee then passed on to the Supervisory Board its recommendation in this context.

Nomination Committee

The Personnel Committee is simultaneously the Nomination Committee within the meaning of the German Corporate Governance Code. In this function, and with its composition restricted to the members of the committee who represent shareholders, it deals with the selection of the candidates for a seat on the Supervisory Board as representatives of the shareholders.

The Nomination Committee held one meeting in the 2020 financial year.

At the meeting of February 13, 2020, the Nomination Committee deliberated and adopted a resolution on a recommendation to be made to the Supervisory Board regarding its proposal to the annual general meeting for a by-election of shareholder representatives to the Supervisory Board. Mr. Daniël M.G. van Vlaardingen had previously resigned from his mandate as member of the Supervisory Board with effect at the close of the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2020. The Nomination Committee then presented its recommendation to the Supervisory Board concerning its proposal to the annual general meeting for a by-election to the Supervisory Board.

Finance and Audit Committee

The Finance and Audit Committee similarly continued its work and held seven meetings in the 2020 financial year. In particular, it has been tasked with reviewing the accounting records and monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, and the compliance function.

Outside of the meetings, the Chairman of the Finance and Audit Committee, in some cases accompanied by further committee members, held additional talks with the member of the Executive Board responsible for the portfolio, the respective company heads of department and/or the auditors signing off on behalf of the independent auditor of the financial statements; they reported on these talks at the following meeting of the Supervisory Board in each case.

At its meeting held on March 23, 2020, the Finance and Audit Committee addressed, in the presence of the responsible audit partner from the independent auditor of the financial statements and the Executive Board, the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2019, the combined management report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year and the financial statements of three material operating companies within the Group at December 31, 2019. The Finance and Audit Committee also considered the issues of reviewing the accounting records and monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and the compliance function. The Supervisory Board also handled the topics of monitoring the independence of the independent auditor and the additional services rendered by the independent auditor and the performance of the audit of the financial statements. The Executive Board and the responsible auditor from the independent auditor had previously reported extensively while answering the questions posed by the members of the committee present. The Finance and Audit Committee subsequently made a recommendation to the Supervisory Board for the approval of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft. A further resolution related to the Supervisory Board proposal to the annual general meeting on the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year. Following deliberations on the related proposal submitted by the Executive Board, the Finance and Audit Committee made a recommendation to the Supervisory Board to follow this proposal in its own proposal. Furthermore, the Sustainability Report of the Berentzen Group for the year 2019, prepared on a voluntary basis, was furthermore the subject matter of preparatory discussion in the Committee; this report is not subject to any external review regarding its content.

With regard to the audit of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year, the discussions related to the shortlisting of the independent auditor, the independence and the additional services rendered by the same as well as the issuing of the audit engagement and the agreement with the independent auditor on the fees payable. The deliberations by the Finance and Audit Committee came to a conclusion with a resolution to make a recommendation to the Supervisory Board as to its proposal to the annual general meeting regarding the election of the independent auditor for the separate and consolidated financial statements for the 2020 financial year, the independent auditor for any possible audit review of the condensed financial statements and the interim management report in the 2020 financial year (Group Half-yearly Financial Report) and the independent auditor for any possible audit review of additional financial information over the course of the 2020 financial year and the 2021 financial year up to the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2021. In this context, the Finance and Audit Committee gave a declaration to the Supervisory Board pursuant to Regulation (EU) No. 537/2014 of April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities (Regulation (EU) No. 537/2014), stating that its recommendation was free of any unreasonable influence exerted by third parties and that no unacceptable contractual terms had been imposed on it by third parties under which the options of the annual general meeting of Berentzen-Gruppe Aktiengesellschaft with regard to the selection of a certain independent auditor or a certain audit firm for the performance of the audit of the financial statements were limited to certain categories or lists of independent auditors or audit firms (declaration pursuant to Art. 16 para. 2 Regulation (EU) No. 537/2014).

Furthermore, the Finance and Audit Committee passed a resolution on determining the focal points for the audit of the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2020 and

the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year.

At its meetings of May 4 and August 4, 2020, the Finance and Audit Committee dealt with the audit of interim financial information, namely the Interim Report Q1 / 2020 and the Group Half-yearly Report 2020 of Berentzen-Gruppe Aktiengesellschaft.

Beginning with its meeting on September 17, 2020, the Finance and Audit Committee deliberated on the preselection of the independent auditor to be engaged to audit the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year and resolved to conduct a selection and proposal procedure in accordance with the relevant provisions of Regulation (EU) Nr. 537/2014. Other resolutions on the conduct of the selection and proposal procedure were adopted in this connection. The Finance and Audit Committee continued its deliberations on this subject at its meetings of October 20, November 20 and December 10, 2020. At its meeting of October 20, 2020, the Finance and Audit Committee also dealt with the audit of the Interim Report Q3 / 2020 of Berentzen-Gruppe Aktiengesellschaft.

The discussions and resolutions at the meeting of the Finance and Audit Committee held on December 10, 2020 related to issues of relevance to the financial statements and the audit in the context of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2020 and the management reporting for the 2020 financial year, specifically monitoring the independence of the independent auditor and the performance of the audit of the financial statements, as well as once again the issue of determining the focal points and furthermore the (to date provisional) key audit matters determined by the independent auditor.

At the conclusion of its deliberations on the selection and proposal procedure regarding the audit of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year, the Finance and Audit Committee adopted a reasoned recommendation comprising two proposals and a reasoned preference for one of the two proposals for the audit mandate to the Supervisory Board for its proposal to the annual general meeting for the election of the auditor of the separate and consolidated financial statements for the 2021 financial year, the auditor for any auditor's review of the condensed financial statements and interim management report in the 2021 financial year (Group Half-yearly Financial Report), and the auditor for any auditor's review of additional interim financial information in the 2021 and 2022 financial years in the time until the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2022. In this connection, the Finance and Audit Committee submitted the declaration pursuant to Art. 16 para. 2 Regulation (EU) No. 537/2014 to the Supervisory Board.

Furthermore, the regular annual adoption of guidelines for the (preliminary) approval and a case-by-case (preliminary) approval of non-prohibited non-audit services provided by the independent auditor of Berentzen-Gruppe Aktiengesellschaft as required by Regulation (EU) No. 537/2014 in conjunction with Section 319a (1) No. 2 and No. 3 of the German Commercial Code (HGB) were handled at this meeting. The Finance and Audit Committee further addressed the focus of activities and audit areas of the Berentzen Group's internal audit function in the 2020 and 2021 financial years.

Dialogue with investors

The Chairman of the Supervisory Board is willing to hold talks with investors on the subject of Supervisory Board-specific topics within reasonable limits. However, the investors did not avail themselves of this offer in the 2020 financial year.

Corporate governance

As a stock corporation (Aktiengesellschaft) organised under German law and because the shares it issues are listed on the regulated market (General Standard) of the Frankfurt Stock Exchange, Berentzen-Gruppe Aktiengesellschaft is deemed a publicly listed entity as defined by the German Stock Corporation Act or capital-market oriented as defined by the German Commercial Code (HGB).

Not only in light of this, the Executive Board and Supervisory Board regularly deals with issues relating to corporate governance, which is understood as the legal and practical framework for responsible, transparent corporate management and supervision aimed at sustainable value creation.

More information on this can be found in the Group declaration on corporate governance and the declaration on corporate governance, respectively, of Berentzen-Gruppe Aktiengesellschaft, which can be retrieved from Berentzen-Gruppe Aktiengesellschaft's website at www.berentzen-gruppe.de/en/.

Declaration of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft issued their most recent joint annual Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (AktG) in November 2020 and updated it in March 2021. Both declarations have been made permanently available to the public on the Company's corporate website at www.berentzen-gruppe.de/en/.

Further aspects and topics relating to corporate governance

The Supervisory Board, the Personnel Committee and the Finance and Audit Committee further dealt with a number of other aspects and topics relating to Corporate Governance in the 2020 financial year.

These topics included the compensation and compensation systems for Executive Board and Supervisory Board members particularly in light of the changed regulatory requirements, a review and update of the rules of procedure for the Executive Board and Supervisory Board, and the diversity plans for the composition of the Executive Board and Supervisory Board.

The diversity plans were reviewed with regard to their content and with regard to the results achieved in this respect in the 2020 financial year. As part of this process, new time periods and time frames were specified for achieving the aspects and targets set out in the same and the addition of a specification of the aspect or goal of specialised expertise in sustainability issues.

In this context, the Boards also addressed matters relating to compliance risk management and the internal audit function.

Report on attendance at meetings by members of the Supervisory Board

The following overview contains details of attendance by each individual member of the Supervisory Board at the meeting of the Supervisory Board and its committees over the 2020 financial year. For the calculation of this figure, only those meetings are included that took place during the membership of the respective member in the Supervisory Board or of its committees.

Name	Duration of membership of the Supervisory Board [1] / Committee [2] [3] [4]	Supervisory Board [1]			Personnel Committee [2]			Nomination Committee [3]			Finance and Audit Committee [4]		
		Meetings	Attendance		Meetings	Attendance		Meetings	Attendance		Meetings	Attendance	
		Number	Number	%	Number	Number	%	Number	Number	%	Number	Number	%
Uwe Bergheim Chairman of the Supervisory Board		4	4	100	4	4	100	1	1	100	7	7	100
Frank Schübel Deputy chairman of the Supervisory Board		4	4	100	4	4	100	1	1	100	7	7	100
Dagmar Bottenbruch	[1] since July 2, 2020 [2,3] since September 17, 2020	2	2	100	3	3	100	-	-	-			
Heike Brandt		4	4	100	4	4	100						
Bernhard Düing		4	4	100							7	7	100
Hendrik H. van der Lof		4	4	100							7	7	100
Daniël M.G. van Vlaardingen	[1,2,3] until July 2, 2020	2	2	100	1	1	100	1	1	100			
Percentage of meetings attended Supervisory Board/Committees				**100**			**100**			**100**			**100**
Percentage of meetings attended Supervisory Board and Committees, in total				**100**									
Percentage of meetings attended Committees, in total				**100**									

[1] [2] [3] [4] Where no dates are stated: member for the duration of the entire financial year.

Report on the performance of measures upon inauguration of members of the Supervisory Board and their training and development

The members of the Supervisory Board are individually responsible for any training and development they may need for the performance of their duties. Berentzen-Gruppe Aktiengesellschaft provides reasonable support to the members of the Supervisory Board upon inauguration and with their training and development.

In addition to the initial provision of basic information and documents on the corporate group, the Company offers new members of the Supervisory Board the possibility of using the measures taken in the context of their inauguration as an opportunity to exchange ideas and information with the individual members of the Executive Board and executives responsible for specialist areas on fundamental and current topics and thus to gain a first deeper insight into the topics relevant to the Berentzen Group ("onboarding").

Such onboarding measures were implemented in the 2020 financial year after the by-election of a shareholder representative to the Supervisory Board at the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on July 2, 2020.

With regard to the training and development necessary for fulfilling their supervisory and advisory tasks, the members of the Supervisory Board obtain information on a regular basis from sources within and outside the Company on significant developments, such as the strategic alignment and the business activities of the corporate group, relevant changes in the legal framework or accounting and auditing principles. The Company supports them in these activities not only by providing the relevant information in the form of reports and other documents or the possibility of exchanging ideas and information with the executives responsible for specialist areas but also by assuming the costs of external training and development measures relating to the Company's activities and the Supervisory Board's duties within the scope of the reimbursement of expenses in accordance with the Articles of Association.

Aside from topics related to the audit of the financial statements, topics from the area of law and corporate governance formed one of the focal points of the internal training and development measures undertaken by the members of the Supervisory Board in the 2020 financial year specifically in light of a change in the regulatory requirements resulting from the SRD II and the fundamental revision of the German Corporate Governance Code.

Report on any conflicts of interest arising on the part of members of the Supervisory Board

No conflicts of interest on the part of the Supervisory Board members in connection with their activities as members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft as defined in the German Corporate Governance Code occurred in the 2020 financial year.

Separate and consolidated financial statements, and audit of the financial statements

On the basis of a corresponding recommendation of the Finance and Audit Committee, the Supervisory Board had proposed to the annual general meeting of Berentzen-Gruppe Aktiengesellschaft held on July 2, 2020 to elect Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the independent auditor of the separate and consolidated financial statements for the 2020 financial year. The audit firm had previously submitted a declaration of independence pursuant to Article 7.2.1 of the German Corporate Governance Code in the version of February 7, 2017 that was still valid at this time and Article 6 (2) (a) of Regulation (EU) No. 537/2014. Following their appointment by the annual general meeting, the Finance and Audit Committee engaged Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft with the audit of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2020 and the combined Management Report of the Berentzen Group (corporate group) and of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year.

It was agreed with the independent auditor as part of the audit engagement that the auditor will inform the Supervisory Board immediately of all findings and incidents of significance for his tasks that come to his attention during the performance of the financial statements audit. It was also agreed for this financial statements audit that the independent auditor will inform the Supervisory Board and document in the audit report if he makes findings during the performance of the independent audit that prove that the GCGC Declaration by the Executive Board and Supervisory Board pursuant to 161 AktG is incorrect.

The Finance and Audit Committee and/or its Chairman have, as part of the selection process, convinced themselves of the appropriateness of the proposed fees for the independent audit and, prior to and during the independent audit, of the independence and objectivity of the independent auditor and performed – on the basis of the regular reports by the independent auditor – an assessment of the effectiveness and quality of the independent audit. Furthermore, the Finance and Audit Committee specified audit priorities and discussed them along with the key audit matters and adoption of the same by the independent auditor within the full Supervisory Board and with the independent auditor.

With a view to reviewing the accounting records and monitoring the financial reporting process, the Finance and Audit Committee or its Chairman addressed individual aspects of this process and exchanged views with the independent auditor, the responsible member of the Executive Board and the respective company heads of departments also with regard to the internal control system relating to the financial reporting.

The separate financial statements and the management report, which is combined with the Group Management Report, prepared in accordance with the provisions of German commercial law applicable to corporations and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as well as the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) and the Group Management Report of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year combined with the management report were audited together with the books of account by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft in accordance with Section 317 HGB and Regulation (EU) No. 537/2014; an unqualified audit opinion was issued in each case. In the opinion of the independent auditor, there were no material weaknesses in the internal control system and risk management system with regard to the financial reporting process. As part of the audit, the independent auditor also examined the risk early warning system and declared that the Executive Board had taken the measures required pursuant to Section 91 (2) of the German Stock Corporation Act (AktG) including but not limited to setting up a suitable monitoring system and that such monitoring system is suitable to identify developments likely to jeopardise the continued existence of the Company at an early stage. The independent auditor furthermore confirmed being independent of Berentzen-

Gruppe Aktiengesellschaft and the companies within the group in accordance with the provisions of European law and German commercial and professional law. The independent auditor furthermore declared that it had not rendered any prohibited non-audit services pursuant to Article 5 (1) of Regulation (EU) No. 537/2014. Accordingly, there were no grounds for exclusion or bias relating to the auditor during the audits.

At its meeting on March 23, 2021 held in the presence of the Executive Board and the responsible audit partner from the independent auditor of the financial statements, the Finance and Audit Committee discussed in detail the following documents and matters pertaining to the financial statements on the basis of the in-depth explanations by the Executive Board: the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2020 and the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year prepared by the Executive Board and in addition the written reports submitted by the independent auditor on its audit, material issues relating to the financial statements and the audit including the key audit matters and the Executive Board proposal on the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year. At this meeting, the auditors also reported on the services rendered by the independent auditor in addition to the audit of the financial statements. The Finance and Audit Committee subsequently submitted a recommendation to the Supervisory Board to approve the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2020 and to follow the Executive Board proposal for the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year in its own proposal to the annual general meeting. In addition, the Sustainability Report of the Berentzen Group for the year 2020, prepared on a voluntary basis, was the subject matter of preparatory discussion in the Committee; this report is not subject to any external review regarding its content.

The Chairman of the Committee reported to the Supervisory Board on its deliberations at its subsequent meeting on the same day. At this meeting, the Supervisory Board itself examined and discussed the financial statements presented in due time by the Executive Board and the Sustainability Report.

Following the final result of its reviews, the Supervisory Board does not raise any objections to the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2020, the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year and the audit of the same by the independent auditor. The Supervisory Board believes that the combined Management Report meets the statutory requirements; the Supervisory Board agrees with the Executive Board in its assessment of the situation of Berentzen-Gruppe Aktiengesellschaft and the corporate group and the statements on the further development of the corporate group and the Company made in the combined Management Report.

At this meeting held on March 23, 2021, the Supervisory Board approved the separate financial statements and the consolidated financial statements of as of December 31, 2020 in accordance with the recommendation of the Finance and Audit Committee. This means that the financial statements of Berentzen-Gruppe Aktiengesellschaft have thereby been adopted. The Supervisory Board proposal to the annual general meeting on the utilisation of the distributable profit of Berentzen-

Gruppe Aktiengesellschaft for the 2020 financial year was reviewed taking account of shareholder interests and the business objectives and was subsequently given the approval of the Supervisory Board; the Supervisory Board further concurred with this proposal in its own proposal to the annual general meeting in this respect, thus likewise following a recommendation by the Finance and Audit Committee.

In response to the reasoned recommendation by the Finance and Audit Committee, which was adopted already in the meeting of December 10, 2020, the Supervisory Board passed at its meeting on March 23, 2021 its proposal for resolution by the annual general meeting on the election of the independent auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year. This proposal was based on the declaration by the Finance and Audit Committee pursuant to Art. 16 para. 2 Regulation (EU) No. 537/2014 that its recommendation was free of any unreasonable influence by third parties and that no contractual terms as defined in Article 16 (6) of Regulation (EU) No. 537/2014 had been imposed on it restricting the options of the annual general meeting.

Executive Board and Supervisory Board – Personnel matters

Unless indicated otherwise below, there were the following changes in the composition of the Executive Board and the Supervisory Board in the 2020 financial year:

Executive Board

The composition of the Executive Board was unchanged in the 2020 financial year.

Supervisory Board

The only personnel change affecting the Supervisory Board related to a Supervisory Board member representing the shareholders.

After Mr. Daniël M.G. van Vlaardingen resigned from his mandate as member of the Supervisory Board with effect at the close of the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on July 2, 2020, the annual general meeting held on this date elected Ms. Dagmar Bottenbruch to the Supervisory Board at the recommendation of the Supervisory Board. The Nomination Committee had previously expressed this recommendation to the Supervisory Board for proposal to the annual general meeting.

The Supervisory Board wishes to take this opportunity to thank once more the departed member of the Supervisory Board, Mr. Daniël M.G. van Vlaardingen, for his dedicated service to the benefit of the Company and the corporate group.

Thanks

The Supervisory Board would like to thank the employees of the Berentzen Group companies and the members of the Executive Board for all their hard work and the shareholders and investors of Berentzen-Gruppe Aktiengesellschaft for their trust and confidence.

Haselünne, March 23, 2021

Berentzen-Gruppe Aktiengesellschaft

For the Supervisory Board

Uwe Bergheim

Chaiman of the Supervisory Board

Corporate governance

(1) Corporate governance at the Berentzen Group

Corporate governance refers to the legal and practical regulatory framework for responsible, transparent corporate management and supervision aimed at sustainable value creation. Encompassing all areas of the Company, it comprises corporate management aligned with the interests of all stakeholders, transparency and responsibility in all business decisions, compliance with applicable laws, the appropriate management of risks, trusting cooperation between both the Executive Board and the Supervisory Board and among the employees, and transparent reporting and corporate communication.

The implementation of corporate governance at Berentzen-Gruppe Aktiengesellschaft and within the Berentzen Group is continually reviewed and adapted to suit new developments.

The term Berentzen Group refers to Berentzen-Gruppe Aktiengesellschaft and its Group companies and subsidiaries. Berentzen-Gruppe Aktiengesellschaft is a stock corporation under German law with its registered office in Haselünne, Germany. Therefore, it has three governing bodies: the General Meeting of Shareholders, the Supervisory Board and the Executive Board. Their duties and authorities are based on the German Stock Corporations Act and the Articles of Association of Berentzen-Gruppe Aktiengesellschaft.

The German Corporate Governance Code aims at making Germany's dual system of corporate governance involving the institutional separation of management and supervision of a stock corporation (Aktiengesellschaft) organised under German law clear and transparent. The Code contains principles, recommendations and suggestions on the management and supervision of German exchange-listed companies that are acknowledged nationally and internationally as standards for good and responsible corporate governance. The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft issue a joint declaration on the German Corporate Governance Code every year; this statement is additionally updated during the year when necessary.

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The following Group declaration on corporate governance and the declaration on corporate governance pursuant to Section 315d and Section 289f of the German Commercial Code (HGB) and, in this context, the supplementary statements in accordance with the German Corporate Governance Code, contain the report of the Executive Board and the Supervisory Board – each of which responsible for the disclosures applicable to them – on corporate governance at the Berentzen Group. The Group declaration on corporate governance and the declaration on corporate governance are an integral part of the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft. Unless indicated otherwise, the following statements apply both for the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft. According to Section 317 (2) sentence 6 HGB, the independent auditor's review of the statements pursuant to Sections 315d, 289f HGB is limited to verifying whether the statements were made.

(2) (Group) declaration on corporate governance

(2.1) Declaration of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 German Stock Corporations Act (AktG)

The Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft also addressed the recommendations set out in the German Corporate Governance Code in the 2020 financial year. Previously in November 2019, the Executive Board and the Supervisory Board had jointly issued the annual declaration of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG on the basis of the version of the Code dated February 7, 2017.

The annual declaration of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG jointly issued by the Executive Board and the Supervisory Board in November 2020, on the basis of the version of the Code dated December 16, 2019, is reprinted in the following. This has been updated by the declaration jointly issued by the Executive Board and the Supervisory Board in March 2021.

The joint declarations of the Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG have been made permanently accessible to the public on Berentzen-Gruppe Aktiengesellschaft’s corporate website at www.berentzen-gruppe.de/en.

Declaration of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft regarding the German Corporate Governance Code pursuant to Section 161 Aktiengesetz (“AktG”: German Stock Corporation Act)

The Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft are obliged pursuant to Section 161 AktG to issue an annual declaration that the recommendations made by the “Regierungskommission Deutscher Corporate Governance Kodex“ [“Government Commission German Corporate Governance Code”] as published in the official section of the Federal Gazette by the Federal Ministry of Justice and Consumer Protection have been and are being complied with or which of the recommendations have not been or are not being applied and why.

After due examination, the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft hereby jointly issue the following annual declaration regarding the German Corporate Governance Code pursuant to Section 161 AktG:

I.

The Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft declare that the recommendations made by the “Regierungskommission Deutscher Corporate Governance Kodex” (Code in the version dated December 16, 2019) as published in the official section of the Federal Gazette by the Federal Ministry of Justice and Consumer Protection on March 20, 2020, have been and are being complied with since their publication in the Federal Gazette, with the following exceptions:

The German Corporate Governance Code was substantially revised in its version dated December 16, 2019. In addition, the regulations in the AktG on the remuneration of Executive Board members were fundamentally amended by ARUG II (the German Law on the Implementation of the Second Shareholder Rights Directive) of December 12, 2019. Accordingly, section G of the version of the Code dated December 16, 2019 contains recommendations on the remuneration of Executive Board members, adjusted in line with the ARUG II version of the AktG, that differ considerably from the recommendations set out in the version of the Code dated February 7, 2017. The Supervisory Board and, in preparation for the Supervisory Board, the Personnel Committee of the Supervisory Board are currently developing a system on the remuneration of Executive Board members which corresponds to the requirements of the ARUG II version of the AktG. The Supervisory Board will present this system for approval at the annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2021. In this connection, the Supervisory Board and its Personnel Committee are also concerning themselves with the recommendations set out in the version of the Code dated December 16, 2019. As it was not possible to take into account the recommendations set out in the version of the Code dated December 16, 2019 when developing the current remuneration system for Executive Board members and concluding the current contracts of the Executive Board members, the system and the contracts do not currently fulfil all of the recommendations of the version of the Code dated December 16, 2019. Therefore, the below exceptions from the relevant recommendations of the version of the Code dated December 16, 2019 were not the result of an intentional decision or a decision taken for specific objective reasons by the Supervisory Board, but are solely attributable to the timing of the events. This means that providing additional objective reasons for the exceptions listed below as a precautionary measure is not possible, or is only possible to a limited extent. The Supervisory Board has not yet definitively decided whether and to what extent these exceptions will remain when the new system on the remuneration of Executive Board members is developed and the remuneration of Executive Board members is laid down in the contracts of these members, or whether exceptions will arise from other relevant recommendations of the version of the Code dated December 16, 2019.

Against this background, we have taken the precaution of explaining the following exceptions from the recommendations set out in the version of the Code dated December 16, 2019:

1. Contrary to recommendation G.1 of the version of the Code dated December 16, 2019, the current remuneration system does not define in particular

   – how the target total remuneration is determined for each Executive Board member, and the amount that the total remuneration must not exceed (maximum remuneration), and

   – the proportion of (i) fixed remuneration and (ii) short-term and long-term variable remuneration in the target total remuneration.

2. Contrary to recommendation G.2 of the version of the Code dated December 16, 2019, the specific target total remuneration is not specified for each member of the Executive Board.

According to recommendation G.2 of the version of the Code dated December 16, 2019, the Supervisory Board shall set the specific target total remuneration for each Executive Board member on the basis of the remuneration system. This shall be appropriate to the Executive Board member’s own tasks and performance as well as to the enterprises’ overall situation and performance, and it shall not exceed the usual level of remuneration without specific reasons.

While the existing contracts of the Executive Board members contain the maximum amounts of both the fixed and the variable remuneration components, they do not specify the amount that the total remuneration of the Executive Board members must not exceed or the target total remuneration.

3. Contrary to recommendation G.3 of the version of the Code dated December 16, 2019, the Supervisory Board did not use an appropriate peer group of other third-party entities to assess whether the specific total remuneration of the Executive Board members is in line with usual levels compared to other enterprises and therefore did not disclose its composition.

   According to recommendation G.3 of the version of the Code dated December 16, 2019, the Supervisory Board shall, in order to assess whether the specific total remuneration of the Executive Board members is in line with usual levels compared to other enterprises, determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group.

   When concluding or extending the existing contracts of the Executive Board members, the Supervisory Board took care to ensure that the total remuneration of the Executive Board members is in line with usual levels compared to other enterprises and therefore that the remuneration of all Executive Board members is appropriate compared to those in equivalent roles in other enterprises in line with the principle of “horizontal appropriateness”. However, during the evaluation of whether the remuneration of the Executive Board members is in line with usual levels when concluding or extending the existing contracts of the Executive Board members, the Supervisory Board did not determine, and thus did not disclose the composition of, an appropriate peer group.

4. Contrary to recommendation G.4 of the version of the Code dated December 16, 2019, no consideration was taken of the relationship between the remuneration paid to the senior management and the overall staff in terms of its development over time when setting the remuneration of the Executive Board.

   According to recommendation G.4 of the version of the Code dated December 16, 2019, the Supervisory Board shall, to ascertain whether remuneration is in line with usual levels within the enterprise itself, take into account the relationship between Executive Board remuneration and the remuneration of senior managers and the workforce as a whole, and how remuneration has developed over time.

   This recommendation essentially corresponds to Section 4.2.2 (2) sentence 3 of the version of the Code dated February 7, 2017, from which an exception has already been expressed in the past. When concluding or extending the current contracts of the Executive Board members, the Supervisory Board took care to ensure, in line with the provisions of the AktG, that the relationship between the total remuneration of the Executive Board members and the usual wage and salary structure within the enterprise is appropriate, and therefore that the remuneration of all Executive Board members is appropriate compared with the workforce as a whole in line with the principle of "vertical appropriateness". An exception from this recommendation is hereby declared as a precautionary measure to the extent that an evaluation of the appropriateness of the remuneration of the Executive Board members compared with the workforce as a whole, as is already required by the AktG, is fleshed out in the version of the Code dated December 16, 2019, or to the extent that the peer groups relevant for the comparison or a time frame for the comparison are specified in more detail. During the evaluation of the appropriateness of the remuneration when concluding or extending the existing contracts of the Executive Board members, the Supervisory Board did not differentiate between the peer groups within the meaning of recommendation G.4 of the version of the Code dated December 16, 2019 or carry out any surveys on how the wage and salary structure has developed over time. The Supervisory Board did not consider such a – purely formal – procedure to be necessary for ensuring the appropriateness of the remuneration of Executive Board members.

5. Contrary to recommendation G.10 of the version of the Code dated December 16, 2019, the variable compensation of the Executive Board members is not predominantly invested in shares of the company and is not granted share-based.

   According to recommendation G.10 of the version of the Code dated December 16, 2019, Executive Board members' variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted predominantly as share-based remuneration, taking the respective tax burden into consideration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years.

   The current contracts of the Executive Board members do not currently stipulate that the variable remuneration granted to the members of the Executive Board be invested in company shares by the respective Executive Board member. Furthermore, the variable remuneration does not have any components that are share-based or granted as share-based remuneration.

6. Contrary to recommendation G.11 of the version of the Code dated December 16, 2019, the contracts of the Executive Board members do not provide for the variable remuneration to be retained or reclaimed in justified cases.

   According to recommendation G.11 of the version of the Code dated December 16, 2019, the Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent. It shall be permitted to retain or reclaim variable remuneration, if justified.

   The existing contracts of the Executive Board members do not currently provide for the variable remuneration to be retained or reclaimed in justified cases.

7. Contrary to recommendation G.12 of the version of the Code dated December 16, 2019, the contracts of the Executive Board members provide for severance payments to be made at short notice if a special right of termination agreed therein is exercised.

   According to recommendation G.12 of the version of the Code dated December 16, 2019, if an Executive Board member’s contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until contract termination shall be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract.

The existing contracts of the Executive Board members currently provide for a special right of termination in the event that restructuring measures are applied to Berentzen-Gruppe Aktiengesellschaft or in the event of a change of control. In the event that the special right of termination is exercised, the Executive Board members have a right to severance payments. In this case, only the monetary value of the variable remuneration components applicable at the time the special right of termination is exercised will be paid out. The existing contracts of the Executive Board members provide for such severance payments to be made in one lump-sum payment 14 days after the special right of termination is exercised.

8. Contrary to recommendation G.15 of the version of the Code dated December 16, 2019, any remuneration for the exercise of intra-group Supervisory Board memberships by members of the Executive Board is not generally taken into account.

   According to recommendation G.15 of the version of the Code dated December 16, 2019, if Executive Board members are also members of intra-group Supervisory Boards, the remuneration shall be taken into account.

   The existing contracts of the Executive Board members stipulate that Executive Board members may only engage in secondary employment activities if such activities do not affect the work of the Executive Board member for the company or undermine the interests of the company from a competition perspective. However, there is no provision explicitly stipulating that any remuneration for the exercise of Supervisory Board memberships be taken into account or specifying a decision by the Supervisory Board on the matter. The Executive Board members are currently exercising intra-group Supervisory Board memberships, for which remuneration is not granted, however. Nonetheless, an exception from this recommendation has been expressed as a precautionary measure.

9. Contrary to recommendation G.16 of the version of the Code dated December 16, 2019, the Supervisory Board does not decide whether and to what extent the remuneration is to be taken into account when members of the Executive Board assume non-group Supervisory Board memberships.

   According to recommendation G.16 of the version of the Code dated December 16, 2019, if Supervisory Board memberships are assumed at non-group entities, the Supervisory Board shall decide whether and to what extent the remuneration from such memberships shall be taken into account.

   The existing contracts of the Executive Board members stipulate that Executive Board members may only engage in secondary employment activities if such activities do not affect the work of the Executive Board member for the company or undermine the interests of the company from a competition perspective. However, there is no provision explicitly stipulating that any remuneration for the exercise of Supervisory Board memberships be taken into account or specifying a decision by the Supervisory Board on the matter.

II.

The Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft declare that, since issuing their last annual declaration regarding the German Corporate Governance Code pursuant to Section 161 AktG in November 2019, the recommendations made by the “Regierungskommission Deutscher Corporate Governance Kodex” (Code in the version dated February 7, 2017) as published in the official section of the Federal Gazette by the Federal Ministry of Justice and Consumer Protection on April 24, 2017, have been complied with until March 19, 2020, with the following exceptions:

1. Contrary to the recommendation in Section 3.8 (2) and (3) of the version of the Code dated February 7, 2017, the D&O insurance policy taken out by Berentzen-Gruppe Aktiengesellschaft for the members of its Supervisory Board did not provide for any deductible.

   According to the recommendation in Section 3.8 (2) and (3) of the version of the Code dated February 7, 2017, a deductible of at least 10 % of the damage up to at least one and a half times the fixed annual remuneration of the Supervisory Board member shall be agreed in a D&O insurance policy taken out by the company for the Supervisory Board.

   The Supervisory Board of Berentzen-Gruppe Aktiengesellschaft does not essentially believe that agreeing such a deductible would enhance the motivation and responsibility with which the members of the Supervisory Board carry out their duties.

2. Contrary to the recommendation in Section 4.2.1 (1) of the version of the Code dated February 7, 2017, the Executive Board of Berentzen-Gruppe Aktiengesellschaft had not had a Chairman or a Spokesman.

   According to the recommendation in Section 4.2.1 (1) of the version of the Code dated February 7, 2017, the Executive Board shall have a Chairman or Spokesperson.

   The Supervisory Board and Executive Board of Berentzen-Gruppe Aktiengesellschaft are of the opinion that there was no need to appoint an Executive Board Chairman or Speaker given the fact that the Executive Board currently has only two members. The existing rules of procedure for the Executive Board already include clear and unambiguous rules governing communication with the Supervisory Board and the representation of the Executive Board vis-à-vis the Supervisory Board also in this case, as well as the divisional responsibilities of Executive Board members and therefore also the representation of the Company and the Group.

3. Contrary to the recommendation in Section 4.2.2 (2) sentence 3 of the version of the Code dated February 7, 2017, no consideration was taken of the relationship between the remuneration paid to the senior management and the overall staff in terms of its development over time when setting the remuneration of the Executive Board.

   According to the recommendation in Section 4.2.2 (2) sentence 3 of the version of the Code dated February 7, 2017, the Supervisory Board shall consider the ratio of Executive Board remuneration to the remuneration paid to the senior management and entire staff, including its development over time.

   When concluding or extending the current contracts of the Executive Board members, the Supervisory Board is required by the provisions of the Stock Corporation Act to ensure that the total remuneration granted to the members of the Executive Board is in an appropriate relationship to the general remuneration structure within the Company and hence the so-called “vertical appropriateness” of the remuneration paid to members of the Executive Board is guaranteed. To the extent that this review of the vertical appropriateness of the remuneration paid to members of the Executive Board required by the Stock Corporation Act is specified by the German Corporate Governance Code of the version of the Code dated February 7, 2017, and the peer groups used for the comparison and timeframe for the comparison are defined more closely, an exception from the Code is hereby explained as a precaution. When concluding or extending the currently valid contracts of the Executive Board members, the Supervisory Board does not distinguish between the peer groups within the meaning of Section 4.2.2 (2) sentence 3 of the version of the Code dated February 7, 2017, when checking the appropriateness and does not carry out any assessment of the development over time of the remuneration structure either. It considered that such a purely formal approach is not necessary to ensure the appropriateness of the remuneration paid to members of the Executive Board.

4. Contrary to the recommendation in Section 4.2.3 (2) sentence 6 of the version of the Code dated February 7, 2017, the remuneration agreed in the existing contracts of the Executive Board members did not include a maximum amount for the total remuneration.

   According to the recommendation in Section 4.2.3 (2) sentence 6 of the version of the Code dated February 7, 2017, the amount of remuneration of the Executive Board members shall be capped with maximum levels, both as regards variable components and in the aggregate.

   The existing contracts of the Executive Board members contain maximum levels for both fixed and variable remuneration components. However, these contracts do not include a maximum level for the total remuneration of the Executive Board members. The Supervisory Board is of the opinion that a maximum level for the total remuneration is in fact already set by the contractual cap on both the fixed and the variable remuneration components.

5. Contrary to the recommendation in Section 4.2.3 (3) of the version of the Code dated February 7, 2017, the level of provision aimed for in each case was not determined and the resulting annual and long-term expense for the Company was not taken into account when granting pension awards to the members of the Executive Board.

   According to the recommendation in Section 4.2.3 (3) of the version of the Code dated February 7, 2017, the Supervisory Board shall establish the target level of pension benefits for every pension commitment – including based on the duration of membership of the Executive Board – and shall consider the resulting annual and long-term expense incurred by the company.

   The existing contracts of the Executive Board members each contain a provision under which a fixed amount is granted to the Executive Board member for a life insurance policy to be concluded by this person or a financial instrument suitable for pension purposes to be concluded by this person. This amount may also be paid into a company pension plan at the request of the Executive Board member. This provision does not, however, grant the Executive Board member either a direct claim to a pension, neither does it result in a future financial expense for the Company beyond the end of the Executive Board contract. Against this backdrop, the Executive Board and Supervisory Board assume that such a purely monetary amount granted is not a pension award within the meaning of the German Corporate Governance Code. Since the German Corporate Governance Code does not define the term “pension award”, however, an exception from the Code is explained in this regard as a precaution.

6. Contrary to the recommendation in Section 4.2.5 (3) and (4) of the version of the Code dated February 7, 2017, the remuneration of the Executive Board members was not disclosed individually and broken down by components – in particular by benefits granted, benefits received and service costs – in the Remuneration Report using the model tables provided in the appendices to the Code.

   According to the recommendation in Section 4.2.5 (3) and (4) of the version of the Code dated February 7, 2017, the Remuneration Report shall present the following information for every Executive Board member:

   – the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable,

   – the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years,

   – the service cost incurred in/for the reporting period for pension benefits and other commitments.

   The model tables provided as appendices to the Code in the version dated February 7, 2017, shall be used to disclose this information.

   On May 12, 2016, the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft adopted a resolution pursuant to Section 286 (5) of the German Commercial Code (HGB) to dispense with the individualised disclosure of the remuneration of the Executive Board and to disclose the remuneration of the Executive Board in the Notes to the Annual Financial Statements, the Notes to the Consolidated Financial Statements and the Management Report of the Company and the Group in aggregate form only. Against this background, it is not possible to provide a breakdown of the remuneration in the Remuneration Report using the model tables provided in the appendices to the German Corporate Governance Code as this would result in the individualised disclosure of the remuneration of the Executive Board in violation of the resolution adopted by the Annual General Meeting on May 12, 2016.

7. Contrary to the recommendation in Section 5.4.6 (3) sentence 1 of the version of the Code dated February 7, 2017, the remuneration of the Supervisory Board members was not disclosed on an individualised basis or classified by remuneration components in the Notes to the Financial Statements or the Management Report.

   According to the recommendation in Section 5.4.6 (3) sentence 1 of the version of the Code dated February 7, 2017, the remuneration of the Supervisory Board members shall be disclosed individually in the Notes to the Financial Statements or the Management Report, classified by remuneration components.

In accordance with the relevant statutory provisions currently applicable to the disclosure of the remuneration of Supervisory Board members, the remuneration of the Supervisory Board members will be disclosed in aggregate form in the Notes to the (Consolidated) Financial Statements or the Management Report, which is summarised with the Group Management Report. Furthermore, the basic amount of the remuneration granted to Supervisory Board members exclusively as fixed remuneration is disclosed in the company's publicly accessible Articles of Association. Considering the invasion on the privacy of the Supervisory Board members that would result from disclosing their remuneration on an individualised basis on the one hand and the proportionality of this in relation the benefits it would bring on the other, the Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft are of the view that the provision of a cumulative statement disclosing the remuneration of the Supervisory Board members in the reporting components specified is sufficient – as this will not reveal any additional information relevant to the capital markets.

Haselünne, November 2020

Berentzen-Gruppe Aktiengesellschaft

For the Executive Board

Oliver Schwegmann
Member of the Executive Board

Ralf Brühöfner
Member of the Executive Board

For the Supervisory Board

Uwe Bergheim
Chairman of the Supervisory Board

(2.2) Relevant disclosures on corporate governance practices

Berentzen-Gruppe Aktiengesellschaft observes all legal requirements for corporate governance and also follows the recommendations of the German Corporate Governance Code – subject to the exceptions indicated and justified in the declaration on corporate governance pursuant to Section 161 AktG.

In order to implement good corporate governance, Berentzen-Gruppe Aktiengesellschaft has adopted a Code of Conduct binding on all employees of the Berentzen Group, which sets out binding rules for lawful and ethical behaviour. Furthermore, another two Codes were established, namely the Berentzen Group Marketing Code and the Berentzen Group Supplier Code. These three Codes contain the guidelines for responsible conduct at Berentzen-Gruppe Aktiengesellschaft and its subsidiaries. They are based on applicable laws and established standards and express the expectations that the corporate group has for its employees, suppliers, marketing and communication partners, and third parties who are involved in the value chain of Berentzen Group's products. The principles described in these Codes are all minimum standards.

The Berentzen Group Code of Conduct contains a summary of corporate principles. It defines the guidelines to be followed in the areas of lawful and responsible conduct, business and personal integrity, employees and employment conditions, assets and information, and quality and environmental protection.

The Berentzen Group Marketing Code is modelled after the rules of conduct of the German Advertising Standards Council (Deutscher Werberat). In awareness of the social responsibility of the corporate group, it contains guidelines for product-related communication and the responsible handling of its products.

The Supplier Code of the Berentzen Group creates a shared understanding of appropriate living and working conditions of employees, which is supported by all suppliers of the Berentzen Group and their employees. The Berentzen Group Supplier Code is modelled after the currently valid versions of the Ethical Trading Initiative Base Code (ETI Base Code), the principles of the International Labour Organisation (ILO), and the Ten Principles of the United Nations Global Compact. It forms the basis for long-term, sustainable business relationships.

Tips of violations of the principles set out in the Berentzen Group Codes or suspicions of such violations may be communicated – also anonymously – to the independent, external notification centre engaged for this purpose by the Executive Board of Berentzen-Gruppe Aktiengesellschaft. Both the employees of Berentzen Group and third parties are able to contact the notification centre; all tips are kept confidential.

The Berentzen Group Codes, including the contact data of the external notification centre, are posted on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en and are also available to employees on the social intranet of the Berentzen Group, among other places.

(2.3) Compliance and risk management

(2.3.1) Compliance

The business activities conducted by the Berentzen Group in numerous different countries and regions and therefore in a wide range of different legal jurisdictions are subject to many national and international laws and regulations. Compliance in the Berentzen Group means compliance with all national and international laws and regulations applicable in every place, as well as industry standards, its Codes and its voluntarily assumed obligations and internal guidelines. Compliance by all companies of the Berentzen Group is an essential management responsibility of the Executive Board of Berentzen-Gruppe Aktiengesellschaft.

The Group’s three Codes, the Berentzen Group Code of Conduct, the Berentzen Group Marketing Code, and the Berentzen Group Supplier Code form an important basis for compliance in the Berentzen Group. Particularly the guidelines for lawful and responsible conduct and business and personal integrity that make up the core of the Berentzen Group Code of Conduct, which is binding on all companies of the Berentzen Group and their employees, constitute the main corporate principles for ensuring compliance. In addition, a number of other internally established guidelines serve to prevent compliance violations.

The responsibility for all topics and concerns related to compliance is organisationally assigned to the Corporate Legal Department of Berentzen-Gruppe Aktiengesellschaft. The Compliance Committee composed of individual members of this department is supervised by the Executive Board member in charge of the Legal Department and reports to the full Executive Board of Berentzen-Gruppe Aktiengesellschaft through the Chief Compliance Officer. For its part, the full Executive Board reports on compliance in the Berentzen Group to the Supervisory Board’s Finance and Audit Committee at regular intervals and whenever warranted. The

Chairperson of the Finance and Audit Committee of the Supervisory Board reports to the full Board.

The employees of the Berentzen Group usually receive instruction on compliance-related topics in classroom training or video courses that serve to raise awareness for compliance with all relevant legal requirements. If they have questions about lawful conduct or questions related to the understanding or interpretation of the Berentzen Group Codes, employees can turn to their supervising manager, the Compliance Committee, or the Corporate Legal Department of Berentzen-Gruppe Aktiengesellschaft.

Furthermore, an independent, external notification centre has been established to receive tips of compliance violations or related suspicions. More detailed information about the Berentzen Group Codes and the external notification centre can be found in the preceding Section (2.2).

(2.3.2) Risk management

Good corporate governance also encompasses the responsible management of risks by the Company. The Executive Board of Berentzen-Gruppe Aktiengesellschaft ensures appropriate risk management and risk controlling in the Company and the Group. Systematic risk management in line with the values-based management philosophy of the Berentzen Group ensures that risks are detected and assessed at an early stage and risk positions are optimised through limitation. The Executive Board regularly informs the Supervisory Board's Finance and Audit Committee of existing risks and their development.

Information on risk management, the risk management system, and the risks and opportunities arising in the course of the Berentzen Group's business activities can be found in the "Report on risks and opportunities" section of the Annual Report 2020 of Berentzen-Gruppe Aktiengesellschaft, which is available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en and is an integral part of the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft.

(2.3.3) Internal Audit

Other integral elements of compliance and risk management are the Internal Audit Department of the corporate group and its internal control system, which are centrally organised at Berentzen-Gruppe Aktiengesellschaft.

Internal Audit is particularly charged with auditing important internal business processes, performing ad-hoc audits, and auditing the control mechanisms of the internal control system – either in connection with or separately from the other audits.

Internal Audit also reports to the Executive Board member of Berentzen-Gruppe Aktiengesellschaft in charge of the Legal Department, among other things. The audit subjects and results of Internal Audit are also the subject of deliberations in the Supervisory Board's Finance and Audit Committee.

(2.4) Composition and procedures of the Executive Board and Supervisory Board and the committees of the Supervisory Board

The management and supervision structure of Berentzen-Gruppe Aktiengesellschaft and the Berentzen Group is detailed below:

(2.4.1) Dual governance system

In accordance with legal requirements, Berentzen-Gruppe Aktiengesellschaft maintains a dual governance system under which the Executive Board manages the Company and the Supervisory Board supervises the management. The authorities and members of both these bodies are strictly separate.

(2.4.2) Executive Board

Work of the Executive Board

As the management body of Berentzen-Gruppe Aktiengesellschaft, the Executive Board manages the Company under its own responsibility and in the Company's interest, thus with due regard to the interests of the shareholders, its employees and other stakeholder groups, with the obligation of ensuring the corporate group's continued existence and its sustainable value creation.

The management function of the Executive Board includes a responsible approach to the risks inherent in the corporate group's business activities within the scope of suitable and effective control and risk management system. The Executive Board further ensures compliance with the provisions of law and internal guidelines and works towards compliance with the same within the corporate group. Correspondingly, the Executive Board makes sure that there is a compliance management system commensurate with the Company's risk situation.

The Executive Board informs the Supervisory Board regularly, promptly, and extensively on all issues relevant to the Berentzen Group, specifically relating to strategy, planning, business developments, cash flows and profits, level of risk, risk management, and compliance.

According to the rules of procedure for the Executive Board of Berentzen-Gruppe Aktiengesellschaft adopted by the Supervisory Board, certain transactions and measures of fundamental importance to be taken by the Executive Board require the approval of the Supervisory Board, or if the Supervisory Board has delegated the authority to adopt resolutions of approval to one of its committees, they require the approval of the competent Supervisory Board committee. The Supervisory Board may expand or limit the scope of transactions or measures requiring approval at any time.

In filling managerial positions within the Company, the Executive Board gives due consideration to diversity. The Executive Board adopts targets for the proportion of positions held by women in the two management levels beneath the Executive Board; these gender-related targets, the other targets to be adopted under this law, and the corresponding statements to be included in the (Group) declaration on corporate governance are summarised in the following Section (2.6).

Meetings of the Executive Board take place on a regular basis, if possible at least once per calendar month. The Executive Board has a quorum when at least two or, if the Executive Board consists of more than two members, at least half of its members participate in the adoption of resolutions. Resolutions are adopted by a simple majority of votes cast. In case of a tied vote, the Chairperson of the Executive Board or, if the Chairperson does not participate in the vote, the vote of the Deputy Chairperson, casts the deciding vote. This does not apply if and to the extent that the Executive Board only consists of two members.

More detailed rules governing the work of this governing body, including (for example) the division of responsibilities by management division and the matters reserved for the full Executive Board, are set out in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft and the rules of procedure and executive organisation chart of the Executive Board.

Composition of the Executive Board

In accordance with the Articles of Association, the Executive Board of Berentzen-Gruppe Aktiengesellschaft is composed of at least two members. In particular, the Supervisory Board may appoint a Chairperson of the Executive Board. If an Executive Board Chairperson has been appointed, said Chairperson acts as Spokesperson of the Executive Board vis-à-vis the Supervisory Board. If no such appointment has been made, the rules of procedure for the Executive Board contain detailed rules on the representation of the Executive Board vis-à-vis the Supervisory Board and the performance of duties that are otherwise fundamentally assigned to the Chairperson of the Executive Board.

Notwithstanding their overall responsibility for the management of Berentzen-Gruppe Aktiengesellschaft and the corporate group, the individual members of the Executive Board manage the divisions assigned to them independently and under their own responsibility. The Executive Board members work together as a team and keep each other informed of important measures and operations in their divisions.

The diversity plan adopted by the Supervisory Board, which is described in Section (2.5.1), sets out other important aspects or goals related to the composition of the Executive Board.

In accordance with its obligation under the Stock Corporations Act, the Supervisory Board has adopted targets for the percentage of women on the Executive Board. These gender-related targets, the other targets to be adopted under this law, and the corresponding statements to be included in the (Group) declaration on corporate governance are summarised in the following Section (2.6).

Over the period from January 1 to December 31, 2020 the following persons were members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft:

Name	Term of Board membership	Occupation Responsibilities	Supervisory Board mandates
Ralf Brühöfner Lingen, Germany	since June 18, 2007	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Finance, Controlling, Human Resources, Information Technology, Legal Affairs, Corporate Communications, Investor Relations, Corporate Social Responsibility	Doornkaat Aktiengesellschaft [1)], Norden, Germany (Deputy Chairman of the Supervisory Board)
Oliver Schwegmann Timmendorfer Strand, Germany	since June 1, 2017	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Marketing, Sales, Production and Logistics, Purchasing, Research and Development	Doornkaat Aktiengesellschaft [1)], Norden, Germany (Chairman of the Supervisory Board)

1) Non-listed, intra-Group company.

(2.4.3) Supervisory Board

Work of the Supervisory Board

The Supervisory Board supervises and advises the Executive Board, whose members it appoints, on the management of the Company and the corporate group. It is involved in decisions of fundamental importance for the Berentzen Group; details are set out in the rules of procedure for the Supervisory Board and Executive Board.

Supplementary to the duties incumbent upon the Executive Board to inform and report to the Supervisory Board, the latter in turn ensures that it is provided with information in an appropriate manner; for this purpose, the Executive Board's rules of procedure contains more detailed rules to this end.

The Supervisory Board reviews the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft as well as the proposal on the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft. Furthermore, it basically approves the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft. It performs this task on the basis of and taking account of the audit reports of the independent auditor and the findings of the prior discussions held for this purpose by the Finance and Audit Committee and its recommendations in this regard. The Supervisory Board is also required to review the separate non-financial report or consolidated report (Sections 289b and 315b HBG) if such are drafted.

Details concerning the duties of the Supervisory Board and its committees, as well as its composition, are set out in the law, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft, and the rules of procedure of the Supervisory Board, accessible on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en. This document and the rules of procedure for the Executive Board also stipulate that the Supervisory Board's approval is required for transactions and measures of fundamental importance, among other things; the Supervisory Board's approval is also a statutory requirement for company transactions with closely associated persons within the meaning of Section 111b AktG. In addition, the German Corporate Governance Code provides further recommendations on the functioning of the Supervisory Board and its committees.

The regular meetings of the Supervisory Board are called in writing, by fax or by electronic communication means (particularly email) with advance notice of two weeks, with the meeting agenda attached to the notice of meeting. The documents produced in preparation for the meetings, including all draft resolutions, are forwarded to the members of the Supervisory Board in due time, so that the Supervisory Board members have sufficient time to prepare for the meeting. The Supervisory Board meets at least four times a year, i.e. once per calendar quarter.

As a rule, resolutions of the Supervisory Board are adopted at in-person meetings. On the order of the Supervisory Board Chairperson, meetings can also be held in the form of video conference or, in justified cases, individual Supervisory Board members can take part in a meeting of the Supervisory Board via telephone or video conference. Between meetings, on the order of the Chairperson resolutions can also be adopted by votes cast verbally, in writing, by telephone, by fax or via electronic communication means (particularly email). As a rule, this option is exercised only in cases that are especially urgent. The Supervisory Board has a quorum when at least four of its members participate in the adoption of resolutions. Absent members may participate by way of written votes. Unless otherwise stipulated by law, resolutions of the Supervisory Board are adopted with a simple majority of the votes cast. In case of a tied vote, the vote of the Supervisory Board Chairman is determining; the same rule applies for elections. If the Supervisory Board Chairman does not participate in the vote, the vote of his deputy is determining in case of a tied vote.

The members of the Supervisory Board must immediately disclose any conflicts of interest linked to their function in the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft to the Chairperson of the Supervisory Board.

Composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft consists of six members, of which four members are elected individually at an annual general meeting (Supervisory Board members representing the shareholders or shareholder representatives). Two members are elected by the employees (Supervisory Board members of the employees or employee representatives) in accordance with the German One-third Participation Act (Drittelbeteiligungsgesetz).

The Chairperson and Deputy Chairperson are elected from the ranks of the Supervisory Board members. The term of office of Supervisory Board members is five years; the term of office of currently serving Supervisory Board members ends upon the close of the annual general meeting of Berentzen-Gruppe Aktiengesellschaft that will vote on ratification of the actions of the Supervisory Board members for the 2023 financial year.

According to the provisions of the Stock Corporations Act, the members of the Supervisory Board must be familiar as a group with the sector in which the Company operates; furthermore, at least one member of the Supervisory Board must possess expertise in the fields of financial reporting or auditing. In its current composition, which has been in place since December 31, 2020, the Supervisory Board meets these legal requirements.

Another basis for the composition of the Supervisory Board is the diversity plan adopted by the Supervisory Board, which sets out important aspects or goals for the composition of the Supervisory Board. The diversity plan is described in Section (2.5.2).

In fulfilment of its obligation under the Stock Corporations Act, the Supervisory Board has adopted targets for the percentage of women on this board. These gender-related targets, the other targets to be adopted under the law, and the corresponding statements to be included in the (Group) declaration on corporate governance are summarised in the following Section (2.6).

The following persons were members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft over the period from January 1 to December 31, 2020 – unless indicated otherwise:

Name	Term of Supervisory Board membership Member of the Supervisory Board representing the shareholders / employees	Occupation	Other Supervisory Board mandates
Uwe Bergheim Dusseldorf, Germany Chairman of the Supervisory Board	since May 3, 2018 Member of the Supervisory Board representing the shareholders	Self-employed corporate consultant, Dusseldorf, Germany	

Name	Term of Supervisory Board membership Member of the Supervisory Board representing the shareholders / employees	Occupation	Other Supervisory Board mandates
Frank Schübel Gräfelfing, Germany Deputy Chairman of the Supervisory Board	since May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of TEEKANNE Holding GmbH & Co. KG, Dusseldorf, Germany	
Dagmar Bottenbruch Berlin, Germany	since July 2, 2020 Member of the Supervisory Board representing the shareholders	Managing Director of Segenia Capital Management GmbH / Segenia Capital GP GmbH, Frankfurt/Main (formerly: DC&F Capital Partners Management GmbH / DC&F Capital Partners GP GmbH, Hanover), Germany Self-employed Management Consultant and Angel Investor, Berlin, Germany	AMG Advanced Metallurgical Group N.V. [1], Amsterdam, The Netherlands (Member of the Supervisory Board) ad pepper media International N.V. [1], Amsterdam, The Netherlands (Member of the Supervisory Board, since May 19, 2020)
Heike Brandt Minden, Germany	since May 22, 2014 Member of the Supervisory Board representing the employees	Commercial employee at Berentzen-Gruppe Aktiengesellschaft, Haselünne, Germany	
Bernhard Düing Herzlake, Germany	since June 24, 1999 Member of the Supervisory Board representing the employees	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Hendrik H. van der Lof Almelo, The Netherlands	since May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of Via Finis Invest B.V., Almelo, The Netherlands	Monolith N.V. [2], Amsterdam, The Netherlands (Member of the Supervisory Board, until December 14, 2020) TIIN Buy Out and Growth fund B.V. [2], Naarden, The Netherlands (Chairman of the Supervisory Board, until October 30, 2020)
Daniël M.G. van Vlaardingen Hilversum, The Netherlands	from September 1, 2016 to July 2, 2020 Member of the Supervisory Board representing the shareholders	Managing Director of Monolith Investment Management B.V., Amsterdam, The Netherlands	

1) Listed, non-Group company.

2) Non-listed, non-Group company.

(2.4.4) Supervisory Board committees

In order to perform its tasks efficiently and to increase the effectiveness of its work, the Supervisory Board has established a Personnel and Nomination Committee and a Finance and Audit Committee as standing committees to prepare and supplement its work. Certain decision-making powers of the Supervisory Board have been delegated to the committees within the legally permitted framework. Detailed provisions on the work of the committees of the Supervisory Board, including for example on the composition and authorities of the committees, are set out in the rules of procedure of the Supervisory Board. The provisions on the preparation of meetings and the adoption of Supervisory Board resolutions apply also to the work of the committees.

Personnel and Nomination Committee of the Supervisory Board

Work of the Personnel and Nomination Committee

The Personnel Committee is responsible for preparing resolutions to be voted on by the Supervisory Board and for recommending resolutions to the Supervisory Board pertaining to the appointment and dismissal of Executive Board members, the setting, implementation and review of the remuneration system for Executive Board members, documents for the annual general meeting pertaining to approval of the remuneration system for Executive Board members, passing of resolutions on the remuneration of Supervisory Board members and approval of the Compensation Report, as well as other resolutions of the Supervisory Board involving Executive Board matters.

The following resolution authorities in particular are delegated to the Personnel Committee: conclusion, amendment, and termination of contracts, particularly employment contracts, with Executive Board members, with the exception of resolutions setting the overall remuneration of individual Executive Board members and resolutions that reduce remuneration and benefits, which are the sole responsibility of the Supervisory Board by virtue of the German Stock Corporation Act; also the approval of material transactions with persons or companies closely associated with a member of the Executive Board, carrying out other legal transactions vis-à-vis the Executive Board, and of contracts with Supervisory Board members or persons or companies closely associated with them, and the granting of loans to board members.

The Personnel Committee is at the same time the Nomination Committee within the meaning of the German Corporate Governance Code. In this function, it presents a list of suitable candidates to the Supervisory Board to be proposed to the annual general meeting for election to the Supervisory Board as shareholder representatives. The Nominating Committee is a preparatory committee; it cannot adopt any resolutions for the Supervisory Board.

The participation of at least three committee members is required for the adoption of resolutions by the Personnel and Nomination Committee.

Composition of the Personnel and Nomination Committee

The Personnel and Nomination Committee of Berentzen-Gruppe Aktiengesellschaft is composed of at least three members of the Supervisory Board, including the Chairperson and Deputy Chairperson. The committee chair is the Chairperson of the Supervisory Board. To the extent that the Personnel Committee acts as the Nomination Committee, it will only be composed of the committee members who represent the shareholders. The Chairperson of the Personnel and Nomination Committee reports to the full Supervisory Board.

Unless indicated otherwise, the following members belonged to the Personnel and Nomination Committee over the period from January 1 to December 31, 2020:

Name	Term of Supervisory Board Committee membership	Committee function
Uwe Bergheim Chairman of the Supervisory Board	since May 3, 2018	Chairman of the Personnel and Nomination Committee
Dagmar Bottenbruch	since September 17, 2020	Member of the Personnel and Nomination Committee
Heike Brandt	since May 19, 2017	Member of the Personnel Committee
Frank Schübel Deputy Chairman of the Supervisory Board	since May 19, 2017	Member of the Personnel and Nomination Committee
Daniël M.G. van Vlaardingen	from May 19, 2017 to July 2, 2020	Member of the Personnel and Nomination Committee

Finance and Audit Committee of the Supervisory Board

Work of the Finance and Audit Committee

The Finance and Audit Committee deals in particular with reviewing the financial reporting, monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system and the audit of the financial statements, as well as compliance.

In this context, the tasks of the Finance and Audit Committee include the preparation of the Supervisory Board meeting called to adopt the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft (balance sheet meeting), which it does particularly through a preliminary review of the separate and consolidated financial statements including the management reporting and discussion thereof and the reports on the audits thereof with the independent auditor, as well as through a preliminary review of the proposals on the utilisation of the distributable profit. The preparatory discussions also include the Sustainability Report of the Berentzen Group prepared separately on a voluntary basis. Over and above this, the Finance and Audit Committee deals with the auditing of interim financial information.

With regard to the audit of the financial statements, it is additionally the duty of the Finance and Audit Committee to issue a proposal to the Supervisory Board for its recommendation for election of the auditor to the annual general meeting – if necessary after conducting a selection and proposal process – taking into account the relevant provisions of Regulation (EU) No. 537/2014 dated April 16, 2014 on specific requirements regarding statutory audits of public-interest entities (Regulation (EU No. 537/2014). The Finance and Audit Committee further deals with the independence of the auditor as well as with the additional services rendered by such auditor, the granting of the audit engagement to the auditor and the agreement of fees, the establishment of audit priorities and the assessment of the quality of the audit performed. This also includes the requirement of the Finance and Audit Committee's approval for the rendering of other than prohibited non-auditing services within the meaning of the aforementioned Regulation in conjunction with the German Commercial Code by the financial statements auditor.

The participation of at least three committee members is required for the adoption of resolutions by the Finance and Audit Committee.

Composition of the Finance and Audit Committee

The Finance and Audit Committee of Berentzen-Gruppe Aktiengesellschaft is composed of at least three members of the Supervisory Board, including the Chairperson of the Supervisory Board. The committee is chaired by a representative of the shareholders. The Chairperson of the Finance and Audit Committee reports to the full Supervisory Board.

In accordance with the Stock Corporations Act, the members of the Finance and Audit Committee must be familiar as a group with the sector in which the Company operates; at least one member of the Finance and Audit Committee must possess expertise in the fields of financial reporting or auditing (financial expert). According to the recommendations of the German Corporate Governance Code, the Chairperson of the Finance and Audit Committee should possess particular knowledge and experience in the application of financial reporting principles and internal control procedures, as well as being familiar with the audit of financial statements and being independent. Furthermore, the Chairperson of the Supervisory Board should not be the Chairperson of the Finance and Audit Committee.

The current composition of the Finance and Audit Committee meets the two aforementioned legal requirements. The current Chairman of the Finance and Audit Committee, Hendrik H. van der Lof, is a financial expert within the meaning of Sections 100 (5), 107 (4) AktG and also fulfils the corresponding recommendations of the German Corporate Governance Code, which are more demanding in part.

The Finance and Audit Committee was composed of the following members in the period from January 1 to December 31, 2020:

Name	Term of Supervisory Board Committee membership	Committee function
Hendrik H. van der Lof	since May 19, 2017	Chairman of the Finance and Audit Committee
Uwe Bergheim Chairman of the Supervisory Board	since May 3, 2018	Member of the Finance and Audit Committee
Bernhard Düing	since June 3, 2009	Member of the Finance and Audit Committee
Frank Schübel Deputy Chairman of the Supervisory Board	since May 22, 2019	Member of the Finance and Audit Committee

(2.4.5) Self-assessment of the Supervisory Board and its committees

The Supervisory Board makes a regular assessment of how effective the Supervisory Board as a whole and its committees fulfil their duties.

This self-assessment is made in the form of an internal ongoing self-evaluation and serves to measure the effectiveness and efficacy of the work of these bodies and their cooperation with the Executive Board with the objective of ensuring that duties are fulfilled in an efficient and proper manner and optimising the same. Relevant aspects, findings and any expedient measures required are discussed in the Supervisory Board, which passes and implements any necessary resolutions.

(2.4.6) Cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft engage in close cooperation for the good of the Company. The Executive Board coordinates the strategic orientation of the Company with the Supervisory Board and regularly discusses the status of strategy implementation with it. The Executive Board informs the Supervisory Board regularly, promptly, and extensively on all issues relevant to the Berentzen Group, specifically relating to strategy, planning, business developments, cash flows and profits, level of risk, risk management, and compliance. Deviations in business performance from the prepared plans and goals of the Company and the Group are likewise reported and explained immediately to the Supervisory Board.

In principle, the members of the Executive Board attend the meetings of the Supervisory Board, provide written and oral reports on the individual agenda items and draft resolutions, and answer the questions of the Supervisory Board.

In addition, the Chairperson of the Executive Board regularly informs the Chairperson of the Supervisory Board of current developments orally and whenever appropriate also in writing. The Chairperson of the Supervisory Board is immediately informed by the Chairperson of the Executive Board about important events that are of material significance to assessing the situation and development of the Company and to managing the Company or the Group.

The Chairperson of the Supervisory Board maintains regular contact with the Executive Board outside of meetings and discusses with them issues of the Company's strategy, business developments, the risk situation, risk management and compliance.

To the extent that transactions of the Executive Board require the consent of the Supervisory Board, the Chairperson of the Executive Board provides extensive information about the intended transaction to the Supervisory Board and obtains the consent of the Supervisory Board.

If an Executive Board Chairperson has not been appointed, the rules of procedure for the Executive Board set out detailed rules on the representation of the Executive Board vis-à-vis the Supervisory Board and the performance of duties that are otherwise fundamentally assigned to the Chairperson of the Executive Board.

The members of the Executive Board must immediately disclose any conflicts of interest linked to their function for Berentzen-Gruppe Aktiengesellschaft to the Chairperson of the Supervisory Board and the Chairperson or Speaker of the Executive Board, and inform the other Executive Board members thereof.

(2.5) Diversity plans for the composition of the Executive Board and Supervisory Board

Once again in the 2020 financial year, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft intensively addressed the goals for the composition of Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft, which are described in the diversity concepts passed by the Supervisory Board and presented in the following. In accordance with the voluntarily commitment stated therein, the Supervisory Board has reviewed them in depth once again in the 2020 financial year again both in terms of content and with regard to the results achieved.

The diversity plans encompass the diversity aspects within the meaning of Sections 315d and 289f HGB as well as the corresponding or supplementary recommendations of the German Corporate Governance Code, particularly those pertaining to the adoption of specific targets for the composition of the Supervisory Board. Therefore, the following report serves equally to fulfil the statutory reporting obligation and the implementation of the corresponding recommendations of the German Corporate Governance Code.

(2.5.1) Executive Board

Description of the diversity plan

The diversity plan for the composition of the Executive Board covers the following aspects and targets, for the attainment of which a time period or time frame of up to December 31, 2020 was established.

As part of the Supervisory Board's further deliberations in the 2020 financial year on the targets for the composition of the Executive Board, another time period or time frame for this was set until December 31, 2021. The content of the diversity plan for the composition of the Executive Board was supplemented to specify an aspect or target concerning expertise in matters of sustainability, which, according to the supplemented plan, at least one member of the Executive Board must possess. The diversity plan otherwise remained unchanged.

An exception was or is made in each case with regard to the specification of the time period or time frame for achievement of the target for the percentage of women on the Executive Board, but will also end in parallel on December 31, 2021 in line with the most recent specification in June 2017.

Age

The diversity plan includes an age limit for Executive Board members. Only those persons who will not yet complete their 65th year of life at the end of the regular term of office for which they were either appointed for the first time or re-appointed should be appointed to the Executive Board.

Gender

The independently adopted target for the percentage of women on the Executive Board, which the Supervisory Board is specifically obligated to do under the Stock Corporations Act, covers the aspect of gender.

Information on this is summarised in the following Section (2.6) with the other gender-related targets to be adopted under this law, and the corresponding statements to be included in the (Group) declaration on corporate governance.

Educational background

In the opinion of the Supervisory Board, managing a nationally and internationally active enterprise requires an appropriate level of education for the members of its governing bodies. Therefore, at least two members of the Executive Board should have a university or technical college degree or a comparable international academic degree.

Professional background

In relation to their professional background, the Executive Board should only have members with experience in the management or supervision of other medium-sized or large corporations.

Moreover, the members of the Executive Board should have experience from different professional activities, if possible; in this respect, the Executive Board should have at least one member who has professional experience in operational functions in the sector in which the Company operates, and at least one member who has experience from professional activity in administrative and especially business administration functions.

Internationality

Also in view of the requirements for managing an internationally active enterprise, the Executive Board should have at least one member with international experience. In this respect, international experience does not necessarily or exclusively mean a foreign nationality, but it particularly means relevant, work-related experience in an international context.

Other aspects

Another specification pertains to the aspect of potential conflicts of interest for Executive Board members. They are obligated to serve the Company's interests, they may not pursue personal interests in their decisions nor exploit for themselves business opportunities to which the Berentzen Group is entitled and are subject to a comprehensive competition ban during their employment with the Company. Every member of the Executive Board is obligated to observe the code of conduct relative to conflicts of interest that is recommended in the German Corporate Governance Code, which is also completely incorporated into the rules of procedure for the Executive Board. In consideration of the foregoing, the diversity plan states that the Executive Board shall have no member in whom material and not only temporary conflicts of interest could arise as a result of their activities and functions outside of Berentzen-Gruppe Aktiengesellschaft and its Group companies.

Goals of the diversity plan

In its entirety, the diversity plan for the Executive Board described above primarily pursues the goal of staffing the Executive Board in such a way that its members as a whole possess the necessary knowledge, skills, and specialised experience for managing the Company by promoting the internal diversity of opinions and knowledge as a means of achieving that goal.

Manner of implementing the diversity plan

The diversity plan is to be implemented primarily by means of the involvement of the Supervisory Board in staffing the Executive Board, as required by the German Stock Corporations Act, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft, and the rules of procedure for the Supervisory Board, as well as in the process of the long-term succession planning for the Executive Board to be organised by the Supervisory Board. The decision on the composition of the Executive Board is made by the Supervisory Board in the Company's interest and after giving due consideration to all the circumstances of each case.

The appointment of Executive Board members by the Supervisory Board – and the preparatory proposals or recommendations of the Supervisory Board's Personnel Committee made in this context – should be done in consideration of the specified diversity aspects.

Furthermore, it is specified that the Supervisory Board should review the diversity plan with respect to the composition of the Executive Board and the results achieved, whenever warranted, particularly when new Executive Board members are appointed or the composition of the Executive Board changes, and at regular intervals of time, at least once a year.

Results achieved in the financial year

In the judgment of the Supervisory Board, the composition of the Executive Board of Berentzen-Gruppe Aktiengesellschaft at December 31, 2020 fulfils all aspects of the diversity plan described above. With regard to the aspect of gender, please refer in this context to the comments made in the following section (2.6). This section also contains separate information on achievement of the targets for the percentage of women on the Executive Board to the extent that reporting is required within the scope of the specifications made in this (Group) declaration on corporate governance.

Further information about the members of the Executive Board can be found in the foregoing Section (2.4.2) and in their curricula vitae published on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en.

Long-term succession planning for the Executive Board

With the involvement of its Personnel Committee and acting together with the Executive Board, the Supervisory Board brings about a long-term Executive Board succession planning.

The aspects and objectives set out in the diversity plan for the composition of the Executive Board described above are taken into consideration within the scope of the long-term succession planning, alongside the requirements of the German Stock Corporation Act, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft and the recommendations of the German Corporate Governance Code as well as the rules of procedure of the Supervisory Board and the Executive Board.

Using the specific qualifications demanded as a basis and taking account of the aforementioned requirements, aspects and objectives, the Personnel Committee of the Supervisory Board – on occasion working together and exchanging ideas and information with the Executive Board – develops a qualification profile for Executive Board positions to be filled. This is the starting point for making a selection of those available candidates coming into question with regard to their professional and personal suitability for the position as part of a structured selection process. As part of this process, the Personnel Committee presents a corresponding recommendation to the Supervisory Board, which makes the final decision and passes the necessary resolution. Where necessary, external advisers are brought into the selection process to support the bodies involved in developing qualification profiles and in candidate selection and – where necessary – to provide advice in the decision-making process with regard to appointments to Executive Board positions.

(2.5.2) Supervisory Board

Description of the diversity plan

The diversity plan for the composition of the Supervisory Board covers the following aspects and targets, for the attainment of which a time period or time frame of up to December 31, 2020 was established.

As part of the Supervisory Board's further deliberations in the 2020 financial year on the targets for its composition, another time period or time frame was set until December 31, 2021. For the composition of the Supervisory Board, the content of the diversity plan was supplemented to specify an aspect or target concerning expertise in matters of sustainability, which, according to the supplemented plan, at least one member of the Supervisory Board must possess. The diversity plan otherwise remained unchanged.

An exception was or is made in each case with regard to the specification of the time period or time frame for achievement of the target for the percentage of women on the Supervisory Board, but will also end in parallel on December 31, 2021 in line with the most recent specification in June 2017.

Age

According to the specification in the diversity plan, the members of the Supervisory Board should not be older than 65 years of age when appointed for the first time or re-appointed, as a general rule.

Gender

The independently adopted target for the percentage of women on the Supervisory Board, which the Supervisory Board is specifically obligated to do under the Stock Corporations Act, covers the aspect of gender.

Information on this is summarised in the following Section (2.6) with the other gender-related targets to be adopted under this law, and the corresponding statements to be included in the (Group) declaration on corporate governance.

Educational background

Given the growing importance and complexity of the duties and activities of the Supervisory Board and its members in the regular supervision and advisement of the Executive Board in its management of the Company, the diversity plan specifies that at least three members of the Supervisory Board should have a university or technical college degree or comparable international academic degree.

Professional background

With respect to the professional background of its members, the Supervisory Board should have at least two shareholder representatives who possess experience in the management or supervision of other medium-sized or large corporations, but should also have no more than one member who is former members of the Executive Board. Furthermore, members of the Supervisory Board should not exercise any governing body or consulting functions with important competitors of the Company or have a personal relationship with an important competitor.

Internationality

With due regard for the operational and strategic orientation of the business activity of the Berentzen Group, the Supervisory Board strives to have at least one member representing the shareholders who possesses international experience. In this respect, international experience does not necessarily or exclusively mean a foreign nationality, but particularly relevant, work-related experience in an international context.

Other aspects

Other aspects of the diversity plan include specifications relating to potential conflicts of interest, independence and the number of its members that must be familiar with the sector in which the Company operates.

All members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft are obligated to observe the code of conduct relative to conflicts of interest prescribed in the German Corporate Governance Code, which is also completely incorporated in the rules of procedure for the Supervisory Board, and must respond to conflicts of interest that arise in accordance with the recommendations in this context contained in the German Corporate Governance Code. Thus, the members of the Supervisory Board must immediately disclose potential conflicts of interest having to do with their person or function to the Chairperson of the Supervisory Board and abstain from deliberations and votes on matters in which they are not impartial and resign from the Supervisory Board in the event of a not only temporary conflict of interest. In consideration of the foregoing, the diversity plan states that the Supervisory Board shall have no member in whom material and not only temporary conflicts of interest could arise as a result of their activities and functions outside of Berentzen-Gruppe Aktiengesellschaft and its Group companies.

Pursuant to the recommendations of the German Corporate Governance Code, the Supervisory Board should have an appropriate number of independent members (on the shareholder side) according to its judgment, taking into account the ownership structure. Within the meaning of these recommendations, a Supervisory Board member is considered independent if said member is independent from the Company and its Executive Board and independent from any controlling shareholder.

Pursuant to the recommendations of the German Corporate Governance Code, more than half of the shareholder representatives should be independent from the Company and the Executive Board. A Supervisory Board is considered independent from the Company and its Executive Board if it does not have a personal or business relationship with the Company or its Executive Board that may cause a material and not only temporary conflict of interest. The German Corporate Governance Code contains indicators for determining lack of independence, which the shareholder representatives should use as a guide to help them to assess the independence of shareholder representatives, exercising their best judgment.

According to the other recommendations of the German Corporate Governance Code relevant in this regard, if the Company has a controlling shareholder and a Supervisory Board with six members or less, at least one shareholder representative must be independent from the controlling shareholder. According to these recommendations, a Supervisory Board member is considered independent from the controlling shareholder if they, or a close family member, are neither a controlling shareholder nor a member of the managing body of the controlling shareholder, and do not have a personal or business relationship with the controlling shareholder that may cause a material and not only temporary conflict of interest.

Lastly, the German Corporate Governance Code contains specific recommendations pertaining to the independence of the Supervisory Board Chairperson, the Chairperson of the (Finance and) Audit Committee and the Chairperson of the committee dealing with Executive Board remuneration, i.e. the Chairperson of the Personnel Committee in the case of Berentzen-Gruppe Aktiengesellschaft.

On this basis, the Supervisory Board has specified in relation to the aspect of independence of shareholder representatives on the Supervisory Board, taking into account their judgment, that the Supervisory Board should have at least three members representing the shareholders who are independent from the Company and its Executive Board within the meaning of the recommendations of the German Corporate Governance Code and at least one member representing the shareholders who is independent from (any) shareholder controlling the Company within the meaning of the recommendations of the German Corporate Governance Code, subject to otherwise unchanged conditions.

With a view to specifying the provisions of the Stock Corporations Act according to which the members of the Supervisory Board as a group must be familiar with the sector in which the Company operates, the diversity plan stipulates that the Supervisory Board should have at least two members with such sector knowledge.

Goals of the diversity plan

The overriding goal of the diversity plan for the Supervisory Board and the aspects considered therein is that its members as a whole possess the necessary knowledge, skills, and specialised experience for properly performing the task incumbent on the Supervisory Board of supervising and advising the Executive Board in the management of the Company. In this respect, appropriate consideration of diversity aspects in the context of the Company's specific situation promotes the internal diversity of opinions and experience.

Manner of implementing the diversity plan

The diversity plan is implemented primarily within the scope of the requirements of the Stock Corporations Act, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft, and the rules of procedure for the Supervisory Board.

As representatives of the shareholders, two thirds of the Supervisory Board members are elected by the annual general meeting, to which the Supervisory Board makes suitable election proposals. On the other hand, the Supervisory Board has no influence by law on the appointment of the third of the seats to which the representatives of the employees are entitled: the freedom of employees to elect the Supervisory Board members who represent the employees is protected under the One-Third Participation Act; in this respect, the Supervisory Board has no right to propose candidates. Insofar as the aspects of the diversity plan refer to or include the Supervisory Board members who represent the employees, the diversity plan is not to be understood as a directive to those entitled to elect their representatives or a restriction of the freedom to vote.

Proposals for the election of Supervisory Board members who represent the shareholders by the Supervisory Board to the annual general meeting – and the preparatory work done for the Supervisory Board by its Nomination Committee and the latter's proposals and recommendations – should take diversity aspects into consideration, so that the annual general meeting can contribute to the implementation of such aspects by adopting appropriate resolutions. However, the annual general meeting is not bound by the election proposals of the Supervisory Board.

Furthermore, it is specified that the Supervisory Board should review the diversity plan with respect to the composition of the Supervisory Board and the status of implementation or the results achieved whenever warranted, particularly in the case of proposals to the annual general meeting for the election of new Supervisory Board members representing the shareholders or a change in the composition of the Supervisory Board, and at regular intervals of time, at least once a year.

The profile of required skills and expertise of the members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft, which is described separately below, also serves the purpose of implementing the diversity plan.

Results achieved in the financial year

In its own judgment, the composition of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft at December 31, 2020 fulfils all aspects of the diversity plan described above.

Accordingly, the specifications set out in the diversity plan regarding the independence of shareholder representatives on the Supervisory Board are fulfilled within the meaning of the recommendations of the German Corporate Governance Code on which the diversity plan is based. In the judgment of the Supervisory Board, all its current shareholder representatives are independent in the meaning of the aforementioned recommendations, i.e. the body has four independent shareholder members in this meaning. The Supervisory Board members representing the shareholders referred to in this context are named in Section (2.4.3) above.

With regard to the aspect of gender, including separate information on achievement of the targets for the percentage of women on the Shares – to the extent that reporting is required within the scope of the specifications made in this (Group) declaration on corporate governance, please refer to the following section (2.6).

Further information about the members of the Supervisory Board can be found in their curricula vitae published on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en.

Profile of required skills and expertise

In accordance with the corresponding recommendation of the German Corporate Governance Code, the Supervisory Board has also prepared a profile of required skills and expertise for its members, which is closely related to the diversity plan. This profile is meant to ensure an orderly selection process on the basis of objective requirements criteria for the Supervisory Board's proposal to the annual general meeting for the election of members to the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft; the proposals should strive to meet the criteria set out in the profile of required skills and expertise for the Supervisory Board as a whole. If the Supervisory Board also includes Supervisory Board members who represent the employees, they should also meet the main criteria of the profile of required skills and expertise.

The profile of required skills and expertise defines both general and particular personal requirements for membership on the Supervisory Board, as well as the necessary knowledge, skills and specialised experience; it also covers the individual aspects for the composition of the Supervisory Board set out in the diversity plan. Furthermore, the plan explicitly specifies that the respective Supervisory Board member or the candidate(s) for membership on the Supervisory Board have sufficient time to exercise the mandate.

In its own judgment, the current composition of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft fulfils the criteria of the profile of required skills and expertise applicable for the current composition of the Supervisory Board.

(2.6) Disclosures on the adoption of targets for the percentage of women pursuant to Section 111 (5) AktG and Section 76 (4) AktG and the deadlines set for the attainment of these targets

(2.6.1) Overview

For companies that are exchange-listed or not subject to the parity codetermination requirement, Section 111 (5) AktG prescribes that the Supervisory Board adopt targets for the percentage of women on the Supervisory Board and Executive Board and concurrently also set time periods for the attainment of these targets. For companies that are exchange-listed or subject to the codetermination requirement, Section 76 (4) AktG also prescribes that the Executive Board of such companies adopt targets for the percentage of women holding positions in the two management levels beneath the Executive Board and concurrently also set time periods for the attainment of these targets. The time periods for the achievement of the targets may not be longer than five years.

Berentzen-Gruppe Aktiengesellschaft is the only company of the Berentzen-Gruppe affected by these obligations.

Within their respective areas of responsibility, the Supervisory Board and Executive Board of Berentzen-Gruppe Aktiengesellschaft correspondingly adopted targets for the percentage of women. The targets were set in observance of the legal requirements that the targets may not be less than the percentage already achieved in each case if the percentage of women was less than 30 percent at the time the target was set.

The table below provides information on the most recent targets and time periods for their attainment set by the Supervisory Board and Executive Board in June 2017.

		Adopted target by 12/31/2021
Supervisory Board	No. (≙ %)	1 (17)
Executive Board	No. (≙ %)	0 (0) / 1 (≤ 33) [1)]
First management level beneath the Executive Board	%	20
Second management level beneath the Executive Board	%	30

1) Executive Board: If the Executive Board does not have more than two members, it does not need to have a female member. If the Executive Board has more than two members, at least one member of the Executive Board should be a woman.

(2.6.2) Supervisory Board

The targets adopted by the Supervisory Board for the percentage of women on the Supervisory Board were established in consideration of the size and number of employees of comparable companies, particularly in the spirits and beverages industry, and the currently limited availability of qualified female candidates to exercise Supervisory Board mandates. With respect to the attainment of the targets, the Supervisory Board expressly makes no distinction between the Supervisory Board seats to be appointed by the representatives of the shareholders and those to be appointed by the representatives of the employees.

(2.6.3) Executive Board

The targets adopted by the Supervisory Board for the percentage of women on the Executive Board reflect the fact that the Executive Board of Berentzen-Gruppe Aktiengesellschaft is adequately staffed with two members, in accordance with the Articles of Association, particularly also in view of the Company's size. In the opinion of the Supervisory Board, however, establishing a target of at least one female member of an Executive Board composed of only two members would lead to an undue limitation in the selection of suitable, qualified candidates. Mindful of the statutory regulations of the Stock Corporations Act and in view of the realistic possibility of increasing the number of Executive Board members, the Supervisory Board found it appropriate to resolve as its target for the percentage of women on the Executive Board that at least one member of the Company's Executive Board should be a woman.

(2.6.4) First and second management levels beneath the Executive Board

The Executive Board has adopted targets for the percentage of women holding positions on the two management levels beneath the Executive Board. In determining the management levels and values for the targets to be adopted in this context, the Executive Board considered the circumstances of Berentzen-Gruppe Aktiengesellschaft as the only company affected by the relevant statutory provisions. The definition of the two management levels was based on the exercise of managerial duties in the sense of personnel and budget responsibility, as well as the hierarchical classification.

The Executive Board has adopted two concrete measures to attain its established targets for the percentage of women in the two management levels beneath the Executive Board: First, the intensification of internal employee development from the point of view of selecting, promoting, and preparing women for management duties, and second, the improved recruitment of external female candidates for open positions.

(2.7) Remuneration of members of the Executive Board and Supervisory Board

Information on the remuneration of Executive Board and Supervisory Board members in the 2020 financial year is provided in the “Compensation Report” section of the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft, which is part of the Annual Report 2020 of Berentzen-Gruppe Aktiengesellschaft. The Annual Report 2020 is also available at the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en.

(2.8) Reportable securities trades (managers’ transactions)

Members of the Executive Board and Supervisory Board, as persons exercising management duties, are obligated pursuant to Regulation (EU) No. 596/2014 of April 16, 2014, on Market Abuse (Market Abuse Regulation) to disclose their own trades (e.g. purchases or sales) of shares of Berentzen-Gruppe Aktiengesellschaft or debt instruments or related financial instruments of Berentzen-Gruppe Aktiengesellschaft. This disclosure obligation also applies to persons closely associated with persons exercising management duties. A disclosure obligation only exists insofar as the total volume of the transactions within a calendar year reaches or exceeds an amount of EUR 20,000 (until December 31, 2019: EUR 5,000).

Berentzen-Gruppe Aktiengesellschaft has instituted a process for the due publication of the receipt of any such disclosures. Trades notified to the Company in this way are available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en.

(2.9) Shareholders and annual general meeting

The shareholders of Berentzen-Gruppe Aktiengesellschaft regularly exercise their membership rights at the annual general meeting. The annual general meeting is the main forum for shareholders, particularly for exercising their voting rights, obtaining information, and conducting a dialogue with the Executive Board and Supervisory Board. In accordance with the Articles of Association, the annual general meeting must be held in the first eight months, but is usually held in practice in the first five months of the financial year.

The annual general meeting decides on all matters reserved to it by law, particularly including the utilisation of profit, the ratification of the actions of Executive Board and Supervisory Board members, the election of shareholder representatives to the Supervisory Board and the financial statements auditor, amendments to the Articles of Association, and important business measures such as capital measures, intercompany agreements and conversions.

In accordance with the German Law on the Implementation of the Second Shareholder Rights Directive (ARUG II) of December 12, 2019, which entered into force on January 1, 2020, the annual general meeting further decides in an advisory capacity on the approval of the remuneration system for Executive Board members presented by the Supervisory Board and on the specific remuneration of the Supervisory Board and in a recommendatory capacity on the approval of the Compensation Report for the preceding financial year. In compliance with the statutory transition regulations for ARUG II, the first two resolutions must be presented for the first time to the ordinary annual general meeting of Berentzen-Gruppe Aktiengesellschaft in 2021 and the last resolution for the first time to its ordinary annual general meeting in 2022.

The annual general meeting is generally chaired by the Chairperson of the Supervisory Board.

The annual general meeting of Berentzen-Gruppe Aktiengesellschaft is organised and conducted with the goal of providing prompt, extensive, and effective information about the Company's situation to all shareholders before and during the annual general meeting. The notice of meeting and meeting agenda are published in the Federal Gazette and are available to the shareholders and all other interested parties, along with further documentation, including but not limited to the reports, documents and other information which the law requires for the annual general meeting, on Berentzen-Gruppe Aktiengesellschaft's corporate website at www.berentzen-gruppe.de/en. The attendance at and the voting results of the annual general meeting can also be found on that website immediately after the annual general meeting.

To make it easier for shareholders to personally exercise their rights and have their voting rights represented, they are entitled at their own choice to authorise, for example, an intermediary such as the custodial bank, a shareholders association, a consultant on voting rights or another person of their choice, or a company-appointed proxy bound by the shareholder's instructions.

In addition, the current Articles of Association of Berentzen-Gruppe Aktiengesellschaft contains clauses authorising the Executive Board to permit so-called online participation in the annual general meeting, audio-visual transmission of the annual general meeting, and voting by post or via electronic communication means (postal vote).

Against the background of the coronavirus pandemic that took hold in 2020, the legal basis was created for holding annual general meetings with no physical attendance by shareholders or their representatives (virtual annual general meetings) in 2020 and 2021, to which, unlike a usual annual general meeting held in person, special provisions apply in terms of specific deadlines and the shareholders' rights to put forward motions and ask questions. Berentzen-Gruppe Aktiengesellschaft made use of this option to an appropriate extent for its ordinary annual general meeting in 2020 to protect the health of its shareholders, employees and service providers.

(2.10) Financial reporting and audit of the financial statements

The consolidated financial statements and consolidated semi-annual financial report of Berentzen-Gruppe Aktiengesellschaft are prepared by the Executive Board in accordance with the principles of International Financial Reporting Standards (IFRS), as they are to be applied in the European Union (EU), and in accordance with the German regulations to be applied additionally pursuant to Section 315e (1) HGB. The legally prescribed separate financial statements of Berentzen-Gruppe Aktiengesellschaft, which determine the dividend distribution, are prepared in accordance with the German commercial-law regulations applicable to corporations and the provisions of German stock corporation law. The consolidated and separate financial statements are reviewed by the Supervisory Board and generally approved by the same.

The annual general meeting elected Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditor of the consolidated and separate financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2020, after the auditor of the financial statements had previously declared in writing his independence according to No. 7.2.1 of the German Corporate Governance Code in the version dated February 7, 2017 and Article 6 (2) letter a) of Regulation (EU) No. 537/2014, and after the Finance and Audit Committee of the Supervisory Board assured itself of the financial statements auditor's independence. Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft has been the auditor of the financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft since the 2016 financial year. The undersigning auditors responsible for the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2020 are Dr Thomas Senger (since the 2016 financial year) and Mr Ronald Rulfs (since the 2016 financial year). The legal requirements and rotation obligations pursuant to Sections 319 and 319a HGB in conjunction with Regulation (EU) No. 537/2014 have been satisfied.

With regard to the audit for the 2020 financial year, it was further agreed with the auditor that the auditor would immediately inform the Supervisory Board of any findings and events of importance to the tasks of the Supervisory Board that arise during the audit of the financial statements. Furthermore, it was agreed for this audit that the auditor would inform the Supervisory Board and document in the audit report all facts noted in the course of the audit that are not compatible with the declaration on the German Corporate Governance Code issued by the Executive Board and the Supervisory Board in accordance with Section 161 AktG.

(2.11) Transparent management

The Company informs shareholders, investors, analysts, and the public equally and promptly. The corporate website of Berentzen-Gruppe Aktiengesellschaft, www.berentzen-gruppe.de/en, is an important communication and publication platform. Information about the Berentzen Group's business activities and corporate governance, including (Group) declarations on corporate governance and corporate governance reports, as well as declarations of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG, and particularly financial reports, sustainability reports, reports and documents for the annual general meeting, and capital market-relevant announcements, are made permanently available on this medium within the scope of the relevant provisions applicable to publication deadlines and periods. A financial calendar made available there provides information on the Company's corresponding publication and event dates.

Haselünne, March 9, 2021

Berentzen-Gruppe Aktiengesellschaft

For the Executive Board

Oliver Schwegmann
Member of the Executive Board

Ralf Brühöfner
Member of the Executive Board

For the Supervisory Board

Uwe Bergheim
Chairman of the Supervisory Board

B. Combined management report

Combined Management Report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft.

(1) Underlying principles of the corporate group

Berentzen Group | Company profile

(1.1) Corporate business model

Organisation and underlying principles

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 corporate group generated revenues of EUR 154.6 million (EUR 167.4 million) in the 2020 financial year and had 507 (498) employees at seven locations in three countries as of the reporting date of December 31, 2020.

As a stock corporation organised under German law, Berentzen-Gruppe Aktiengesellschaft has three executive bodies – the general meeting, the Supervisory Board and the Executive Board – each of which has certain areas of responsibility within the framework of competencies allocated in accordance with the German Stock Corporation Act (AktG). The general meeting is the ultimate executive body, mainly making decisions on the constitution of the Company, including specifying the corporate statutes and capital-raising measures, determining the utilisation of the distributable profit, appointing the shareholder representatives on the Supervisory Board and ratifying the actions of the Supervisory Board and the Executive Board. The Supervisory Board is responsible for the appointment, oversight and advice for the Executive Board; it is directly involved in decisions of fundamental importance for the Company, where these are not reserved for the general meeting. The Supervisory Board consists of six members, one-third of whom are employee representatives in accordance with the German One-third Participation Act (Drittelbeteiligungsgesetz). The period of office of a member of the Supervisory Board amounts to five years, although the general meeting may resolve a shorter period of office.

According to the Articles of Association, the Executive Board of Berentzen-Gruppe Aktiengesellschaft consists of at least two people. In its role as the management body, the Executive Board of the Berentzen Group conducts the operations, determines the strategic orientation of the Company and implements this as agreed with the Supervisory Board. At present, one member of the Executive Board is responsible for the Marketing, Sales, Production and Logistics, Purchasing, and Research and Development functions and the other for the Finance, Controlling, Human Resources, Information Technology, Legal Affairs, Corporate Communications, Investor Relations, and Corporate Social Responsibility functions.

Business activities

The business activities of the Berentzen Group essentially comprise the production and distribution of spirits and non-alcoholic beverages and the development and distribution of fresh juice systems. The business activities are divided into the following segments accordingly: *Spirits*, *Non-alcoholic Beverages* and *Fresh Juice Systems*. The marketing, distribution and sale of spirits are grouped together in the Domestic Branded Spirits and the Export and Dealer Brands sales units within the *Spirits* segment. The composition of this segment and the *Other Segments* changed in the 2020 financial year due to a change in the organisational structure. In the 2019 financial year, the international business with branded spirits was still part of the *Other Segments*. The changed organisational structure means that the international business with branded spirits has been combined with the branded dealer and private-label product business as the Export and Dealer Brands sales unit, and reported in the *Spirits* segment since the beginning of the 2020 financial year. The marketing, distribution and sale of non-alcoholic beverages are combined in the *Non-alcoholic Beverages* segment. Depending on the system component, the development, marketing, distribution and sale of fruit presses, oranges and filling containers are grouped together in the *Fresh Juice Systems* segment. The *Other Segments* essentially cover the tourist and event activities of the Berentzen Group and the business with spirits in Turkey that is served by a local group company.

The Berentzen Group current produces its spirits and non-alcoholic beverages at four locations in Germany: Spirits in Minden and at the Berentzen Hof distillery in Haselünne. Non-alcoholic beverages are produced in Haselünne and Grüneberg. In addition, the logistics centre of the corporate group for the distribution of spirits is operated by an external service provider and located in Stadthagen, Germany. The operating activities in the *Fresh Juice Systems* segment are conducted and managed from the facility in Linz, Austria.

Brands, products and markets

Its long-established spirits brands and attractive private label products make the Berentzen Group a competent partner for the retail and hospitality trades. In this context, the spirits portfolio encompasses internationally known brands like *Berentzen* and *Puschkin* as well as traditional German spirits like *Strothmann*, *Doornkaat*, and *Bommerlunder*.

The consolidated subsidiary Vivaris Getränke GmbH & Co. KG based in Haselünne, Germany, has been operating in the German soft drinks market for decades. Within the assortment of proprietary brands, the beverages of the *Mio Mio* brand are distributed nationally. Regionally important proprietary brands include *Emsland Quelle* and *Märkisch Kristall*, with products in the segments of mineral waters, lemonades and fruit juice beverages. The range is rounded off by energy drinks. The second pillar of the Company is a franchise business that has been operating for over 50 years. It is under this activity that the Company produces and distributes soft drinks for the major German soft drinks brand *Sinalco* on the basis of a long-term agreement since January 2015. In addition, non-alcoholic branded and private label products are bottled under the terms of service agreements with the *Sinalco* corporate group, the PepsiCo Group and other customers.

Through its subsidiary Citrocasa GmbH, based in Linz, Austria, the corporate group is active as a system provider for fresh fruit juice systems, particularly orange presses. Alongside orange presses, the full range marketed under the *Citrocasa* brand encompasses juicy oranges under the *frutas naturales* brand that are not treated after harvesting and special bottles for freshly squeezed orange juice. These activities are increasingly being supplemented by sales of pomegranate presses. The Company's core competencies are in the ongoing development and optimisation of the system, technical services and the delivery of fruit and bottles.

With such a diverse range of brands and products in the *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems* segments, the Berentzen Group boasts a broad-based assortment in different price segments and for almost every taste.

The main sales market for the spirits marketed by the Berentzen Group is traditionally in Germany, which is dominated on the demand side by a notably strong food retailing sector that is continuing to consolidate. With marketing centring on Europe, the Berentzen Group is internationally present in around 60 countries around the world and in the duty-free business. Distribution in these places is carried out either by own subsidiaries that are also involved in the management and adaptation of regional sales measures or by distributors in certain focal points.

With its *Mio Mio* branded products, the *Non-alcoholic Beverages* segment has reached a national level in its distribution. Alongside this, the core sales area for the regionally important brands extends to the federal states of northern and eastern Germany, including Berlin together with parts of Hesse and North Rhine-Westphalia. The most important sales channels include the food retailing sector, beverage warehouses and the hospitality trades (via beverage wholesalers).

Austria, Germany, France, the USA, Switzerland and their neighbouring countries, and also increasingly the UK, Scandinavia and Eastern Europe, are the main sales areas for the products of the *Fresh Juice Systems* segment. Worldwide distribution of equipment outside of Austria and Germany is handled by local distributors in more than fifty countries. The main distribution channels are the food retailing sector, the out-of-home market, and the on-trade channel.

Industry-specific legal framework

The business activities of the Berentzen Group are subject to a number of significant industry-specific legal provisions on top of the general domestic and international rules and regulations.

In terms of the production and distribution of spirits, non-alcoholic beverages and the system components marketed by the *Fresh Juice Systems* segment, there are regulatory requirements in connection with the production, marketing, declaration and labelling of foodstuffs. In this context, German and European food law is largely harmonised in European Union (EU) regulations, whereas other country-specific regulations are generally also applicable outside of Europe.

In addition, the production and distribution of fruit presses in the *Fresh Juice Systems* segment is subject to specific expanded regulations regarding product safety, technical designations and standards that are intended to ensure health and safety at work together with food safety and consumer protection. In Europe, these regulations are largely standardised in EU rules while additional or different regulations are normally applicable in non-EU countries in accordance with local law.

In terms of competition law, there are generally applicable regulations regarding the distribution of non-alcoholic beverages and the system components marketed by the *Fresh Juice Systems* segment. Besides this, the marketing of spirits is subject to additional regulations that vary from country to country, among other things in the form of sales and / or advertising restrictions as well as specific restrictions serving to protect minors.

Finally, special tax regimes relating to the alcohol tax and similar foreign consumption taxes levied at high rates on alcohol and alcohol-based beverages in almost all countries need to be observed for the production and in particular the distribution of spirits. Moreover, high and in some cases prohibitive customs duties and import tariffs are regularly levied on imported spirits, especially outside of Europe.

(1.2) Management system

Principles of internal management

The Berentzen Group is managed using performance indicators that aim to optimally guide the business performance taking into account the mutually interrelated factors of growth, profit and liquidity. The most important of these performance indicators are determined at corporate level.

Prior to the start of each financial year, the Executive Board draws up a detailed corporate plan for the following financial year together with a medium-term corporate plan, which are submitted to the Supervisory Board for approval.

The internal management system is overseen centrally by the Controlling department of Berentzen-Gruppe Aktiengesellschaft, which reports directly to the Executive Board member responsible for the function. The Controlling department prepares detailed monthly reports containing information relevant for management as well as a wide range of other data, including income statements for the individual segments, which are made available to the Supervisory Board, the Executive Board and the relevant managers at the next level down. This includes both actual v. planned and year-ago comparisons.

Furthermore, a management reporting system has been implemented for the management of the corporate group that constantly makes available wide-ranging information on the sales, price and revenue development in variable combinations and at various aggregation levels.

There are also other instruments in place to help manage the liquidity and capital allocation of the corporate group as well as a specified, standard process flow for investments. Targeted returns are defined in the sense of a return on investment (ROI) for investments in excess of a specific size. This ratio is determined on the basis of dynamic investment appraisal procedure, while the discount rates applied are based on the Company's total cost of capital.

The Berentzen Group has to date not employed any non-financial performance indicators to manage the corporate group.

Financial performance indicators

The corporate group is mainly organised and managed on the basis of product groups and sales units. Profitability-oriented management and planning is performed at segment level on the basis of a ratio comprising the contribution margin after marketing budgets. This metric is determined using the revenues of the respective segment together with the product-related purchased goods and services and other direct costs and the expenses for marketing and advertising, adjusted for intersegment revenues and expenses.

Building on this, management is performed at corporate level on the basis of the normalised consolidated operating profit or consolidated EBIT (earnings before interest and taxes) adjusted for non-recurring items and the adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, amortisation) as well as the consolidated revenues. The normalised consolidated EBIT reflects the consolidated profit before income or expenses from income taxes, the net financial and investment income, and non-recurring effects; when calculating the normalised consolidated EBITDA, depreciation and amortisation on property, plant and equipment, intangible assets and rights of use from leased assets are added in addition. Non-recurring items are eliminated with a view to focusing on the evaluation and presentation of the operating performance and profitability of the corporate group, thus making it easier to compare results between the financial reporting periods. Non-recurring items reflect the impact of one-off or unusual transactions that are unique expense or income items or not recurring regularly in this form or amount.

Both the normalised consolidated EBIT and the normalised consolidated EBITDA are recognised economic profitability ratios, although they are not defined in accordance with the national and international accounting standards. This also holds true for the ratio used to manage the segments, the contribution margins after marketing budgets.

The development and analysis of the income-related performance indicators are presented in section (2.2.4), Financial performance, in the Economic report.

Cash flow indicators

The key performance indicator for the cash flows and financial position of the corporate group is the operating cash flow. The operating cash flow shown in the Cash Flow Statement documents the impact of operating profitability on the change in the cash position. It has been defined as consolidated profit adjusted for amortisation, depreciation and impairment as well as for the balance of expenses and payments (a) for non-recurring items, (b) in connection with income taxes and (c) relating to the interest result. Movements in the volatile working capital that is often subject to reporting-date effects are thus excluded to a great extent to allow for a better assessment and presentation of cash inflows and outflows from operating activities.

Please refer to the comments in section (2.2.5), Cash flows, in the Economic report for information on the calculation and analysis of the cash flow indicator.

Financial position indicators

The Group's financial position is planned and managed based on the two indicators equity ratio and dynamic gearing.

The equity ratio provides insights concerning the extent to which risks entered into can be hedged by equity and thus concerning the financial stability of the Berentzen Group. The ratio is calculated as the ratio of adjusted equity to adjusted total consolidated capital (total consolidated assets). Adjusted equity is based on the consolidated capital reported in the Consolidated Statement of Financial Position. If available, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from the figure, while non-current liabilities to shareholders and mezzanine capital are added. Likewise, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from total consolidated capital if available.

The dynamic gearing ratio provides information on the period theoretically needed in order to repay net financial liabilities using profits. Consequently, the ratio is also suitable for indicating the Berentzen Group's debt servicing ability. The performance indicator is calculated as the ratio of total current and non-current financial liabilities adjusted for cash and cash equivalents to consolidated EBITDA recorded over the past 12 months. If this ratio is negative, it shows that, as of the date on which it was calculated, the total of cash and cash equivalents exceeds the amount of financial liabilities.

The development and analysis of the financial position indicators are presented in section (2.2.6), Financial position, in the Economic report.

(1.3) Research and development

In order to keep the product range attractive for consumers and exploit potential consumption levels, the Group's in-house Research and Development department worked on enhancing the quality and flavour of existing spirits products and developing innovative new products in 2020. A total of 346 (421) recipes were developed and assessed for spirits in the Branded and Private Label Products sales units in the past 2020 financial year.

A further addition was made to the *Non-alcoholic Beverages* segment in the 2020 financial year, as part of the existing product line under the Group's *Mio Mio* own brand. The *Mio Mio Mate* core product has been supplemented by a sugar-free variant, *Mio Mio Mate Zero*.

The research and development activities in the *Fresh Juice Systems* segment concentrated on the system technology and related accessories in the 2020 financial year. Alongside the development of new fruit press product lines (the *8000 Connect*, *8000 eXpress* and *iMpress* in the 2020 financial year), the continuous improvement of the current series also plays a major role. The various developments constitute significant progress in the fields of handling, cleaning and digitalisation. The Group company Citrocasa GmbH is responsible for all aspects of managing and controlling the product development process, including the engineering carried out in conjunction with external partners and the producer of the machinery.

The direct expenses for research and development and for quality assurance totalled EUR 1.7 million in the 2020 financial year (EUR 1.8 million).

(2) Economic report

(2.1) General economic and industry-specific framework conditions

Apart from the development of the economy as a whole, the decisive framework conditions for the business development of the Berentzen Group are the development of the drinks market including the development of the distribution channels for drinks and fresh juice systems.

General economic conditions

Developments in the global economy in 2020 were shaped by the impacts of the coronavirus pandemic. As announced by the German Institute for Economic Research e.V. (DIW Berlin), the global lockdown caused gross domestic product (GDP) to fall by 4% in the first quarter of 2020. As most measures taken to contain the coronavirus took place in the second quarter of 2020, GDP fell by a further 5% in this quarter. After economic output fell to its lowest point in the second quarter, the global economy recorded quarter-on-quarter growth of 7% in the third quarter owing to lower infection rates and the resulting easing of restrictions. This recovery was hampered by the second wave of the pandemic in autumn, which led to many countries re-entering lockdown. In its weekly report of December 10, 2020, the DIW forecasts a 3.4% (+3.4%) decline in global economic growth for 2020 compared with the previous year. The International Monetary Fund (IMF) shares this assessment; in its World Economic Outlook Update from January 2021, it estimates a decline in economic output of 3.5% (+2.8%) for 2020. According to the data from the IMF, there are indications of the downward trend both in the emerging markets and in the industrialised nations. For example, the emerging markets are expected to record a decline of 2.4% (+3.6%) in 2020, while the industrialised nations are projected to see a drop of 4.9% (+1.6%). For the eurozone, the IMF and the DIW both expect economic output to decline to an even greater extent, by 7.2% and 7.5% (+1.3%), respectively.

The coronavirus pandemic is also hitting the German economy hard. The country's economic development over the course of the year is comparable with that of the global economy – following a sharp decline in economic output in the first half of the year, the economy saw some recovery in the second half. According to the Federal Statistical Office, GDP – adjusted for price, seasonal effects and calendar effects – was 2.0% (+0.6%) lower in the first quarter and 9.7% (-0.5%) lower in the second quarter than the figures for the respective previous quarters. This is attributable in particular to the drop in private consumption as a result of coronavirus-related restrictions as well as to declines in investments in equipment and foreign trade. The German economy recovered in the third quarter, with GDP increasing by 8.5% (+0.3%) compared with the previous quarter. In the fourth quarter, this recovery was hampered by the second wave of the coronavirus pandemic and the resulting reintroduction of the lockdown; with growth of 0.1% (0.0%) GDP remained virtually unchanged compared with the previous quarter. Overall, GDP adjusted for price, seasonal effects and calendar effects in 2020 declined by 5.3% (+0.6%) compared with the previous year.

Developments on the drinks market

According to figures from the Federal Statistical Office, consumer prices rose by an annual average of 0.5% in 2020 compared with 2019 (+1.4%), thus at a significantly lower rate than in the previous year. One reason for the low inflation rates is the temporarily reduced VAT rates in the second half of the year. Prices in "food and non-alcoholic beverages", which is an important category for the Berentzen Group, rose at an above-average rate, increasing by an annual average of 2.3% (+1.1%). In the "alcoholic beverages and tobacco" category, prices also rose at an above-average rate, with a recorded annual average inflation rate of 2.6% (+2.5%).

According to the Federal Statistical Office, sales in the German retail trade increased by 3.9% in 2020 (+2.7%) compared with 2019 on an inflation-adjusted basis. Retail revenues in the "food, beverages and tobacco" category, an important category for the Berentzen Group, grew at an above-average rate of 5.1% (+1.2%). According to figures released by Eurostat, the statistical office of the European Union (EU), retail sales and revenue volumes in the "food, luxury foods, beverages and tobacco" category increased by 3.7% (+0.9%) in the eurozone and by 3.2% (+1.1%) across the EU in 2020 compared with 2019.

An important distribution channel for the spirits and non-alcoholic beverages of the Berentzen Group is the German hospitality industry. This economic sector has been hit particularly hard by the coronavirus pandemic, as food and drink establishments, with the exception of takeaway and delivery services, have had to intermittently close. According to the German Federal Statistical Office, the first period of closure, which began on March 22, 2020, resulted in revenues in the German hospitality industry falling by 45.1% (+3.7%) in March and by 75.0% (-0.9%) in April, both compared with the equivalent month in the previous year. As of May 2020, food and drink establishments were permitted to reopen subject to compliance with strict social distancing and hygiene rules. Although this reopening caused the hospitality industry to pick up again, resulting in revenues increasing from May 2020 month on month, the hospitality industry continued to be heavily impacted by the coronavirus pandemic as a result of the strict measures in place. In addition, some areas in which drinks are consumed, such as nightclubs, had to remain closed until further notice. Revenues therefore continued to fall considerably short of the level in the equivalent month in the previous year. The recovery in the hospitality industry came to an end on November 2, 2020, with food and drink establishments again forced to close their doors, except for takeaway and delivery services. This once again led to significant declines in revenues, in comparison to both the previous month and the equivalent month in the previous year. In total, revenues in the German hospitality industry in 2020 were 39.0% (+0.9%) lower than in 2019 as a result of the coronavirus pandemic. The drinks-friendly sub-category of "restaurants" displayed corresponding revenue declines of 35.0% (+0.6%) in 2020.

Figures published by market research company Information Resources GmbH (IRI) show that domestic sales of spirits in 2020 amounted to 726.0 million 0.7-litre bottles (675.0 million 0.7-litre bottles), an increase of 7.6% compared with the level recorded in the previous year. At the same time, revenues in this sales channel also rose by around 7.8% from EUR 5.65 billion to EUR 6.09 billion. At 35.3% (35.1%), the share of private-label brands in total German sales remained virtually constant, amounting to 256.0 million 0.7-litre bottles (237.1 million 0.7-litre bottles), while revenues from these brands increased from EUR 1.38 billion to EUR 1.45 billion at the same time. In the German food retail trade and drugstores, the sales volume of spirits increased by 8.9% year on year to 624.5 million 0.7-litre bottles (573.6 million 0.7 litre bottles). At EUR 5.03 billion (EUR 4.61 billion), revenues were also up compared with the previous-year level.

Market research company IRI observed virtually constant retail sales of non-alcoholic beverages in 2020 of 22.2 billion litres (22.3 billion litres), and revenues increased by 5.4%. Waters, on the other hand, recorded a slight drop in sales of 1.7%. The opposite development was seen in trends in the area of soft drinks as well as in the area of iced tea, to which mate beverages marketed under the *Mio Mio* brand are allocated. These areas recorded growth in sales of 1.9% and 1.4%, respectively. There was a very positive development in the category of sports and energy drinks, which observed growth of 7.5%. A projection published in January 2021 by Verband Deutscher Mineralbrunnen e.V. (VDM), a German mineral water industry association, also showed a decline in sales in the area of waters. According to the VDM, sales of mineral and medicinal waters and non-alcoholic mineral spring beverages from German springs decreased by 4.7% to 13.6 billion litres (14.2 billion litres) in 2020. Within this total, 10.4 billion litres (10.9 billion litres) related to unit sales of mineral and medicinal waters, while mineral spring beverages accounted for 3.2 billion litres (3.3 billion litres). The coronavirus pandemic and, in particular, the closure of hotels and restaurants have had different impacts on the mineral spring businesses.

As far as the Berentzen Group is aware, to all intents and purposes there are no all-round, reliable market data available for the *Fresh Juice Systems* segment. The corporate group estimates that existing and future consumer demand for fresh foodstuffs, especially fresh drinks like not-from-concentrate juices, freshly squeezed juices and smoothies, is a key indicator for the development of this segment. The trend ongoing for several years now of increased dietary awareness and the impact on health and well-being are further influencing consumer behaviour. Values and product characteristics like freshness, biological and regional provenance as well as traceability in the production process are increasingly important factors for end customers.

According to internal assessments and qualified market observations, the *Fresh Juice Systems* segment was negatively impacted in particular by three 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 intermittent closure of hotels and restaurants, the strict hygiene measures that were applied during periods of reopening and the temporary logistical strain on the food retail trade. These factors, coupled with consumers' temporary tendency to avoid touching equipment surfaces, had a negative impact on the 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 has been heavily impacted by the effects of the coronavirus pandemic, as well as in a competitive environment that continues to be very intense, the Berentzen Group achieved consolidated revenues of EUR 154.6 million in the 2020 financial year (EUR 167.4 million); its adjusted consolidated operating profit at EUR 5.2 million (EUR 9.8 million) declined significantly and the adjusted consolidated operating profit before depreciation and amortisation decreased to EUR 14.1 million (EUR 18.4 million). Taking into account an exceptional effect of EUR 1.5 million (EUR 1.1 million), an expense of EUR 1.5 million (EUR 1.5 million) from the financial result and result from participating interests as well as an income tax expense of EUR 1.0 million (EUR 2.3 million), the Berentzen Group generated a consolidated profit of EUR 1.2 million overall (EUR 4.9 million).

The results for the reporting period are based largely on the significant developments and events described in section (2.2.3) below.

(2.2.2) Comparison of actual business performance with the forecast business performance

The following analysis covers the key financial performance indicators of the Berentzen Group that were used for the internal management of the corporate group in the 2020 financial year. In order to compare actual performance against the forecast performance, the forecasts provided in the past financial year are set against the actual performance.

The forecast made in the 2019 Annual Report for the 2020 financial year was withdrawn in an ad hoc announcement published on March 26, 2020. This decision was due to the increasingly dynamic spread of the coronavirus pandemic, the government measures taken to deal with the crisis and the resulting drastic impacts on national and international economies and their submarkets, which have also affected the Berentzen Group. As a result, it was no longer possible to provide a sufficiently reliable, valid assessment of how the Berentzen Group will perform in the 2020 financial year. In preparing the 2020 consolidated half-yearly financial report, the Berentzen Group, on the basis of the corresponding provisional business figures for the first half of the 2020 financial year and the validation of scenario analyses carried out to simulate the further expected impacts of the coronavirus pandemic, published an updated forecast on its financial position, cash flows and financial performance in July 2020, details of which can be found in the 2020 half-yearly financial report.

Symbols are used to demonstrate the extent to which the most recent forecast in each case was met, with ✓✓ indicating the forecast was surpassed, ✓ indicating the forecast was met and × indicating the forecast was not met.

Financial performance

In the context of a market environment heavily disrupted by the effects of the coronavirus pandemic and the occurrence of a second lockdown, which was not foreseeable at the time the adjusted forecast was made, during the fourth quarter – an important period for the Berentzen Group in terms of revenues and earnings – realisation of the earnings targets for the 2020 financial year was challenging, with an uneven business performance across the individual segments.

Performance of the segments

	Forecast for the 2020 financial year in the 2019 Forecast Report EURm	Adjustments made during the 2020 financial year EURm	Actual business performance 12/31/2020 EURm	
Contribution margin after marketing budgets				
Segment				
Spirits	30.6 to 33.9	Q2: 28.5 to 31.5	30.2	✓
Non-alcoholic Beverages	22.9 to 25.3	Q2: 22.0 to 24.0	22.2	✓
Fresh Juice Systems	7.0 to 7.7	Q2: 4.5 to 5.0	4.5	✓
Other segments	1.7 to 1.9	Q2: 0.8 to 1.0	0.6	×

In the 2020 financial year, the original forecasts provided in the Management Report for the 2019 financial year for segment earnings (contribution margin after marketing budgets) were not met in all segments, whereas the expectations adjusted during the course of the year did ultimately come to fruition with one exception.

In the *Spirits* segment, segment earnings came to EUR 30.2 million, meeting the adjusted forecast ranging between EUR 28.5 million and EUR 31.5 million. While the contribution margin volume still fell slightly short of expectations, the funds used for marketing and trade advertising, reduced to roughly the same extent, helped to compensate for the development of the segment earnings indicator. The aforementioned contribution margin performance was due to the change in the product mix caused by the coronavirus pandemic. For example, the business with private-label brands performed very positively on the whole, whereas the business with the core *Berentzen* and *Puschkin* brands, which generate high gross margins, suffered in particular from the impacts of the crisis, with sales declining overall. As a countermeasure against the impacts of the coronavirus pandemic, spending on marketing and trade advertising in the business with the core brands in particular was reduced considerably compared with the previous year.

With segment earnings of EUR 22.2 million, the adjusted profit expectation for the *Non-alcoholic Beverages* segment ranging between EUR 22.0 million and EUR 24.0 million was met. The contribution margin volume underlying the forecast was not reached, and marketing expenses were slightly higher than initially anticipated in the adjusted plans. The segment earnings were therefore at the lower end of the forecast range. In the 2020 financial year, business in the restaurants sales channel declined considerably due to the closure of restaurants in connection with the coronavirus pandemic. This impacted the franchise business with beverages from the *Sinalco* brand in particular, causing the contribution margins in this business to decline significantly. Although all other product categories sold via this channel were affected, considerable contribution margin growth was achieved in the branded business, in particular with *Mio Mio* products. Given the termination of a service agreement on the bottling of *Sinalco* brand products back at the end of the 2019 financial year, the contribution margins from the contract bottling business declined on the whole compared with the previous year, but remained in line with the adjusted plans. The use of marketing budgets was – as a result of group-wide countermeasures related to the coronavirus pandemic – considerably lower than the previous year's level, but slightly above the adjusted forecast for the 2020 financial year, resulting in a slightly negative impact on segment earnings compared with these adjusted expectations.

The adjusted target in the *Fresh Juice Systems* segment was likewise met. At EUR 4.5 million, segment earnings were at the lower end of the adjusted forecast range of between EUR 4.5 million and EUR 5.0 million. This was primarily due to the lower – compared with the adjusted expectations – contribution margin volumes in the segment, which was also significantly down on the previous year. While the contribution margin targets for the system components of bottling systems and fruit were met or exceeded compared with the adjusted forecast, the business with the fruit press system component fell considerably short of the adjusted expectations. This was predominantly attributable to numerous investments in fruit juice systems failing to materialise – both in restaurants and in the food retail trade. This development is related to the coronavirus pandemic and resulted in, for example, the *Fresh Juice Systems* segment being the segment hit most severely by the effects of the pandemic within the Berentzen Group in the 2020 financial year. As a result of this, numerous measures – particularly those aimed at reducing costs and boosting sales – were implemented. For example, the use of funds for marketing and trade advertising more than halved compared with the previous year, particularly as a result of cancelled industry trade fairs. This had a positive effect on segment earnings in this respect.

Segment earnings in *Other segments* amounted to EUR 0.6 million, which failed to reach both the original and the adjusted forecast range. The two important organisational units contained therein, the tourism and events business of the Berentzen Group as well as the business with spirits in Turkey, were heavily impacted by the coronavirus pandemic and therefore exhibited considerable declines in contribution margin performance.

Development of consolidated revenues and consolidated operating profit

	Forecast for the 2020 financial year in the 2019 Forecast Report EURm	Adjustments made during the 2020 financial year EURm	Actual business performance 2020 EURm	
Consolidated revenues	167.9 to 176.7	Q2: 153.0 to 160.0	154.6	✓
Consolidated operating profit (consolidated EBIT)	9.8 to 10.8	Q2: 4.0 to 6.0	5.2	✓
Consolidated operating profit before depreciation and amortisation (consolidated EBITDA)	18.5 to 20.5	Q2: 13.0 to 15.0	14.1	✓

With consolidated revenues of EUR 154.6 million in the 2020 financial year, this figure was in line with the adjusted range of between EUR 153.0 million and EUR 160.0 million. The 7.7% decline in revenues compared with the previous year is attributable to the significant downward developments seen in the segments *Fresh Juice Systems* and *Non-alcoholic Beverages*.

The changes outlined above in respect of the individual segment earnings and consolidated revenues had an impact on the development of the adjusted consolidated operating profit (consolidated EBIT) and the adjusted consolidated operating profit before depreciation and amortisation (consolidated EBITDA), which met the adjusted expectations. With a consolidated EBIT of EUR 5.2 million and a consolidated EBITDA of EUR 14.1 million, the adjusted forecast for the 2020 financial year was met in both cases. The decline in the consolidated EBITDA was less sharp compared with the previous year owing to the increased depreciation of right-of-use assets pursuant to IFRS 16.

Cash flows and financial position

The cash flows and financial position of the corporate group remained sturdy. Only positive deviations compared with the latest forecasts were observed with regard to the ratios used to manage the corporate group.

Development of cash flows

	Forecast for the 2020 financial year in the 2019 Forecast Report EURm	Adjustments made during the 2020 financial year EURm	Actual business performance 2020 EURm	
Operating cash flow	14.1 to 16.3	Q2: 8.0 to 9.0	9.2	✓✓

Operating cash flow, which essentially excludes changes in working capital and therefore documents the effects of operating profitability on the change in liquidity, was forecast to lie in a range, adjusted in the second quarter, of between EUR 8.0 million and EUR 9.0 million. With an achieved value of EUR 9.2 million, the upper end of this adjusted target was even slightly exceeded. The decline in the indicator compared with the previous year, however, was primarily due to the value of the consolidated profit adjusted for amortisation, depreciation and impairment losses, which was down on the previous-year level, as well as a higher burden of payment from income tax relating to other periods.

Development of financial position

	Forecast for the 2020 financial year in the 2019 Forecast Report	Adjustments made during the 2020 financial year	Actual business performance 12/31/2020	
Equity ratio	32.9 % to 37.9 %	Q2: 30.0 % to 34.0 %	32.5%	✓
Dynamic gearing ratio	- 0.51 to - 0.41	Q2: 0.25 to 0.35	- 1.13	✓✓

At 32.5%, the equity ratio at December 31, 2020 was slightly above the previous-year level. This was therefore in line with the forecast range of between 30.0% and 34.0%. The prime factor in this development was the decline in total assets of EUR 6.4 million, or 4.3%.

The dynamic gearing ratio amounted to - 1.13 as at December 31, 2020 and thus exceeded both the original forecast and the range adjusted in the second quarter of between 0.25 and 0.35. The significantly negative figure means that cash and cash equivalents exceed non-current and current financial liabilities and that there is no net formal overindebtedness. It thus illustrates the strong ability of the Berentzen Group to service its debts going forward.

(2.2.3) Business performance – significant developments and events

Effects of the coronavirus pandemic

The coronavirus pandemic was a significant event in the 2020 financial year. The coronavirus first appeared in China in December 2019, before spreading throughout the world in 2020. The first case in Germany was identified in late January 2020. Over the course of the year, around 1.7 million people in Germany have been infected with the virus.

To curb the spread of the coronavirus, the federal government and the federal states introduced a wide range of measures in March 2020, some of which had a negative impact on the German economy. These measures include closing food and drink establishments, introducing social distancing measures and banning events. In May 2020, the first federal states began to ease the social distancing measures in place. In addition, food and drink establishments were permitted to reopen subject to compliance with strict social distancing and hygiene rules. With infection rates rising again in mid-October, however, social distancing measures were re-tightened as of November 2, 2020. In addition, food and drink establishments had to close their doors again, except for delivery and takeaway services. Large-scale events were prohibited until the end of the year.

The individual segments of the Berentzen Group have been affected by the coronavirus pandemic to varying extents. The *Fresh Juice Systems* segment has been hit most severely, having seen a temporary decline in sales of fruit presses 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 by the – at times – almost complete closure of restaurants and absence of key marketing activities in the German food retail trade. In the restaurants sales channel, this had a particularly strong impact on the *Non-alcoholic Beverages* segment.

In the *Spirits* segment, the inability to get together and celebrate at Easter, on the May bank holidays and on New Year's Eve, and the cancellation of all types of celebrations and festivities – all of which are important consumption occasions – impacted sales performance, in particular of those branded products that tend to be consumed on social occasions.

Given the adverse effects related to the coronavirus pandemic, the corporate group determined, for each segment and cash-generating unit (CGU), whether an ad hoc impairment test pursuant to IAS 36 needed to be carried out and whether an impairment was necessary. The impairment test for the *Fresh Juice Systems* segment did not reveal any need for an actual impairment test for the assets allocated to this segment. In the *Spirits* segment, the initial impairment test, based on findings obtained through scenario analyses, of the assets in this segment or in the individual CGUs did not reveal any need to carry out an impairment test. An ad hoc impairment test was necessary in the *Non-alcoholic Beverages* segment, however, owing to the considerably higher dependence of growth and earnings on the restaurants sales channel compared with the *Spirits* operating segment and the comparatively high capital ratio and ratio of fixed assets to total assets. This led to an expense, recorded as an exceptional effect, arising from the impairment of assets in the amount of EUR 1.4 million as at March 31, 2020.

The Berentzen Group has taken numerous measures and made changes to work processes with a view to preventing the coronavirus. These include strict hygiene measures applied across the entire corporate group, arrangements governing shifts and physical presence covering all workplaces, more use of working from home and restrictions on business travel and meetings. These measures are intended to protect the workforce and ensure that the company can maintain its production and delivery capacity. To ensure a sufficient level of liquidity and safeguard against the – already visible – current, as well as possible future, consequences of the coronavirus crisis, management has taken the decision to reduce the planned scope of investment, reduce communicative marketing activities and reduce the use of external services. Reduced working hours have been put in place in some areas of the company that have been severely affected.

Termination of a contract bottling agreement in the 2021 financial year and impairment test for the *Non-alcoholic Beverages* segment

The Berentzen Group will discontinue its long-standing collaboration with an international beverages group regarding the filling of their non-alcoholic branded products after the end of the first quarter of the 2021 financial year. 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 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. In connection with the termination of the contract bottling agreement, personnel and other expenses in the amount of EUR 0.1 million were recorded as exceptional effects in the 2020 financial year.

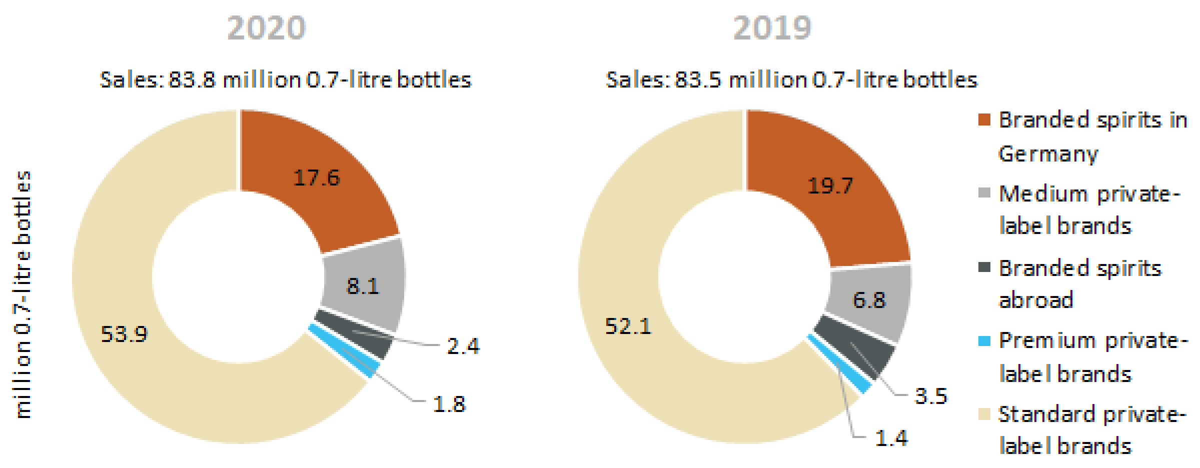
On the basis of updated scenario analyses and the aforementioned termination of the long-term contract bottling agreement, another ad hoc impairment test was carried out for the *Non-alcoholic Beverages* cash-generating unit at June 30, 2020. Since there were indications as at September 30, 2020 and December 31, 2020 that the contribution margin and the contribution of the overall success of the segment to the consolidated operating profit were developing and will continue to develop less positively than expected, another impairment test was performed at September 30, 2020 and at December 31, 2020. None of the three tests resulted in any further impairments or reversals, however.

Sales volumes

The business performance is generally determined by the development of product sales at the focus of the operating business activities, although diverse sales mix effects mean that it is not possible to identify a strictly linear relationship to revenues, gross profit and earnings figures.

Spirits

As mentioned in section (1) (Underlying principles of the corporate group), a new organisational structure was introduced in the 2020 financial year. This led to changes in the diagram shown below on the development of spirits sales volumes:

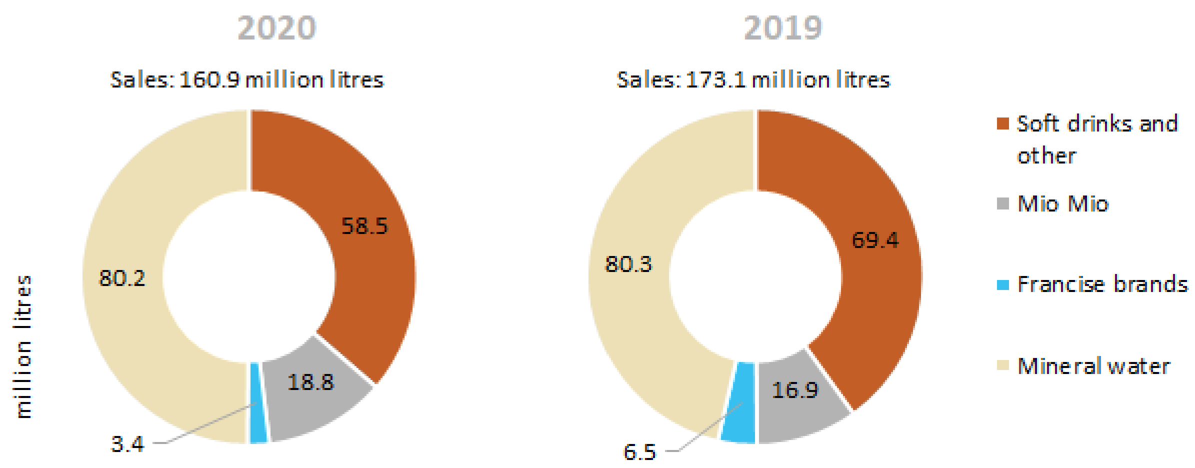


In the 2020 financial year, sales in the *Spirits* segment increased slightly by 0.3% to 83.8 million 0.7-litre bottles (83.5 million 0.7-litre bottles). The Berentzen Group recorded sales of 17.6 million 0.7-litre bottles (19.8 million 0.7-litre bottles) with domestic branded spirits in the past year, while the business with branded spirits abroad and private-label brands (collectively: export and private-label brands) generated sales of 66.1 million 0.7-litre bottles (63.8 million 0.7-litre bottles).

The sales volume for the domestic branded business was down by a total of 10.9% as at December 31, 2020. The cancellation of numerous consumption occasions, such as festivals and private celebrations, due to measures decided by the federal and state governments to contain the coronavirus had a considerable impact on the sales performance of these products. For example, the sales generated from the core brands *Berentzen* and *Puschkin* were below the level of the previous-year period, but these two umbrella brands developed differently in terms of their rates of decline in this regard: While sales from the products sold under the umbrella brand *Berentzen* suffered a decline of 12.4% in the 2020 financial year, at 4.2% revenues for the umbrella brand *Puschkin* declined to a somewhat lesser extent compared with the previous year. The liquor varieties being focused on under these two core brands experienced a less considerable decline in sales under the *Berentzen* umbrella brand of just 3.7%, while sales under the *Puschkin* umbrella brand increased by 10.2%. There was a 13.3% fall in sales in the business with other branded spirits, particularly with traditional spirits.

With sales of 66.1 million 0.7-litre bottles (63.8 million 0.7-litre bottles), performance in the spirits business involving export and private-label brands was up 3.7% on the previous-year level. This operating segment benefitted in particular from the greater price sensitivity of consumers as a result of the coronavirus crisis. Sales increased in all price categories, with the premium and medium concepts developing particularly dynamically. Growth of 28.9% was observed among the premium concepts, with sales increasing from 1.4 million 0.7-litre bottles in the previous year to 1.8 million 0.7-litre bottles. In the business with medium concepts, sales increased by 18.8%, with growth of 3.5% recorded for the standard concepts. In the context of an international market environment made challenging by the coronavirus pandemic, significant declines in sales of 32.0% were observed in the export business with branded spirits.

Non-alcoholic Beverages



In the *Non-alcoholic Beverages* segment, sales of mineral waters and soft drinks fell by 7.1% to 160.9 million litres (173.2 million litres) in the 2020 financial year. The branded business performed very well, achieving sales growth of 3.7%, while the other businesses (franchise and contract bottling) saw a significant decline in sales of 22.3% collectively.

Despite the external influences related to the coronavirus pandemic described above, the business with beverages marketed under the *Mio Mio* own brand once again saw a very positive development, albeit less dynamic compared with 2019 financial year, with sales growth amounting to 11.3% (33.3%).

Sales of mineral waters fell slightly by 0.2% to 80.2 million litres compared with the previous year, while sales of proprietary mineral water brands (particularly *Emsland Quelle*, *Märkisch Kristall* and *St. Ansgari*) rose by 2.6%. In contrast, the contract bottling business for mineral waters declined considerably, primarily due to the termination of a service agreement on the bottling of *Sinalco* brand products at the end of the 2019 financial year.

The sales generated in the business with lemonades and other non-alcoholic beverages fell by 15.8%. This decline is predominantly attributable to the contract bottling business forming part of this product category, which saw a significant drop owing to the aforementioned service agreement termination. Meanwhile, sales of proprietary brands (particularly *Emsland Sonne*, *Emsland Sport*, *QUIXX* and *Kräuterbraut*) increased slightly by 0.4%.

Owing in particular to the closure of restaurants in the 2020 financial year due to the coronavirus pandemic, sales in the franchise business with branded beverages from the *Sinalco* corporate group declined significantly by 47.8% to 3.4 million litres.

Fresh Juice Systems

				Change	
		2020	**2019**		**%**
Fruit juicers	Units	1,458	2,265	- 807	- 35.6
Bottling systems	In thousands	15,141	20,164	- 5,023	- 24.9
Fruit	In thousand kilos	6,061	7,702	- 1,641	- 21.3

In the 2020 financial year, the *Fresh Juice Systems* segment, the segment that has been most heavily impacted by the coronavirus pandemic, recorded an overall decline in sales with regard to all material system components: Sales generated in connection with fruit presses decreased by 35.6%, as investments in fruit juice systems failed to materialise for the clientele – both in restaurants and in the food retail trade. This development was in particular due to a considerably lower sales volume in the GSA region (Germany, Switzerland and Austria), as well as in France, while sales in Eastern Europe, Scandinavia and the United Kingdom performed well. Sales of fruit (oranges) recorded a decline of 21.3%, while sales from the business with bottling systems also fell by 24.9%.

General statement on the sales volume performance

The 2020 financial year was heavily impacted by the effects of the coronavirus pandemic. Given the business performance of the individual segments described above, the declining performance in the *Fresh Juice Systems* and *Non-alcoholic Beverages* segments in particular contributed to a decrease in consolidated revenues of 7.7% to EUR 154.6 million. The pleasing sales performance in the private-label business did not balance out the declining sales in the business with branded spirits in Germany and abroad, resulting in a slight decline in revenues in the *Spirits* segment overall.

Sourcing

For the production of spirits and non-alcoholic beverages, the raw materials and goods purchased by the Berentzen Group relate mainly to the material groups alcohol (including grain and rectified spirit, whiskeys and rum), aromatisation (inputs and aromas) and sugar as well as packaging (mainly glass and cardboard). In the *Fresh Juice Systems* segment, purchasing costs arise for the individual system components of fruit juicers, fruit (oranges) and bottling equipment.

A large part of the raw materials needed for the production of spirits and non-alcoholic beverages as well as the fruit (oranges) traded in the *Fresh Juice Systems* segment are agrarian products, which means that their availability and pricing largely hinge on the given harvests. Regulatory measures (e.g. duties) can also have a considerable impact on prices and availability. There were considerable price increases in the market for alcohols of all raw material bases. This development is attributable to a supply shortage resulting from the pandemic, for example owing to increased use of alcohol for production of disinfectants. The procurement market for the other raw materials relevant to the Berentzen Group also developed unevenly in the 2020 financial year, although it was largely stable on the whole.

(2.2.4) 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.

	2020		2019		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Consolidated revenues	**154,591**	**100.0**	**167,400**	**100.0**	**- 12,809**	**- 7.7**
Change in inventories	58	0.0	14	0.0	+ 44	> 100.0
Total operating performance	**154,649**	**100.0**	**167,414**	**100.0**	**- 12,765**	**- 7.6**
Purchased goods and services	87,533	56.6	92,717	55.4	- 5,184	- 5.6
Consolidated gross profit	**67,116**	**43.4**	**74,697**	**44.6**	**- 7,581**	**- 10.1**
Other operating income	3,127	2.0	4,124	2.5	- 997	- 24.2
Operating expenses	65,034	42.1	69,009	41.2	- 3,975	- 5.8
Consolidated operating profit (EBIT)	**5,209**	**3.4**	**9,812**	**5.9**	**- 4,603**	**- 46.9**
Exceptional effects	- 1,479	- 1.0	- 1,065	- 0.6	- 414	+ 38.9
Financial result and result from participating interests	- 1,474	- 1.0	- 1,546	- 0.9	+ 72	- 4.7
Consolidated profit before taxes	**2,256**	**1.5**	**7,201**	**4.3**	**- 4,945**	**- 68.7**
Income tax expenses	1,023	0.7	2,276	1.4	- 1,253	- 55.1
Consolidated profit	**1,233**	**0.8**	**4,925**	**2.9**	**- 3,692**	**- 75.0**

Consolidated revenues and total operating performance

The consolidated revenues of the Berentzen Group excluding alcohol tax amounted to EUR 154.6 million in the 2020 financial year (EUR 167.4 million), while consolidated revenues including alcohol tax totalled EUR 365.8 million (EUR 375.3 million). Including the changes in inventory of less than EUR 0.1 million (less than EUR 0.1 million), the total operating performance came to EUR 154.6 million (EUR 167.4 million).

The following table shows the development of revenues in the individual segments of the corporate group:

	2020 EUR'000	2019 EUR'000
Revenues excluding alcohol tax		
Spirits segment	92,952	93,282 [1)]
Non-alcoholic Beverages segment	45,307	51,357
Fresh Juice Systems segment	14,978	19,966
Other segments	1,354	2,795 [1)]
Consolidated revenues excluding alcohol tax [2)]	**154,591**	**167,400**
Alcohol tax	211,195	207,884
Consolidated revenues including alcohol tax	**365,786**	**375,284**

1) Previous-year values adjusted due to change in the composition of the *Spirits* and *Other segments* as a result of new organisational structure.

2) Please refer to the comments on sector risks in section (4.2) of the Risk and Opportunities Report for information on the development of the share of consolidated revenues generated with the corporate group's most important trading partners.

Purchased goods and services

Against the background of a reduced total operating performance, purchased goods and services decreased at a below-average rate to EUR 87.5 million (EUR 92.7 million). The ratio of purchased goods and services to total operating performance rose accordingly to 56.6% (55.4%). For further information, please refer to the comments on sourcing in section (2.2.3).

Operating expenses

As a result of the developments described below, consolidated operating expenses fell by 5.8% to EUR 65.0 million (EUR 69.0 million). Total operating performance declined by 7.6% to EUR 154.6 million at the same time (EUR 167.4 million), leading to a slightly higher ratio of operating expenses to total operating performance of 42.1% (41.2%).

Other operating income

At EUR 3.1 million in total, other operating income in the 2020 financial year was considerably lower than that of the previous year (EUR 4.1 million). In addition to income from reversals of liabilities and provisions of EUR 0.8 million (EUR 0.9 million), this item mostly includes cost refunds and other reimbursements of EUR 0.6 million (EUR 0.8 million) from business partners in connection with licence and sales agreements.

Personnel expenses decreased to EUR 24.9 million (EUR 25.6 million), while the personnel expenses ratio was above the previous-year level at 16.1% (15.3%). The reduction in personnel expenses is primarily attributable to savings from reduced working hours and lower provisions for expected long-term variable remuneration. The Group's headcount as at December 31, 2020 increased compared with the previous year. There were also more full-time employees on average during the 2020 financial year. The corporate group had 507 employees on December 31, 2020 (498), 211 (208) of whom worked in production activities and 264 (261) in commercial and administrative activities; 32 (29) apprentices were in vocational training. The Berentzen Group had an average of 418 full-time employees in the past financial year (413).

With investment volume having decreased to a total of EUR 5.2 million compared with the previous year (EUR 7.2 million), depreciation and amortisation of assets increased to a total of EUR 8.9 million in the 2020 financial year (EUR 8.5 million). This development is primarily attributable to EUR 0.4 million higher depreciation of right-of-use assets compared with the previous year. The amortisation charged on intangible assets allocated in connection with the acquisition of Citrocasa GmbH and therefore assigned to the *Fresh Juice Systems* segment amounted to EUR 0.9 million (EUR 0.9 million).

Other operating expenses fell to EUR 31.2 million (EUR 34.9 million). There was a EUR 1.9 million decrease in the marketing and trade advertising expenses to EUR 3.3 million (EUR 5.2 million). Transport and external selling costs fell to a total of EUR 15.5 million (EUR 17.4 million) owing to a new proprietary distribution company set up in the 2020 financial year. Maintenance expenses totalling EUR 3.2 million (EUR 3.3 million) were virtually the same as the previous-year figure. Miscellaneous other operating expenses increased to EUR 9.2 million overall (EUR 9.0 million), mainly due to higher expenses relating to other periods.

Exceptional effects

Exceptional effects in financial year 2020

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.

In addition, the Berentzen Group will discontinue its long-standing collaboration with an international beverages group regarding the filling of their non-alcoholic branded products after the end of the first quarter of the 2021 financial year. In connection with the termination of the contract bottling agreement, personnel and other expenses in the amount of EUR 0.1 million were recorded as exceptional effects in the 2020 financial year.

On the basis of updated scenario analyses and the aforementioned termination of the long-term contract bottling agreement, another ad hoc impairment test was carried out for the *Non-alcoholic Beverages* CGU at the end of each quarter in the 2020 financial year. This did not result in any further impairments or reversals, however.

Exceptional effects in financial year 2019

The US distributor acting on behalf of the subsidiary Citrocasa GmbH, Linz, Austria, asserted claims as part of pending arbitration proceedings instigated by the distributor at the beginning of August 2018; the claims include but are not limited to damages in connection with alleged breaches of the distribution contract between the parties. The same distributor asserted a claim for damages against Berentzen-Gruppe Aktiengesellschaft in February 2019 in connection with alleged business-damaging and anti-competitive behaviour as part of a lawsuit brought under the jurisdiction of civilian courts in the USA. The proceedings ended in October and November 2019. In connection with these legal disputes, the Berentzen Group incurred recorded expenses amounting to a total of EUR 1.1 million as exceptional effects in the 2019 financial year.

Financial result and result from participating interests

The financial result and result from participating interests remained roughly at the same level as in the previous year. It resulted in net expenses of EUR 1.5 million (EUR 1.5 million). In the 2020 financial year, most interest expenses related to the debt instruments with variable interest components of EUR 1.5 million used by the Berentzen Group (EUR 1.5 million). As presented, the financial expenses barely changed, while financial income also reached only EUR 0.1 million (EUR 0.1 million) due to continued low market interest rates.

Income tax expenses

The income tax expenses of EUR 1.0 million (EUR 2.3 million) included EUR 1.8 million (EUR 2.2 million) for German trade tax and corporate income tax together with comparable foreign income taxes in the 2020 financial year as well as reimbursements from other periods of less than EUR 0.1 million (expenses from other periods amounting to EUR 0.1 million). The measurement of deferred taxes in accordance with IAS 12 gave rise to income of EUR 0.7 million (EUR 0.1 million).

Consolidated profit

At EUR 5.2 million, the adjusted consolidated operating result or EBIT recorded in the 2020 financial year was considerably down on the previous year (EUR 9.8 million). This can be attributed mainly to the decline in consolidated gross profit by EUR 7.6 million to EUR 67.1 million (EUR 74.7 million), accompanied by a slight decline in operating expenses of EUR 4.0 million and a EUR 1.0 million reduction in other operating income. While the financial result and result from participating interests remained largely stable compared with the previous year, exceptional effects impacting earnings increased by EUR 0.4 million. Tax expenses fell by EUR 1.3 million compared with the previous year. Accordingly, the consolidated profit amounted to EUR 1.2 million (EUR 4.9 million), considerably below the previous-year level.

Income-related financial performance indicators (reconciliation)

The following table shows the reconciliation of the income-related financial performance indicators with the financial performance indicators described in the presentation of the underlying principles of the corporate group in section (1.2).

	2020					
	Revenues EUR'000	Inter-segment revenues EUR'000	Purchased goods and services EUR'000	Other direct costs EUR'000	Marketing including advertising EUR'000	Contribution margin after marketing budgets EUR'000
Contribution margin after marketing budgets						
Segment						
Spirits	92,952	277	55,736	4,996	2,326	30,171
Non-alcoholic Beverages	45,307	35	17,590	4,728	873	22,151
Fresh Juice Systems	14,978	1	9,334	1,082	100	4,463
Other segments	1,354	17	707	37	48	579
Total	**154,591**	**330**	**83,367**	**10,843**	**3,347**	**57,364**

	2019					
	Revenues EUR'000	Inter-segment revenues EUR'000	Purchased goods and services EUR'000	Other direct costs EUR'000	Marketing including advertising EUR'000	Contribution margin after marketing budgets EUR'000
Contribution margin after marketing budgets						
Segment						
Spirits [1)]	93,282	281	53,915	4,765	3,239	31,644
Non-alcoholic Beverages	51,357	31	21,261	5,057	1,564	23,506
Fresh Juice Systems	19,966	31	11,505	1,305	328	6,859
Other segments [1)]	2,795	45	1,316	52	81	1,391
Total	**167,400**	**388**	**87,997**	**11,179**	**5,212**	**63,400**

1) Previous-year values adjusted due to change in the composition of the *Spirits* and *Other segments* as a result of new organisational structure.

	2020 EUR'000	2019 EUR'000
Consolidated revenues	**154,591**	**167,400**
Consolidated EBIT / consolidated EBITDA		
Consolidated profit	1,233	4,925
Income tax expenses	1,023	2,276
Financial result and income from participating interests	- 1,474	- 1,546
Exceptional effects	- 1,479	- 1,065
Consolidated EBIT	**5,209**	**9,812**
Depreciation and amortisation	8,919	8,549
Consolidated EBITDA	**14,128**	**18,361**

(2.2.5) Cash flows

Financing structure

The main purposes of financial management are to provide adequate liquidity for the Company’s commercial operations, to secure the financing of the corporate group partly with growth in mind and to balance temporary, volatile liquidity burdens so as to optimise both costs and income.

Based on consolidated comprehensive income of EUR 0.7 million (EUR 4.4 million), shareholders’ equity fell to EUR 47.2 million (EUR 49.2 million), including the dividend payment of EUR 2.6 million (EUR 2.6 million) passed by resolution of the annual general meeting in July 2020. As a result of lower total assets than in the previous year, the consolidated equity ratio nevertheless increased slightly from 32.4% as at the end of the 2019 financial year to 32.5% as at December 31, 2020.

Non-current debt capital decreased to EUR 18.7 million (EUR 19.5 million). It included financial liabilities of EUR 8.6 million (EUR 7.9 million) as at December 31, 2020. Non-current liabilities accounted for 19.1% (19.0%) of consolidated total liabilities. In addition, the corporate group has various sources of financing with short-term loans, which amounted to EUR 79.3 million (EUR 82.9 million) as at the end of the reporting period or 54.6% (54.7%) of consolidated total assets.

The following table shows the overall financing of the Berentzen Group as at the end of the 2020 financial year:

		Financing line 12/31/2020			Financing line 12/31/2019		
		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
Annuity loan [2)]		0.0	0.0	0.0	0.1	0.1	0.2
Factoring	Line, limited	0.0	55.0	55.0	0.0	55.0	55.0
Central settlement through factoring	Line, unlimited [1)]	0.0	8.0	8.0	0.0	9.2	9.2
Working capital loans	Line, limited [2)]	0.0	0.7	0.7	0.0	0.9	0.9
Surety bond for alcohol tax liabilities	Line, limited	0.0	0.8	0.8	0.0	0.8	0.8
Total financing		**7.5**	**90.0**	**97.5**	**7.6**	**91.5**	**99.1**

1) Average financing volume in the financial year.

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

The syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 with a current total funding volume of EUR 33.0 million in principle contains three facilities: Two facilities for the purposes of company financing, of which one facility amounting to EUR 7.5 million with a fixed maturity date, and another facility amounting to EUR 25.5 million, which, within the scope of what is known as a branch agreement, can be utilised as working capital or bank guarantee lines of credit. The parties also agreed on the option of increasing the financing volume through the addition of another repayable-at-maturity facility in the amount of EUR 10.0 million for the financing of acquisitions. The initial term is five years, with an option to extend the term by another year. The Berentzen Group made use of this option in February 2018; the maturity date is therefore now December 21, 2022. Drawdowns bear interest at variable rates based on the EURIBOR reference rate plus an interest margin that is fixed. The syndicated loan agreement is not secured. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors as part of a cross-guarantee system taking the form of a guarantor concept based on the minimum fulfilment of certain group inventory levels and flow variables stipulated in the agreement, which Berentzen-Gruppe Aktiengesellschaft as the borrower and the guarantors are obliged to maintain. The borrower is obliged to regularly fulfil two contractually defined covenants, the dynamic gearing ratio and the equity ratio, which are to be measured on the basis of its consolidated financial statements. The syndicated loan agreement, which is essentially based on the international contract standard of the British Loan Market Association ("LMA standard”), also stipulates the customary obligations, conditions, assurances and warranties, particularly including debt limits, limitations on the sale of assets, and a change-of-control clause. If the covenants, other obligations, conditions, assurances and warranties are breached, and if a change of control occurs, the lenders are fundamentally entitled to terminate the syndicated loan agreement prematurely and to declare the borrowed funds, outstanding interest, and costs due and payable immediately.

The drawdown of factoring lines represents a further focal point of external funding. The ensuing total volume of funding available to the Berentzen Group on the basis of two factoring agreements running until March 31, 2024 amounts to EUR 55.0 million (EUR 55.0 million). Added to this is a formally unlimited factoring line under three further, open-ended central settlement and factoring agreements. In the 2020 financial year, this gave rise to an average gross funding volume of EUR 8.0 million (EUR 9.2 million). The factoring agreements are free of covenants on the whole.

Apart from the syndicated loan agreement, the volume of funding from credit agreements with the providers of working capital to the Berentzen Group totals EUR 0.7 million (EUR 0.9 million). These credit lines are available to two foreign group companies and each have an open-ended term. Collateral must be provided for this by a foreign Group company in the translated amount of EUR 0.5 million (EUR 0.7 million), fundamentally in the form of cash received before the due date or other securities. Furthermore, surety bonds for alcohol tax in the amount of EUR 0.8 million in total (EUR 0.8 million) provided by two of the surety bond insurers are included in the overall financing of the corporate group. Both the working capital credit agreements and one of the surety bond agreements contain change-of-control clauses that allow the financing agreements concerned to be terminated prematurely in the event of a change of control. The latter also includes covenants that give the insurer a special right of termination if they are breached. Furthermore, the Turkish subsidiary received an annuity loan in May 2019 in the translated amount of EUR 0.3 million. The loan maturity date is April 9, 2021, with the outstanding debt at the end of the 2019 financial year amounting to the translated amount of less than EUR 0.1 million.

Including the formally unlimited factoring agreements with a central settlement agent, the gross funding volume from factoring arrangements and not falling under the scope of the working capital credit lines of the syndicated loan agreement thus stood at EUR 63.7 million at December 31, 2020 (EUR 65.1 million). These short-term external or credit financing arrangements bear interest on the basis of the EURIBOR and EONIA reference interest rates, plus a fixed interest margin, otherwise at interest rates based on local market conditions or at fixed interest rates.

The factoring agreements, the central settlement and factoring agreements, and the agreements regarding working capital lines outside of the syndicated loan agreement have been concluded with both Berentzen-Gruppe Aktiengesellschaft and other Berentzen Group companies.

The ongoing repayment of financing instruments was carried out as planned in the 2020 financial year. All in all, this means that the Berentzen Group has sufficient credit agreements, mainly with a fixed maturity until 2022 or 2024, both for its volatile short- to medium-term and its long-term financing requirements for purposes of general corporate financing. Consequently, the corporate group's anticipated requirement for external financing and payment sureties can be covered using the various forms of debt described above.

As in the previous years, the financing of the vehicle fleet, a few other items of plant and office equipment and individual offices and business premises was ensured by leases. These leases are recognised pursuant to IFRS 16, leading to lease liabilities in the amount of EUR 2.3 million (EUR 1.4 million) as at December 31, 2020.

The Berentzen Group also acts as a lessor in lease agreements classified as finance leases. These agreements essentially relate to the leasing business involving fruit presses in the *Fresh Juice Systems* segment. For finance leases, receivables amounting to EUR 0.4 million (EUR 0.7 million) were recognised as at the end of the reporting period.

Consolidated Cash Flow Statement for the period from January 1 to December 31, 2020

The following Cash Flow Statement shows the development of liquidity in the corporate group, including the reconciliation for the cash flow indicator described in the presentation of the underlying principles of the corporate group in section (1.2). The cash and cash equivalents are calculated as the balance of the 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.

	2020 EUR'000	2019 EUR'000	Change EUR'000
Operating cash flow	9,158	12,029	- 2,871
Cash flow from operating activities	13,625	16,611	- 2,986
Cash flow from investing activities	- 5,362	- 6,890	+ 1,528
Cash flow from financing activities	- 3,939	- 3,170	- 769
Change in cash and cash equivalents	**4,324**	**6,551**	**- 2,227**
Cash and cash equivalents at the end of the period	**26,334**	**22,010**	**+ 4,324**

Operating cash flow and cash flow from operating activities

Operating cash flow decreased by EUR 2.9 million to EUR 9.2 million (EUR 12.0 million) in the 2020 financial year.

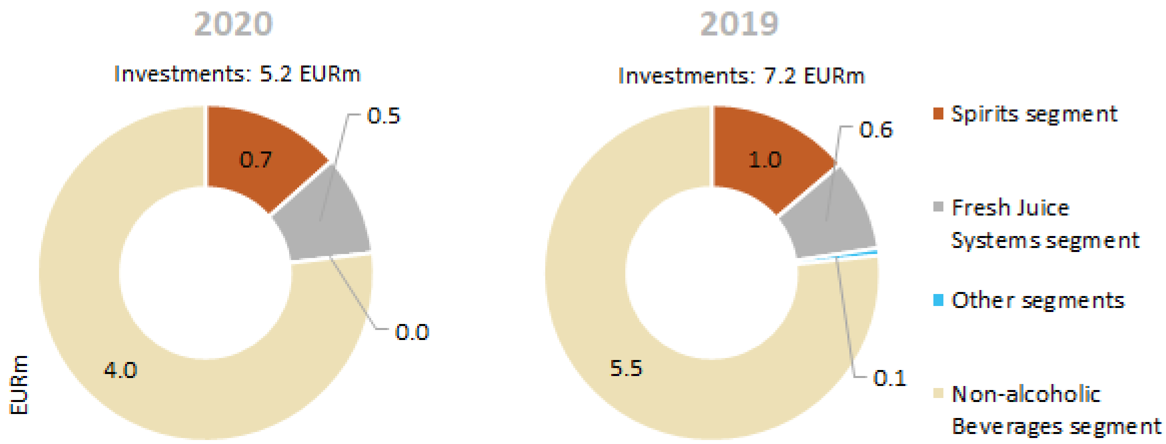
The lower level of cash inflow was due in particular to the consolidated profit – adjusted for amortisation, depreciation and impairment losses – which came in at EUR 1.9 million less than the level of the previous year. The payment balances in connection with income tax and the financial result also form part of the operating cash flow. In the 2020 financial year, the related payments exceeded their expenses recognised in the accounting records by EUR 2.5 million; at the same time, this payment balance was EUR 1.6 million higher than in the previous year (EUR 0.9 million). This was counteracted by the improvement of EUR 0.6 million in other non-cash components of the exceptional effects.

The cash flow from operating activities of EUR 13.6 million (EUR 16.6 million) also encompasses changes in working capital, which led to a cash inflow of EUR 4.5 million (EUR 4.6 million) in the 2020 financial year. The material factors influencing this development are presented below:

The change in what is referred to as trade working capital – i.e. the portion of working capital comprising the cash movements exclusively in inventories, receivables including factoring, alcohol tax liabilities and trade payables – gave rise to a net cash inflow of EUR 2.6 million (EUR 3.2 million). In addition, a cash inflow stemmed from the decrease in other assets of EUR 3.9 million, whereas a cash outflow of EUR 0.5 million was recorded in the previous year. Furthermore, the change in other liability items as well as other non-cash effects gave rise to a total cash outflow of EUR 2.0 million. In the previous year, there was still a cash inflow of EUR 1.9 million in this context.

Cash flow from investing activities

The investing activities of the corporate group led to a net cash outflow of EUR 5.4 million (EUR 6.9 million). Investments in property, plant and equipment and intangible assets totalled EUR 5.2 million (EUR 7.2 million), accompanied by cash flows from the disposal of assets amounting to EUR 0.1 million (EUR 0.3 million). In addition, payments for the acquisition of subsidiaries amounted to EUR 0.4 million, while cash in the amount of EUR 0.1 million was secured.



The lower cash outflow from investments in property, plant and equipment and intangible assets year on year was caused mainly by developments in the *Non-alcoholic Beverages* segment. For example, the 2020 financial year saw significantly fewer investments in technical equipment and machinery compared with the previous year. However, owing to the present and future sales success of products bottled and delivered in reusable containers – in particular from the *Mio Mio* brand – extensive investments were again made in containers and crates for empties amounting to EUR 2.8 million (EUR 2.9 million). No individual investments with material acquisition costs were incurred in the *Spirits* or *Fresh Juice Systems* segments in the 2020 financial year.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 3.9 million (EUR 3.2 million), which essentially resulted from the dividend payment of EUR 2.6 million (EUR 2.6 million). In the 2020 financial year, payments were incurred in connection with the repayment of a loan taken out by a foreign subsidiary amounting to EUR 0.1 million (EUR 0.1 million), which were not accompanied by cash inflows from loans taken out (EUR 0.3 million). Furthermore, cash flow from financing activities was affected by lease liability repayments amounting to EUR 1.2 million (EUR 0.7 million).

Cash and cash equivalents

All in all, cash and cash equivalents totalled EUR 26.3 million (EUR 22.0 million) as at the end of the financial year, of which EUR 22.2 million (EUR 18.1 million) were receivables from the customer settlement accounts held with banks that are used for settlement under two factoring agreements. As at the end of the 2020 reporting period, there were no drawdowns of short-term credit lines or financing instruments classified as such (drawdowns amounting to EUR 0.7 million).

Cash flow indicators (reconciliation)

The following table shows the reconciliation of the cash flow indicator with the financial performance indicators described in the presentation of the underlying principles of the corporate group in section (1.2).

	2020 EUR'000	2019 EUR'000	Change EUR'000
Consolidated profit	1,233	4,925	- 3,692
Income taxes	- 2,703	- 1,167	- 1,536
Balance of net interest income/expenses and interest payments/ receipts	178	217	- 39
Depreciation and amortisation of assets	8,919	8,549	+ 370
Impairments/ write-ups	1,377	0	+ 1,377
Other non-cash components of the exceptional effects	154	- 495	+ 649
Operating cash flow	**9,158**	**12,029**	**- 2,871**

(2.2.6) Financial position

	12/31/2020		12/31/2019		Change
	EUR'000	%	EUR'000	%	EUR'000
Assets					
Non-current assets	56,077	38.6	59,720	39.4	- 3,643
Current assets	88,388	60.9	91,910	60.6	- 3,522
Assets held for sale	717	0.5	0	0.0	+ 717
	145,182	**100.0**	**151,630**	**100.0**	**- 6,448**
Shareholders' equity and liabilities					
Shareholders' equity	47,240	32.5	49,200	32.4	- 1,960
Non-current liabilities	18,660	12.9	19,489	12.9	- 829
Current liabilities	79,282	54.6	82,941	54.7	- 3,659
	145,182	**100.0**	**151,630**	**100.0**	**- 6,448**

Assets

Compared with December 31, 2019, total assets decreased by 4.3% from EUR 151.6 million to EUR 145.2 million.

Non-current assets

EUR 56.1 million (EUR 59.7 million) of the assets of the corporate group are non-current assets. This corresponds to 38.6% of total assets (39.4%). The stated values of items of property, plant and equipment fell by EUR 3.2 million; amortisation of EUR 6.4 million (EUR 6.5 million) and impairments of EUR 1.3 million (EUR 0.0 million) — collectively EUR 7.7 million (EUR 6.5 million) — were accompanied by an investment volume in the amount of EUR 4.7 million (EUR 6.2 million). Intangible assets fell by EUR 0.9 million (EUR 0.5 million). This was primarily attributable to amortisation of EUR 0.9 million (EUR 0.9 million) on assets allocated in connection with the acquisition of Citrocasa GmbH.

At EUR 3.1 million (EUR 2.7 million), other non-current assets were higher than the previous-year figure, due in particular to the increase in right-of-use assets capitalised and to the acquisition of an unconsolidated subsidiary. Furthermore, assets that still had to be subsumed under the item “Non-current assets” in the 2019 financial year were classified as “Non-current assets held for sale” as at December 31, 2020 and no longer reported under non-current assets pursuant to IFRS 5.

The coverage of non-current assets by shareholders’ equity and non-current debt capital rose to 117.5% (115.0%), due in the main to the EUR 3.6 million decrease in non-current assets.

Current assets

Current assets decreased to EUR 88.4 million (EUR 91.9 million). While cash and cash equivalents increased by EUR 3.6 million, both trade receivables and other current assets declined, by EUR 3.0 million and EUR 3.0 million, respectively. Inventories also fell by EUR 1.2 million to EUR 39.4 million (EUR 40.6 million), attributable predominantly to smaller portfolios of raw materials, consumables and supplies.

Gross receivables of roughly EUR 54.9 million had been sold within the scope of factoring agreements as at December 31, 2020 (EUR 65.2 million). The amount of receivables still recognised decreased by EUR 3.0 million compared with December 31, 2019, with the security retainers from factoring transactions included in other current assets falling accordingly to EUR 8.0 million (EUR 10.6 million).

Shareholders’ equity and liabilities

Shareholders’ equity

Shareholders’ equity fell by EUR 2.0 million to EUR 47.2 million (EUR 49.2 million) as a result of the consolidated comprehensive income of EUR 0.7 million (EUR 4.4 million) on the one hand and the dividend payment of EUR 2.6 million (EUR 2.6 million) passed by resolution of the annual general meeting in July 2020 on the other. Owing to the 4.3% decrease in total assets, the equity ratio still increased slightly to 32.5% (32.4%) as at December 31, 2020.

Non-current liabilities

The corporate group had non-current debt capital totalling EUR 18.7 million as at the end of the financial year (EUR 19.5 million). The decline is attributed to the considerably lower non-current provisions and deferred tax liabilities compared with the previous year, while non-current financial liabilities increased to EUR 8.6 million (EUR 7.9 million).

Current liabilities

Current debt capital decreased by EUR 3.7 million to EUR 79.3 million (EUR 82.9 million). As at the end of the reporting period, there was a year-on-year decrease in current financial liabilities totalling EUR 1.7 million (EUR 2.3 million), liabilities from alcohol tax amounting to EUR 42.6 million (EUR 43.6 million) as well as trade payables of EUR 9.7 million (EUR 10.2 million) and other current liabilities including current provisions totalling EUR 25.3 million (EUR 26.8 million).

The appropriate use of funding linked to interest rates in relation to internal financing strength for operations is reflected in the very high stability of the dynamic gearing ratio with a value of - 1.13 (- 0.68) (see the calculation in the following table).

Financial position indicators (reconciliation)

The following table shows the reconciliation of the financial position indicator with the financial performance indicators described in the presentation of the underlying principles of the corporate group in section (1.2).

		12/31/2020	12/31/2019
Equity ratio			
Consolidated shareholders' equity	EUR'000	47,240	49,200
Tax accruals	EUR' 000	132	0
Adjusted shareholders' equity	**EUR'000**	**47,108**	**49,200**
Total capital	EUR'000	145,182	151,630
Tax accruals	EUR' 000	132	0
Adjusted total capital	**EUR'000**	**145,050**	**151,630**
Equity ratio		**32.5%**	**32.4%**
Dynamic gearing ratio			
Non-current financial liabilities	EUR'000	8,596	7,858
Current financial liabilities	EUR'000	1,732	2,340
Cash and cash equivalents	EUR'000	26,334	22,698
Total Net Debt	EUR'000	- 16,006	- 12,500
EBITDA	EUR'000	14,128	18,361
Dynamic gearing ratio	ratio	- 1.13	- 0.68

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

The Berentzen Group looks back at a very challenging 2020 financial year, with overcoming the coronavirus crisis and implementing structural adjustments within the corporate group forming the focus of its business development. Particularly noteworthy is the establishment of two proprietary distribution companies and changes to the organisational structure in the *Spirits* segment. The objective of these measures is to considerably strengthen the corporate group’s sales performance and in this respect enhance the foundation for revenue expansions. On the basis of this and in the context of continued positive financial performance and solid capital resources and debt financing strength, the corporate group’s economic position can be considered good.

The Berentzen Group closed the 2020 financial year with consolidated revenues amounting to EUR 154.6 million (EUR 167.4 million), an adjusted consolidated operating result (consolidated EBIT) of EUR 5.2 million (EUR 9.8 million) and an adjusted consolidated operating profit before depreciation and amortisation (consolidated EBITDA) of EUR 14.1 million (EUR 18.4 million). This declining development did not match the expectations for the 2020 financial year outlined in the 2019 Management Report, but was in line with the forecast updated in July 2020. Against the background of a more or less stable burden from the financial result and result from participating interests, increased expenses associated with exceptional effects and considerably reduced income tax, a consolidated profit of EUR 1.2 million (EUR 4.9 million) was achieved.

Underlying these earnings is a decline in the contribution margin performance in all segments, albeit the momentum underlying the business trends was uneven across the individual segments. In the *Spirits* segment, segment earnings amounted to around EUR 1.5 million below the previous-year level, in line with the adjusted expectations. The business with private-label brands performed very positively on the whole, whereas the business with the core *Berentzen* and *Puschkin* brands, which generate high gross profits, suffered in particular from the impacts of the coronavirus pandemic. The adjusted segment earnings forecast was likewise met in the *Non-alcoholic Beverages* segment. The contribution margin volume for the branded business, particularly with products from the *Mio Mio* brand, showed a positive and therefore pleasing development compared with the previous year, whereas the contribution margins from the contract bottling business and the franchise business with beverages from the *Sinalco* brand declined significantly. The latter decline is attributable in particular to the closure of food and drink establishments as a result of the coronavirus pandemic. In the *Fresh Juice Systems* segment, the segment affected most severely by the effects of the coronavirus pandemic, segment earnings reached the lower end of the forecast range. Although the contribution margin volume declined in the business with basically all system components, the considerable losses in the business with fruit presses were predominantly responsible for the significant decline in segment earnings. *Other Segments* includes the tourism and events business of the Berentzen Group as well as the Spirits business in Turkey. These segments have been heavily impacted by the coronavirus pandemic and did not meet the adjusted expectations concerning the development in segment earnings.

The cash flows and financial position of the Berentzen Group remain sturdy. The basis for this is the financing structure, which structurally did not change materially compared with the end of the 2019 financial year. Accordingly, the funds available under the syndicated loan agreement as well as various factoring agreements continue to form the backbone of the external financing for the Berentzen Group. The internal financing strength of the Berentzen Group, which is shown as operating cash flow, amounted to roughly EUR 9.2 million in the 2020 financial year (EUR 12.0 million) and was therefore sufficient to cover the payments in connection with the investing activities of EUR 5.4 million (EUR 6.9 million). The corporate group thus continues to operate on a basis of good and balanced liquidity, equity and external financing. Taking into account a decline of EUR 6.4 million in consolidated total assets to EUR 145.2 million, the equity ratio of the Berentzen Group at 32.5% (32.4%) was slightly above the previous-year figure as at the end of the 2020 financial year. The dynamic gearing ratio of - 1.13 as at December 31, 2020 (- 0.68) reflects the appropriate use of funding linked to interest rates in relation to internal financing strength for operations.

(3) Compensation report

The following Compensation Report forms part of the combined Management Report. It explains the compensation paid to the Executive Board in the 2020 financial year. It furthermore presents the structure and aggregate amounts granted to the members of the Executive Board for the 2020 financial year. Furthermore, the present Compensation Report contains disclosures regarding the structure and amount of compensation paid to the members of the Supervisory Board in the 2020 financial year.

(3.1) Compensation of the Executive Board

System and principles for setting compensation

The compensation system for the Executive Board and the personal compensation of the individual members of the Executive Board are set and regularly reviewed by the full Supervisory Board after preparation by the Personnel Committee in accordance with the law and an appropriate provision in the rules of procedure for the Supervisory Board of the Company. When setting the compensation and reviewing the appropriateness of its amount, the Supervisory Board takes account of the duties and personal performance of the individual member of the Executive Board, as well as the economic situation, performance and the future prospects of the Company. Furthermore, it considers how usual the compensation is in light of the compensation structure that otherwise applies in the Company. In structuring the compensation system, the Supervisory Board also ensures that it creates an incentive for the sustainable development of the Company.

Mr. Ralf Brühöfner and Mr. Oliver Schwegmann were members of the Berentzen-Gruppe Aktiengesellschaft’s Executive Board over the period from January 1, 2020 until December 31, 2020. The Supervisory Board has concluded employment contracts containing individual agreements on the respective compensation with both members of the Executive Board.

Components of the compensation system for the Executive Board

The compensation system for the Executive Board of Berentzen-Gruppe Aktiengesellschaft calls for the compensation to consist of a non-performance-based and a performance-based component.

The non-performance-based portion of the Executive Board compensation consists of fixed basic annual compensation disbursed as a basic monthly salary together with various fringe benefits that the members of the Executive Board pay tax on individually, where appropriate. This specifically includes allowances for insurance policies and non-cash benefits arising from the provision of company cars. Furthermore, the members of the Executive Board are included in a directors and officers liability insurance policy (D&O policy), under which a deductible amounting to ten percent of the loss or 1½ times the fixed annual compensation has been agreed.

The variable compensation consists of the performance-based component of Executive Board compensation, which is mainly linked to the Company’s profitability.

The amount of variable compensation is mainly determined on the basis of a specified percentage of the adjusted consolidated EBIT stated in the respective most recent consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, although a cap has been set on the consolidated EBIT to be considered. The applicable percentage of consolidated EBIT and the cap are agreed with each Executive Board member individually.

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In order to ensure that the Executive Board compensation is oriented towards sustainable company development, more than half of the amount of the variable Executive Board compensation determined in this way is not disbursed until two years later. Furthermore, such compensation is reduced or may lapse completely if the consolidated EBIT generated in the following two financial years does not meet previously set qualitative objectives for its development.

The Executive Board employment contracts also allow the Supervisory Board to additionally approve payment of an appropriate bonus (special allowance) to an Executive Board member in recognition of outstanding performance and project successes, especially when they make a contribution to the sustained success of the Company.

Furthermore, in the event of conversion or restructuring measures at Berentzen-Gruppe Aktiengesellschaft, the members of the Executive Board have a special right to terminate their employment relationships under conditions defined in greater detail in the respective employment contracts. In addition, Executive Board members have been granted the special option of terminating their employment relationships in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft, under conditions defined in greater detail in the respective employment contracts. If the employment relationship ends as a result of such special termination, the members of the Executive Board are each entitled to receive severance pay. In principle, the amount of the severance award is the amount of compensation that would have been paid for the remainder of the contract term. However, only the monetary value of the variable compensation components and fringe benefits at the date when the special termination right was exercised will be payable. Furthermore, the claim to severance pay is always limited to twice the annual fixed and variable compensation and fringe benefits at most. The currently valid Executive Board employment contracts do not contain any further commitments regarding the payment of severance pay in the event of early termination of the employment relationship.

Total compensation of the Executive Board in the 2020 financial year

The following table summarizes the total compensation granted to the members of the Executive Board within the meaning of Section 314 (1) No. 6 letter a) sentences 1-4 HGB and Section 285 No. 9 letter a) sentences 1-4 HGB, as well as committed compensation:

Type of compensation	2020 EUR'000	2019 EUR'000
Non-performance-based components	755	729
Performance-based components	161	262
Total compensation	**916**	**991**
Committed performance-based components with a long-term incentive effect	**30**	**227**

Total compensation of EUR 0.9 million (EUR 1.0 million) was granted to the members of the Executive Board in the 2020 financial year, allocated in differing amounts to the members of the Executive Board. The non-performance-based, fixed compensation accounted for EUR 0.8 million (EUR 0.7 million) of total Executive Board compensation, while the performance-based, variable portion accounted for EUR 0.2 million (EUR 0.3 million) of the total. The total amount of the commitments made additionally to the members of the Executive Board for the variable compensation components with a multi-year assessment base as described above amounts to EUR 30 thousand (EUR 227 thousand).

Total compensation specifically also includes fringe benefits in the form of benefits in kind essentially arising from the value of allowances for insurance policies to be recognised under tax rules and the use of a company car. The total compensation granted as disclosed includes – to the extent that corresponding work was performed – salaries, profit shares, subscription rights and other share-based compensation, reimbursements of expenses, insurance premiums, commissions and fringe benefits in accordance with the relevant legal provisions. Where applicable, the total compensation also includes compensation that is not disbursed, but rather converted into other types of claims or used to increase other claims.

At the present time, Berentzen-Gruppe Aktiengesellschaft refrains from disclosing the compensation of the Executive Board on an individualised basis, meaning separately for each member of the Executive Board, as the annual general meeting of the Company on May 12, 2016 voted to adopt a resolution to the effect that, in accordance with Section 314 (3) sentence 1 HGB in conjunction with Section 286 (5) sentence 1 HGB (in the version in effect until December 31, 2020), the information required by Section 314 (1) No. 6 letter a) sentences 5–8 HGB and Section 285 No. 9 letter a) sentences 5–8 HGB and will not be disclosed.

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Executive Board subscription rights or any other share-based compensation in the 2020 financial year, nor do they hold any such compensation instruments. Furthermore, the members of the Executive Board were not granted any compensation in the 2020 financial year for positions held with subsidiaries. Furthermore, the total compensation of the Executive Board in the 2020 financial year does not include any benefits payable to former members of the Executive Board in connection with the cessation of their activity.

Other disclosures

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Executive Board any loans or advances during the 2020 financial year and no contingent liabilities were assumed in their favour.

No compensation was paid to former members of the Executive Board or their surviving dependants in the 2020 financial year. Pension payments totalling EUR 0.0 million (EUR 0.1 million) were made to former directors of Group companies for which Berentzen-Gruppe Aktiengesellschaft is the legal successor. The present value of the pension obligations for this group of people at December 31, 2020 amounts to EUR 0.4 million (EUR 0.7 million) when determined in accordance with IAS 19 or EUR 0.3 million (EUR 0.7 million) when determined in accordance with Section 253 HGB.

(3.2) Compensation of the Supervisory Board

System and principles for setting compensation

The compensation paid to the members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft is determined by the annual general meeting as documented in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. According to Article 14 of the currently valid Articles of Association, the members of the Supervisory Board each receive fixed compensation totalling EUR 17,000.00 for each full financial year, in addition to the reimbursement of their expenses. The Chairman of the Supervisory Board receives twice and the Vice Chairman one and a half times the amount of this fixed compensation. Members of one of the committees set up by the Supervisory Board each additionally receive one quarter compensation and the Chairmen of the committees each receive half of the fixed annual compensation for these activities for each full financial year. No performance-based compensation component is granted.

Total compensation of the Supervisory Board in financial year 2020

The total compensation granted to the members of the Supervisory Board for the 2020 financial year within the meaning of Section 314 (1) No. 6 letter a) sentences 1–4 HGB and Section 285 No. 9 letter a) sentences 1–4 HGB amounted to EUR 0.2 million (EUR 0.2 million); in addition, their expenses were reimbursed in a total amount of EUR 1 thousand (EUR 8 thousand). Moreover, the members of the Supervisory Board were included in a Directors & Officers liability insurance policy (D&O policy); in consultation with the Supervisory Board, no deductible was agreed with regard to this policy.

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Supervisory Board subscription rights or other share-based compensation in the 2020 financial year, neither do they hold any such compensation instruments. Furthermore, the members of the Supervisory Board were not granted any compensation in the 2020 financial year for positions held with subsidiaries. Finally, the total compensation of the Supervisory Board in the 2020 financial year does not include any benefits payable to former members of the Supervisory Board in connection with the cessation of their activity.

With the exception of the work performed by the employee representatives under the terms of their employment contracts, moreover, no compensation or benefits were paid or granted to the members of the Supervisory Board for work performed personally, such as consulting and brokerage services.

Other disclosures

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Supervisory Board any loans or advances during the 2020 financial year and no contingent liabilities were assumed in their favour.

No compensation was paid to former members of the Supervisory Board or their surviving dependants in the 2020 financial year.

(4) Report on risks and opportunities

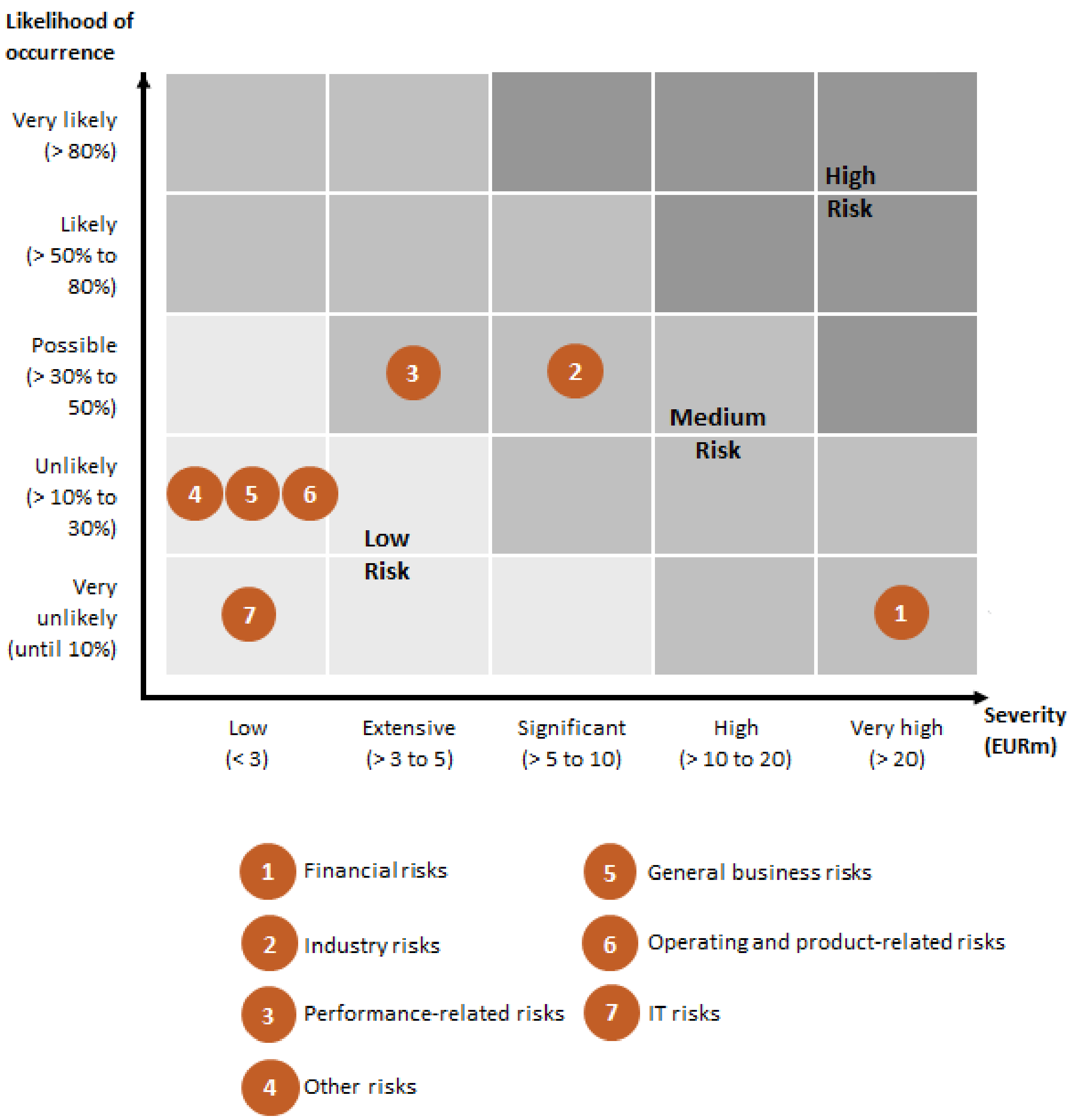
The Group's business activities open up numerous opportunities, but also expose the Group to numerous risks. Risks are understood to be internal or external events based on uncertainty regarding future developments that prevent the Company from achieving defined goals or successfully realising strategies. Conversely, opportunities are understood as possible future successes that exceed the defined goals and thus can positively impact business performance. Risks and opportunities do not represent polar opposite concepts that are independent of one another, but are instead directly linked with one another: Whereas the perception of opportunities as a rule is linked with risks, risks can also arise in the absence of opportunities.

(4.1) Risk management system

The Berentzen Group's risk management is geared towards promptly identifying risks, assessing them and countering them by means of appropriate security measures. The possible scope of risk is identified, probabilities of occurrence are determined and measures are planned and implemented in order to ensure the achievement of corporate objectives. Thanks to group-wide reporting, the Executive Board can identify and control risks to the Company as a going concern as well as risks that can materially impact the financial position, cash flows and financial performance. The risk management system thus meets the requirements set forth under Section 91(2) of the German Stock Corporation Act (AktG) and the pertinent regulations of the German Corporate Governance Code.

The direct risk responsibility and monitoring is assigned to employees working in operations who report quarterly to the Risk Management Officer on quarterly basis, as well as immediately whenever new risks are identified. The Risk Management Officer informs the Executive Board of the main changes and developments in the risk portfolio. Based on the Group's overall risk exposure, value at risk, which is determined with the help of Monte Carlo simulations, is also used, among other things. The system is thoroughly updated by means of an annual review that encompasses all risks, assessments and measures in a handbook and provides an outlook for the next three years.

In order to identify possible risks to the Group as a going concern, risks are assessed within the context of the risk management system based on severity and estimated likelihood of occurrence. Classification into the risk categories “high”, “medium” or “low” is based on the combination of risk exposure and probability of occurrence, which is reflected in the weighted expected value (based on risk containment measures) thereby derived, whereby the expected value is defined as the value at which consolidated net profit and therefore consolidated equity could be negatively impacted. This results in the following assessment matrix at the reporting date:



(4.2) Risks

Numerous risks grouped into different categories were particularly impacted by the coronavirus pandemic in the 2020 financial year. Therefore, the effects of the coronavirus pandemic on the monitored risk categories will first be described in the following. Afterwards, the primary risks grouped into categories that can have significant detrimental effects on the Company's business activities as well as on the Group's financial performance, cash flows and financial position will be described. The order of risk categories reflects the current assessment of risk exposure for the Berentzen Group. As a general rule, the described risks relate – unless otherwise indicated – to all of the Group's segments.

Effects of the coronavirus pandemic on the monitored risk categories

Some of the effects of the coronavirus pandemic and the adopted countermeasures described in the following refer only to the corresponding developments in the past financial year 2020. Because it appears that the pandemic will continue in 2021, the described effects will also influence the future risk exposure of the Berentzen Group if the pandemic progresses similarly in the future and if governments implement comparable health protection measures. The pandemic has increased the short-term probabilities of occurrence of individual risks that were basically identified and monitored already prior to the pandemic.

Within the category of “financial risks”, the general expectation that the coronavirus pandemic will lead to a sharp increase in corporate bankruptcies is particularly relevant. Restaurants and hotels in particular are expected to be vulnerable to the pandemic due to drastically lower revenues. However, the scope of risk for the Berentzen Group resulting from customer bankruptcies and the attendant defaults on receivables is deemed to be manageable because most of the default risk is covered by commercial credit insurance. This coverage was protected, in turn, by the protective shield extended by the German federal government. In addition, the decline in consolidated revenues and earnings caused by the pandemic could lead to reduced cash flows for the Berentzen Group. To counteract this effect, the Berentzen Group has intensified short-term liquidity management by further optimising the associated planning and management instruments, temporarily reducing investments in non-current assets and selling real estate not needed for operations. In addition, the Company’s credit covenants were subjected to permanent stress testing, as in the previous years. However, the Company has not ascertained any significant changes in the willingness of banks to extend loans, redefinition of lending criteria or general scarcity in the market for bank loans. It should be noted in this context that two important factoring agreements were extended early by three years to March 31, 2024 already in February 2020. The syndicated loan is in effect until December 31, 2022.

In the category of “industry risks”, a temporary shift in consumer behaviour towards increased at-home consumption in the midst of the pandemic has been observed in the *Spirits* segment. Unit sales also declined as a result of the cancellation of numerous consumption occasions. In the *Non-alcoholic Beverages* segment, the sales channel of restaurants and hotels has been particularly hard hit by the pandemic. The temporary, nearly complete closure of restaurants and hotels particularly led to unit sales declines for a franchise brand managed within this segment. The restricted movement of primarily younger consumers caused a marked decrease in unit sales of profitable brands and containers designed especially for “on-the-go” consumption. Innovations have also been adversely impacted by the pandemic. The listing of new products in retail outlets has been impeded and the market introduction of some new products is not considered to the advisable in the current environment. The Berentzen Group countered these trends by intensifying field sales activities in the remaining channel of food retailers with the goal of partially offsetting the drop in sales to restaurants and hotels. In addition, sales staff in the channel of restaurants and hotels have been placed on shortened work schedules. In the *Fresh Juice Systems* segment, the pandemic has particularly hampered direct contacts with foreign suppliers and potential new customers, primarily as a result of cancelled trade fairs. Consequently, communications with suppliers and customers have largely shifted to digital communication channels. Moreover, the sales organisation in Germany, Austria and Switzerland was restructured and increased resources were allocated to it.

In the category of “performance risks”, the Group looks out for any indications of impairment of assets of the Berentzen Group. As remarked above on the subject of “industry risks”, the coronavirus pandemic caused unit sales to fall particularly in the *Non-alcoholic Beverages* segment, which adversely impacted the profitability of this segment. Consequently, an ad-hoc impairment test was conducted already at the end of the first quarter of the 2020 financial year, leading to an impairment loss of EUR 1.4 million, which was recognised as an exceptional expense. Three other impairment tests were conducted in the course of the 2020 financial year, but did not result in additional impairments or reversals of prior impairments. It may be necessary to conduct renewed impairment tests depending on the further course of the pandemic and its effects on segment-relevant sales channels and consumption habits. These impairment tests could lead to new impairments and/or reversals of prior impairments.

In the category of “Other risks”, the coronavirus pandemic mainly influences risks arising from the assumption of legal obligations given that the pandemic has made it more difficult or maybe even impossible to fulfil contractual obligations for the time being. Contract controlling has been intensified to counter these risks.

In the category of monitored “business environment risks”, the coronavirus pandemic has adversely affected the performance of the German economy and the world economy, as well as basic operating conditions in the relevant procurement and sales markets. In addition, the measures adopted by the German federal government and states to curb the pandemic affect the risks of this category. In particular, the unit sales of the Berentzen Group were adversely affected by the closure of restaurants and hotels, the extensive contact restrictions, the prohibition of events and the occasional bans on the sale and consumption of alcoholic beverages. The measures implemented to minimise business environment risks were already described in the section on “industry risks”.

In the category of “operational and product-related risks”, the heightened occupational safety requirements occasioned by the pandemic, particularly including the implementation of physical distancing and hygiene regulations, reduced the Company’s productivity and caused efficiency losses. Moreover, production processes could be adversely affected by quarantine orders or infections within the staff and possible disruptions of international supply chains. Numerous measures have been taken to protect the staff and ensure the Company's ability to produce and deliver its products. Processes have been converted, extensive hygiene measures have been implemented and a work shift and in-person presence plan encompassing all workplaces has been introduced.

The category of "IT risks" has been particularly affected by the heightened number of employees working from home as a result of the pandemic, which has increased the demands placed on IT support. In some cases, moreover, the heightened demand for computer hardware has led to bottlenecks in the procurement market.

All told, the coronavirus pandemic has primarily affected the risks of the Berentzen Group over a short-term horizon. In particular, it has increased the short-term probabilities of occurrence of the risks grouped into the categories of "financial risks" and especially "business environment risks". Although the pandemic has likewise increased the occurrence probabilities and scope of individual risks in the medium term, this has not led to changes in the risk categories within the risk matrix presented in the Annual Report.

Financial risks

Qualitative disclosures regarding risks related to financial instruments

The primary financial instruments used by the Berentzen Group include the syndicated loan agreement as well as overdraft facilities, factoring agreements and trade payables. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various financial assets at its disposal, for example trade receivables as well as cash and cash equivalents that can be directly attributed to the business activities.

The Central Financial Management Department manages the Berentzen Group's financial risk. It monitors liquidity risk, credit risk and market risk. The strategies and methods employed to manage the individual financial risks are presented below.

Liquidity risk

Liquidity risk is the risk that a company is not in a position to procure the funds needed to settle obligations entered into in connection with financial instruments. The Executive Board, the Management and Central Financial Management Department manage the Group's liquidity risk. Liquidity risk is managed primarily by procuring funds as part of the overall funding of the Berentzen Group, which is presented in the Economic report in Section (2.2.5) Cash flow/Financing structure.

In this context it follows that, among other things, the syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 contains an obligation to comply with the covenants of "dynamic debt ratio" and "equity ratio", specified in the agreement, calculated on the basis of the consolidated financial statements. Furthermore, the agreement contains the customary obligations, conditions, assurances and warranties that particularly include limits on leverage, limits relating to the sale of assets and a change-of-control clause. In the event of failure to comply with the covenants, other obligations, assurances and warranties or the occurrence of a change of control, the lenders under the syndicated loan agreement will be entitled to prematurely terminate the syndicated loan agreement and demand immediate repayment of the funds utilised and any outstanding interest and costs. The covenants must be met at the end of every month.

Furthermore – although characterised by a relative minor risk level – the financing contracts granted to two foreign subsidiaries of Berentzen-Gruppe Aktiengesellschaft in the form of working capital loans, as well as a surety for alcohol tax provided by a guarantee and bonding insurance company, likewise contain change-of-control clauses. A covenant has been agreed for this surety in which the Berentzen Group undertakes to comply with a defined economic equity ratio. A violation of change-of-control clauses or covenants gives rise to special call rights on the part of the lender.

Compliance with the covenants and the miscellaneous other arrangements contained in the financing agreements is continuously monitored by the Executive Board and the Central Financial Management Department. The expected financing requirements and the foreseeable development of the covenants are mapped in the planning and budgeting process so that countermeasures can be initiated and the provision of outside capital can be ensured if necessary.

Furthermore, with respect to the financing of the corporate group, measures are continuously reviewed and/or implemented that have the goal of both providing an adequate credit line volume as well as maturity matching. This is supplemented to the extent possible by approaches to reducing traditional use of debt capital (e.g. through alternative financing forms such as leasing or by freeing up capital internally in the working capital).

Credit risk/Risk of default

Credit risk or risk of default is defined as the risk of a financial loss that arises if a contracting party fails to meet its payment obligations. The management of credit risk or risk of default in the Berentzen Group is substantially geared towards entering into transactions with creditworthy third parties.

Around 78% (76%) of consolidated revenues are realised over foreign branch offices that in addition to del credere agreements also assume the credit risk. In addition, the risk of default is covered under trade credit insurance. As a general rule, balances in excess of EUR 5 thousand are covered under credit insurance. Trade credit insurance reimburses all defaults on receivables on the part of insured customers up to the agreed deductible of 20% for customers residing in Germany and 10% for customers residing abroad. Alongside export credit insurance, security payments or advance payments are frequently agreed with the Group company domiciled outside of Europe.

A significant portion of trade receivables is sold under factoring agreements. Since the respective factor also assumes the del credere liability without recourse, these receivables are not reported in the consolidated statement of financial position in accordance with the relevant accounting standards. An exception to this is a relatively insignificant continuing involvement compared to the volume of factored receivables that represents the late payment risk remaining with the group. Measured on the customer structure, the amounts receivable from individual counterparties are accordingly not so large that they would signify a material concentration of risk.

Loans and/or credits are not granted in foreign currencies and bill of exchange operations are not carried out. As a general rule, no deliveries are made to customers not associated with foreign branch offices without first conducting a credit assessment with the help of rating agencies. The receivables portfolio is monitored on an ongoing basis; consequently, the risk of default to which the Group is exposed is manageable and not significant. Furthermore, credit periods for payments are monitored on a regular basis.

In addition, the risk of default includes the country risk and/or the transfer risk. On the one hand, this includes the risk of economic or even political instability in connection with investments or the cross-border financing of Group companies in countries deemed to be risky, and on the other hand also the risk associated with selling directly to customers in these countries. Country risk with respect to equity measures or other forms of cross-border financing for Group companies is managed in connection with the decision to develop or expand a foreign market using a Group company by means of an overall assessment of the general economic and political environment, including the country rating. Companies are not established in countries deemed to be unstable. Subsequent financing measures oriented strictly towards actual capital requirements with respect to previously established foreign Group companies are also accordingly assessed based on continuous monitoring and updated findings and are furthermore managed and accompanied centrally. For example, both intragroup financing made to a subsidiary based in Turkey as well as its current assets are subject to more intense monitoring on account of the political events of the past years due to the associated implications of a higher risk of default. Security payments or advance payments are agreed in order to minimise the risk associated with selling directly to customers in countries deemed risky if there is no trade credit insurance coverage or it is not possible to sell the receivables under factoring agreements. In addition, the responsible Executive Board member receives separate reports on any overdue foreign receivables.

Market risk

Market risk is defined as the risk that the fair value of future cash flows from a financial instrument changes due to market price fluctuations. Market risk includes currency risk, interest rate risk and other price risks. Market risk is also managed by the Group's Executive Board, the Management and the Central Financial Management Department.

Currency risk arises from the translation of foreign currencies into the Group's functional currency (euros) as a consequence of changes in the exchange rate and generally results as defined by the Berentzen Group from financial items in the statement of financial position, as well as from executory contracts or transactions planned in foreign currencies. The foreign currencies relevant for the corporate group particularly include the U.S. dollar and the Turkish lira. In addition to the exchange rate trend, the resulting risk potential also depends on changes in the volume of transactions effected or to be entered into in foreign currencies. So far, the business activities with respect to procurement and sales have been largely settled in euros and US dollars. No material transactions are entered into with suppliers or customers in hyperinflationary economies. Furthermore, some currency risk is balanced out in that both procurement as well as sales are carried out in the same foreign currency; as a result, incoming payments offset outgoing payments in the same foreign currency – albeit as a rule not in the same amount or in matching maturities. Without taking consolidation effects into account, liabilities and receivables denominated in foreign currencies amounted respectively to approximately EUR 1.2 million (EUR 1.3 million) and EUR 1.4 million (EUR 3.0 million) as of December 31, 2020. Rate-hedging measures are carried out regularly for the most important foreign currency, the U.S. dollar, insofar as an assessment of the foreign currency environment makes this appear to be useful. In order to hedge foreign currency risk arising from future purchases of merchandise, the Group held currency options in the total amount of EUR 1.6 million at December 31, 2020 (December 31, 2019: no exchange rate hedging measures). Given the prerequisite of an unchanged scope of consolidation, currency risk is to be regarded insofar as relatively low overall. However, this assessment can change with an increasing volume of corresponding transactions as well as due to the effects of financial policy and corporate policy decisions or future trends on the foreign exchange market.

From a Group perspective, the recoverability of assets and/or the nominal value of the Berentzen Group's liabilities outside of Germany are also subject to exchange rate fluctuations. Foreign currency effects are recognised directly in consolidated equity when translating the net carrying amount of assets from the financial statements of foreign Group companies; however, risks arising from foreign currencies recognised in profit or loss – even though they are not cash items from a Group perspective – can insofar also result from intra-Group transactions effected in foreign currencies, particularly including the financing of foreign companies using the Group's own funds. In the case of deconsolidations of foreign subsidiaries, currency risks from consolidation differences due to currency translation previously recognised directly in equity can be recognised in profit or loss. No foreign subsidiaries were deconsolidated in the 2020 financial year. For this reason, as of December 31, 2020, negative currency effects remain in the Berentzen Group's retained earnings from the translation of Group-internal financing to a Group company in Turkey in the amount of EUR 3.6 million (EUR 3.0 million).

The actual average credit period across the entire corporate group is currently around 36 (35) days. This does not result in elevated liquidity or interest rate risk, because sufficient factoring lines or – particularly outside of Germany – financing instruments with a comparable effect are available for the financing of receivables. The need for classic short-term credit lines is thereby significantly reduced.

Any utilisation of the syndicated loan agreement and funds provided in connection with two factoring agreements are subject to variable interest rates on the basis of the EURIBOR reference rate, which means interest rate risks do in principle exist. The effects of any changes in the interest rate can be partially compensated for by the deployment of interest rate hedging instruments. For this reason, the development of interest rates is monitored on an ongoing basis and the possible use of interest rate hedging instruments is regularly reviewed.

Furthermore, the procurement of raw materials and materials as well as the purchase costs of merchandise and system components are subject to market and/ or price risk. The cost prices of the raw materials and packaging materials and/or merchandise and system components used by the Berentzen Group are influenced in all segments particularly by their availability in the market; accordingly, purchases carried out in foreign currencies are influenced by the exchange rate trend of the respective currency against the euro. A large part of the raw materials needed for the production of spirits and non-alcoholic beverages as well as the fruits (oranges) traded in the *Fresh Juice Systems* segment are agrarian products, the availability of which depends on the respective crop yields. This means that their availability depends on the crop yield in each case. In addition, regulatory measures such as customs duties can have a significant influence on cost prices.

For glass purchases, there are annual supply agreements in place with fixed quantities and prices. Contracts for raw materials dependent on crop yields such as grain alcohols, sugar or fruit juice concentrates are usually entered into from harvest to harvest. The prices of other raw material and packaging material groups are based on market price indexes and are generally fixed on a quarterly or six-monthly basis depending on the market situation. In the *Fresh Juice Systems* segment, purchases of the individual system components are predominantly managed on the basis of single contracts; in particular, the procurement of fruits (oranges) is dependent on harvest seasons in the global cultivation areas.

Quantitative disclosures regarding risks related to financial instruments

The specific qualitative disclosures regarding the individual risks related to financial instruments are provided as part of the quantitative disclosures discussed in note (4.5) to the consolidated financial statements.

Risk assessment

With respect to financial risks as a whole, the estimate with respect to the likelihood of occurrence remained unchanged compared to the previous year, as did the assessment of the severity of the risk. All in all, these risks remain classified as “medium risk“, the same as in the risk report for the 2019 financial year.

Industry risk

As with other daily consumable products, spirits, non-alcoholic beverages and fresh drinks such as freshly pressed fruit juices are considered to be Fast Moving Consumer Goods (FMCG). The relative ease with which such products can be substituted also requires for the preservation and expansion of the business volume, among other things, that new brands and products are continuously developed in significant volumes and introduced to the market. Market surveys and past experience document that the risk of not being able to successfully introduce new brands and products to the market in the FMCG segment – or that the success cannot be sustained – is significant. Particularly in the *Spirits* and *Non-Alcoholic Beverages* segments, such innovations represent an important building block for sustainable growth geared towards adding value for the Berentzen Group. Therefore, in light of the presented background, they bear the risk that the contributions to earnings planned insofar cannot be realised at all or in the budgeted volumes. Appropriate countermeasures such as careful planning, product development and market tests conducted in advance of the introduction as well as subsequent marketing and sales promotions are also incapable of preventing this. As a general rule, this applies accordingly in the *Fresh Juice Systems* segment, even though the focus of the risk from the perspective of the Berentzen Group insofar does not lie so much on the beverage ultimately purchased by the consumers, but rather on the system components fruit juicers, and thus consequently on the success of an innovation-driven machine technology in whose development the long-term and currently only supplier also plays an important role that is carried out as part of a close cooperation. Insufficient innovative capacity and thus technical innovations that fail to materialise, are late, or not successful in the market therefore also include the risk despite corresponding risk containment measures – particularly general engineering as well as ongoing engineering geared towards the development of new applications – contributions to earnings factored into the managerial planning cannot be realised at all or in part.

In addition, the general economic trend can have a direct influence on consumer behaviour. In addition to a decrease in consumer spending and/or consumer restraint in Germany, a considerable deterioration in conditions can lead to an increase in the market shares of discounters if the consumers switch to low-priced products such as dealer brands. Similar market trends are already becoming evident or are already established in numerous foreign markets, particularly in Europe and in bordering regions. This could increase pressure on the margins, which would particularly have a negative impact on the earnings situation in the *Spirits* segment and *Other segments*.

As a result of the continuing increasing concentration in the German food retailing sector, the top key accounts – and therefore the dependency of individual suppliers on these major customers – are becoming more and more important. Comparable trends can also be observed abroad with corresponding effects on the subsidiaries. In some cases, substantial dependencies develop in the business relationships with individual major customers. All of the Group's segments are affected by this – each individually to a different extent – with the exception of the *Other segments*. In total, the Berentzen Group realised around 47% (42%) of its consolidated revenues in the 2020 financial year with its three largest customers, each of whom belong to the food retailing sector. In this context, there are various aspects that can have a negative impact on the success of the Berentzen Group's business. For example, the supplier agreements – as is typical in the industry – have a relatively short term and normally do not include any purchase commitments. Furthermore, there is the risk that important customers abruptly end their business relationships with the Berentzen Group or do not extend them and that the corporate group will not be able to quickly adjust its cost and production structure fully or sufficiently and/or cannot find another customer, leading insofar to excess capacities. The pressure on the individual supplier and price terms as well as conditions rises together with a customer's increasing importance; as a result, the Berentzen Group’s net selling prices can decrease. It is accordingly possible that the Company may not at all be able to pass on price increases with respect to raw materials or rising personnel expenses and overheads, or that they can only be passed on in part or with a delay. If these risks are realised, this could prove to be a drag particularly on earnings and on the whole have a significant negative impact on the financial position, cash flows and financial performance of the Berentzen Group. The Berentzen Group is countering this risk by strengthening key account management together with further systematic efforts to increase sales and distribution. Advertising activities to promote the brand are intended to improve the corporate group's position vis-à-vis its business partners. All measures are accompanied by efforts to further expand the distribution channels in order to achieve a balanced customer portfolio as well as to continuously and diligently foster relationships with the customers' most important decision-makers and contact persons.

According to the estimate performed within the risk management system relating to the industry risks monitored in this context, there were no changes in the estimation of the likelihood of occurrence and the severity of the risk in comparison to the previous year. All in all, the classification remained “medium risk”.

Performance risk in connection with the business model

Performance-related risk represents those risks that can arise within the value added chain, i.e. in the course of production and sales, to the extent that these risks are not assigned particularly to operational and product-related risk or industry risk. Furthermore, negative developments in the value chain may impact the economic profitability and the cash flow of Berentzen Group’s assets. As a consequence, the Group monitors, specifically on the basis of the provisions contained in the International Financial Reporting Standards (IFRS), whether there is any indication that the assets are impaired. In this context, potential future impairments may have a negative impact on the Berentzen Group’s financial position, cash flows and financial performance.

In the business environment of the *Non-Alcoholic Beverages* segment, significant volumes can be attributed to the Company's business with products of franchise brands as well as the bottling of franchise or other third-party brands and private-label products in connection with service agreements. As a general rule, the franchise business with the soft drinks brand *Sinalco* is based on a corresponding contractual agreement with a term lasting many years. In addition to competition-related provisions and an associated change-of-control clause, the franchise agreement also specifies performance indicators and provides for further agreements that entitle the franchiser to early terminate the franchise agreement in the event of non-compliance or non-performance and/or to set economically disadvantageous limitations on the rights of the franchisee. Franchised or other third party branded and private-label products are bottled on the basis of several service agreements, some of which have medium-term contract periods and other short contract periods. Furthermore, the individual contracts include arrangements that differ in the details, such as competition-related qualified change-of-control clauses that entitle the respective client to early termination of the agreement in the event of non-compliance or non-performance.

In addition, as with all contractual relationships, there is the risk – both with respect to the franchise agreements as well as the service agreements – that when the contractual term expires they will not be continued or can only be continued under terms and conditions that are unfavourable for the Berentzen Group. The loss of the franchise business or a significant portion of the business involving the bottling of franchise or other third-party brands and private-label products can have a significant impact on the development of the business as well as the financial performance, cash flows and financial position as a result of major declines in revenue and earnings as well as structurally necessary follow-up measures and effects that must be reflected in the accounting, to the extent that such a loss cannot be replaced through the business with the Company's proprietary brands and products, another franchise business, or other corresponding contracts. For example, various measures are being taken to counteract the effects of the termination as of March 31, 2021 of a service agreement on the bottling of third-party branded products; such measures are aimed at strengthening our own brands and achieving cost savings.

Early unintended termination of the franchise agreement or other service agreements is prevented to the extent possible through the agreement of realistic objectives, adherence to and strict compliance with agreements and instructions within the context of systematic contract management and through constant relationship management. However, since these are necessarily bilateral agreements, some risks – particularly those outside of the franchisee/contractor's area of influence – cannot insofar be ruled out.

In the *Spirits* segment, the business with whiskey is very important due to high market demand over the past several years. In addition to the shortage on the procurement market for whiskey, the mostly multi-year storage periods also require an anticipatory purchasing policy geared to the medium term in order to secure the basic materials. Although appropriate medium- and long-term delivery agreements are in place on the sales side, the Group monitors potential risks arising from the uncertainty regarding future sales of already purchased or firmly contracted batches of unprocessed or processed whiskey, which can have a negative impact on the Group's financial performance, cash flows and financial position.

Any occurrence of the aforementioned risks and further indications extending beyond the same could lead to an accounting impairment loss being recognised on the Berentzen Group's assets. As part of risk management, impairment testing is performed on an ongoing basis. In addition to the information from the internal reporting system, monitoring extends to exogenous factors such as market interest rates or market returns, factors that the Berentzen Group can only influence to a limited extent or not at all. In past financial years, ad hoc impairment testing, among other things, was performed on the *Non-alcoholic Beverages* cash-generating unit. Recording impairment losses generally reduces the risk of further impairment. Despite the impairment losses recorded in past financial years, further impairment losses with a negative impact on the financial position, cash flows and financial performance cannot be ruled out for the future.

With respect to the performance risks monitored as part of the risk management system as a whole, the estimate with respect to the likelihood of occurrence remained unchanged compared to the previous year, as did the assessment of the severity of the risk. All in all, the risks remain classified as "medium risk", the same as in the risk report for the 2019 financial year.

Other risks

Risks on the part of the Berentzen Group that are not classified under any of the aforementioned risk categories and which could have a negative impact on the Group's financial performance, cash flows and financial position are combined under the category of "Other risks".

Legal and tax-related risks

As a concern operating in the international food industry, the Berentzen Group is exposed to various legal and regulatory risks. These include contractual and third-party risks in connection with the respective national or international provisions governing express warranties and product liability, food laws, consumer protection laws, competition and antitrust laws, trademark and patent laws, environmental, construction and planning laws, labour laws and occupational health and safety laws, foreign trade and customs laws, tax laws – particularly excise tax laws related to the taxation of alcoholic beverages – as well as provisions related to purchasing activities and procurement; for example the observation of sanctions lists. In addition, Berentzen-Gruppe Aktiengesellschaft is subject to obligations resulting from its listing on the stock exchange, particularly the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation - MAR) and the German Securities Trading Act (WpHG).

The Berentzen Group has methods and institutions at its disposal to ensure compliance with national and international laws and guidelines and, if necessary, the initiation of suitable countermeasures. These particularly include appropriate organisational instruments, including by-laws, competence guidelines, the corporate group's central departments for legal, tax and accounting issues as well as the engagement of external advisers in legal and tax-related matters. Risk insurance policies are taken out for these risks to the extent possible and appropriate in the opinion of the Berentzen Group; in contrast, it is not possible to insure against possible reputation losses.

The aforementioned measures also serve not least to prevent and minimise legal risks that can ultimately manifest themselves in legal disputes or judicial, administrative, or other proceedings. The Group is represented in legal disputes by the corporate group's Central Legal Department or by the engagement of external legal advisers with the goal of preventing losses or keeping them as small as possible. However, any legal disputes and proceedings could, nevertheless, have a significant adverse effect on the financial performance, cash flows and financial position of the Group or one of the companies included in the consolidated financial statements not only in the event that the associated expenses are not or cannot be covered by insurance but also in those cases where the expenses arising exceed the risk provisions made in the form of insurance cover or accounting provisions. More details on specific legal disputes pending as of the date of approval for publication of the consolidated financial statements and the annual financial statements of Berentzen-Gruppe Aktiengesellschaft as well as of the combined management report for the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft, can be found in Note (4.4) Legal disputes in the notes to the financial statements.

The legal risks monitored separately in connection with risk management include such risks arising legal obligations entered into, primarily with respect to long-term contractual relationships, particularly based on third-party contractual relationships, risks arising from insufficient contract controlling and risks from contractually agreed change-of-control clauses. This can lead to legally and economically detrimental claims and/or the undesired cancellation of contracts or the forgone or delayed assertion of the Company's own claims.

Individual companies of the Berentzen Group are parties to bilateral contracts in which change-of-control clauses are agreed in various forms. Depending on the design in individual cases, these clauses entitle one or both contracting parties to terminate the agreement early or without notice if there is a change in control. This primarily relates to financing contracts, a franchise agreement and service agreements regarding the bottling of franchise and other third-party brands. Furthermore, there are corresponding agreements with members of the Executive Board. The comments on financial and performance risks in this section, the disclosures in Section (6.8) related to mergers and the Compensation Report in Section (3.1) include further details regarding this.

In addition, the other risks include such risks related to income, transaction and excise taxes resulting primarily from inappropriate tax treatment, improper handling that does not meet the formal requirements, or non-standard tax assessment on the part of the responsible tax authorities regarding transactions to the disadvantage of the taxpayer. In various capacities, the Group companies are largely subject to regular tax audits and insofar are closely monitored by the tax authorities. In light of the multitude and complexity of tax rules, it is nearly impossible to completely rule out these risks.

Both corresponding organisational measures for the review, processing and clearing of transactions as well as central departments for customs and tax-related matters in Germany and the consultation of external tax advisers serve to limit such risks.

Risk assessment

With regard to the totality of other risks monitored under the risk management system, there has been no change in the assessment of occurrence probability and risk scope since the previous year. On aggregate, therefore, the risks are the same as those classified as "low risk" in the risk report for the 2019 financial year.

Business environment risk

With its international operations, the Berentzen Group depends on the economic, political and social development of countries and regions in which it is already active in the market or plans to be. This relates both to the purchasing as well as the selling side of the business. The business environment in the individual markets is subject to continuous – and in some cases very short-term – changes. The corporate group is exposed to a series of factors on which it only has a limited influence or none at all. These include, among other things, political, social, economic, or legal instabilities, including insufficiently developed or differentiated legal and administrative systems, restrictions on the movement of goods and capital, regulatory changes or limitations, encroachments, or the loss of property, volatility in the financial markets and changes with respect to exchange rates and the resulting market effects as well as general changes in the supply of goods and services, the demand for such goods and services, or consumer trends and/or behaviour. Such risks can have a temporary or permanent negative impact on business activities and therefore on the achievement of the objectives pursued by the Berentzen Group. Such business environment risks are subject to permanent control in the supervision, monitoring and management of the operating business.

In this connection, particular emphasis is given to the effects of coronavirus pandemic on national and global economic output that were described at the beginning of this section. Economic activity has been particularly hard hit by the measures taken to curb the pandemic. Although it is expected that the world economy will begin to recover from the effects of the coronavirus pandemic in 2021, the further course of the pandemic is uncertain. Risks could be presented particularly by an increase in infection numbers – possibly in connection with new virus variants – and by the implementation of vaccine plans, which could call into question the expected easing of containment measures. The coronavirus pandemic also poses the risk of increased bankruptcies, which could derail an economic recovery and destabilise financial markets. Another risk factor relates to the current and potential international trade conflicts and the associated tariff and non-tariff barriers to trade, such as the import duties imposed on bourbon whisky since late June 2018. Of particular relevance is the trade conflict between the United States and China. Despite the partial ("phase one") trade deal reached in January 2020 and the election of a new US President in November 2020, a quick end to the conflict is not expected. However, the new US administration could improve other trade relationships such as those between the United States and the European Union and Germany.

In light of the political and economic situation in Turkey, this market, which is served by a local group company, is additionally subject to continued more intense monitoring within the Berentzen Group's risk management system.

The business environment risks monitored separately for purposes of risk management relate particularly to the *Spirits* segment and *Other segments*. Restrictions on the marketing of alcoholic beverages, for instance through sales restrictions, increases in alcohol tax or comparable foreign excise taxes, anti-alcohol campaigns and import restrictions on important raw materials or advertising bans, represent potential risks for the Berentzen Group. Legislative measures such as special taxes and measures regulating advertising have had a significant influence on the beverage industry in the past.

The discussion regarding restrictions on the freedom of advertising for alcoholic beverages persists. While further legal restrictions are not currently on the horizon at the national level, such restrictions have been implemented in the recent past in individual international markets of relevance for the Berentzen Group, for example in Turkey. The latter point also applies to an increase in excise taxes on alcoholic beverages; specifically for the market in Turkey there were further tax increases in 2020 that are also to be expected in following years.

According to the estimate performed within the risk management system of the monitored business environment risks, the risk exposure remains "low" and the probability of occurrence remains "improbable". In summary, the classification remained in the "low risk" category.

Operational and product-related risk

Operational risks

In the *Spirits*, *Non-Alcoholic Beverages* and *Other segments*, there are operational risks primarily with respect to the breakdown of production plants or sites as well as, if applicable, with respect to the outsourcing of production capacities to another plant location that could lead to supply bottlenecks or delivery disruptions. The risk of production losses is minimised by means of ongoing maintenance and capital expenditures, the constant availability of technical service and emergency staffing plans. In addition, production capacities are available at other beverage manufacturers for emergencies and there is a business interruption insurance policy. In order to limit this risk, suppliers are carefully selected with a view towards maintaining long-term relationships as part of a sustainable relationship management process. In addition, the entire production process is also closely accompanied and monitored in collaboration with the suppliers. In the context of the coronavirus pandemic, numerous measures have been taken and processes converted to protect the staff and ensure the Company's ability to produce and deliver its products. Such measures particularly include extensive hygiene measures and a work shift and in-person presence plan encompassing all workplaces. In the *Fresh Juice Systems* segment, there is a concentration on one supplier of machinery and one supplier of bottles and therefore risks of production stoppages, capacity bottlenecks and justified or unjustified unilateral termination of the supply relationship by the respective supplier. The availability of alternative production capacities is currently very limited and it is expected that it could only be realised with a considerable delay. This risk is countered by means of particularly close support and management of the long-term cooperation arrangements that includes, in the case of the machinery supplier, the implementation of an effective local quality assurance system.

Furthermore, in the *Spirits* and *Non-Alcoholic Beverages* segments, whose manufacturing facilities and property have been utilised for decades, operational risks could arise from environmental damage. This is understood to be a directly or indirectly occurring identifiable, detrimental change (impairment) in protected species and natural habitats (biodiversity) as well as in waters or in the ground as a result of which the Group must bear environmental liability risks and risks arising from existing or changing general regulatory conditions. In addition to rules related to the environment that are included in the quality assurance system, risk provisions for environmental damage serve to cover insured losses.

Product-related risks

Product-related risks can result from product defects, product sabotage, or product extortion and particularly lead to health risks on the part of consumers, loss of reputation, and restrictions in the marketability of products up to and including product recalls. Product defects are defined as the unintentional chemical, physical, or microbiological contamination of a product in connection with the manufacturing process. In contrast, product sabotage and product extortion are based on intentional actions outside or within the Company during or subsequent to the manufacturing process.

In order to reduce the potential losses and/or the effects of an operational or product-related incident, the arrangements for security, plant and product safety are constantly further improved or expanded and monitored through corresponding checks. Installations for fire protection and burglary are maintained using state-of-the-art technology. Special measures are undertaken for the individualised management of access authority in the product-relevant workspaces.

The Berentzen Group responds to rising requirements from statutory provisions in the area of technology and product safety, for example for accident prevention and environmental protection or under the relevant food regulations, by using internal plant inspections, by selecting reputable suppliers, with the use of qualified personnel and by engaging reliable service providers that demonstrate a proficiency in the use of Berentzen Group products. In addition, product safety is served by ongoing quality controls and the established quality assurance and crisis management system, which is subject to regular internal audits and corresponding external certifications according to recognised quality standards, namely according to the IFS Version 6.1 (International Featured Standards) Food. The production facilities of the Berentzen Group were all certified at the higher level (more than 95% standards fulfilment) in the IFS certification audits in 2020. Furthermore, there are the certifications issued with respect to technical safety by the relevant testing organisations such as the Technical Inspection Association (TÜV), particularly in the *Fresh Juice Systems* segment. For the procurement of capital goods and raw materials, quality standards are defined and safeguarded by long-term cooperation with corresponding suppliers; new suppliers must undergo a qualification process. An additional building block for the reduction of product-related risks consists in the covering of corresponding insured losses.

In addition, there are other product-related risks in the individual segments.

In the *Fresh Juice Systems* segment, the highest standards of quality are maintained for the oranges marketed in the *frutas naturales* variety. Depending on the time of the year and the harvest cycle, the fruits are procured from Southern Europe, but also from cultivation areas outside of Europe and put on the market without any post-harvest treatment. Insofar, there are risks with respect to the availability and quality of the oranges for a wide range of reasons. These include, among other things, a general market shortage, poor harvests, bad weather, interruptions, or delays – considering the easy perishability – in the particularly important logistics processes or also a deterioration in the relationship with suppliers or producers. Furthermore, quality defects can lead to severe reputational damage. Measures to minimise the risk include an anticipatory procurement policy executed on the broadest possible supplier basis and with a view towards sustainable relationship management as well as the appropriate management and monitoring of the logistics processes. The quality of the purchasing process for oranges has been confirmed by an external body through IFS Broker certification. In addition, internal analyses of quality and sensory evaluations are performed. Furthermore, analyses to detect pesticides are commissioned in cooperation with laboratories.

Risk assessment

According to the estimate performed within the risk management system relating to the operational and product-related risks monitored in this context, there were no changes in the estimation of the likelihood of occurrence and the severity of the risk in comparison to the previous year. Overall, the classification thus remained in the “low risk” category.

IT risks

The reliability and security of the information technology (IT) are very important for the corporate group. At the same time, IT security around the world is exposed to increasing threats in general. This not only applies for the use of IT systems in connection with the business processes, but also for IT systems implemented for internal and external communication. Outages or disruptions of these IT systems signify risks for the availability, reliability and confidentiality of systems and data in development, production, distribution or administration and therefore for the Berentzen Group's financial position, cash flows and financial performance.

This risk is countered, among other things, through the redundant configuration of server systems, hardware support contracts with short reaction times, a direct availability of replacement parts and data lines as well as an uninterruptible power supply. An even higher level of security and availability of the ERP system is ensured by means of a high availability environment (virtualisation) in connection with a storage solution involving redundant capacities at two computer centres and deploying a synchronous mirroring system. In the event of a failure, a shadow database makes it possible to make data available again at extreme short notice; in addition, all data inventories are backed up on a daily basis. Firewall systems, a VPN solution with 2 factor authentication, virus scanners, spam and content filters, the Windows domain and authorisation concepts guarantee a high level of security in access authorisations and external access.

The IT risks monitored within the scope of the risk management system remain overall in the “low risk” category as was the case at the end of the 2019 financial year.

(4.3) Opportunities

The Group's broad positioning with its product range of spirits, non-alcoholic beverages and fresh juice systems allows the Berentzen Group to emancipate itself from critical demand factors and declining product categories and opens up manifold opportunities for sustained positive business performance. They are based on the consistent dual-track operational positioning in the traditional and innovative segments as well as in the national market and international markets. The opportunities are supported by a consistent focus on the needs of the consumers as well as those of the trade and catering partners. In addition to endogenous factors based on internal decisions and measures, exogenous factors can also have an impact on the market success. The most important opportunities that arise against this background are described below. However, they only represent a sample of the possibilities and a snapshot assessment, because the Berentzen Group is continually further developing just like the markets, and therefore the significance of an opportunity can decrease just as options that are entirely unknown today can arise in the future. Therefore, the Berentzen Group monitors all relevant trend lines in order to systematically take advantage of future opportunities with decisions that are appropriate for the situation.

Opportunities from the change in general economic conditions

Opportunities can arise for the Group from the development of general economic conditions at a national and international level if the economies of the important industrialised nations – especially Germany and the United States – recover from the pandemic-induced recession in 2020 and experience appreciable economic growth. From the perspective of the Berentzen Group, the resulting potential for opportunities must insofar be regarded subject to a significant reservation insofar as the further course of the coronavirus pandemic is uncertain, particularly with regard to the implementation of vaccine plans and the associated reduction of the extent and duration of the measures imposed to curb the spread of the coronavirus.

With regard to money market trends in the 2020 financial year, the euro recovered against the US dollar. Most analysts expect the euro to appreciate further in 2021, which would present opportunities for procurement, primarily in the *Spirits* and *Fresh Juice Systems* segments, but also have an impact on sales in these two segments.

Further positive potential influences stem from the reduction in bureaucratic hurdles, easing the entry into new markets and reducing the costs for access to existing markets. With the US new administration that took office in January 2021, a trade rapprochement between the European Union and the United States is possible. The resumption of negotiations on a possible free trade deal could have a positive effect in the medium- to long-term and the resolution of current tariff disputes could have a positive effect in the short term. In particular, the *Spirits* segment would benefit from the lifting of import duties on bourbon whiskey that have been in place since June 2018. In this context, opportunities may also arise from further free trade agreements between the European Union and other countries.

Additionally, an improvement in the general political and economic conditions prevailing in Turkey can have a beneficial effect on the business with spirits assigned to the *Other segments*. The Group company operating in that country provides the foundation on which the Group can build to benefit directly from any recovery; currently the market environment continues to be challenging.

Opportunities in connection with strategic decisions

As a nationally and internationally active beverage concern, the Berentzen Group has set itself the strategic goal of being a provider of drinks for every occasion by means of a balanced position in the *Spirits*, *Non-Alcoholic Beverages*, and *Fresh Juice Systems* segments. Despite the adverse effect of the coronavirus pandemic on the basic operating environment, a further expansion of the product portfolio and more intensive concentration on trends and customer benefit or expectations can open up new growth opportunities, especially on the back of innovation, and the Berentzen Group intends to continue focusing on select areas promising strong growth.

The Berentzen Group's spirits umbrella brands *Berentzen* and *Puschkin* are widely recognised in the German market. With a joint market share of more than 11% in the category of “fruity liqueurs”, the two umbrella brands enjoy a strong competitive position. Moreover, the *Berentzen* brand doubled its market share in the category of “cream liqueurs” from around 2% to around 4% in the 2020 financial year. With the acquisition of the Austrian premium cider brand *Goldkehlchen* in September 2020, the Berentzen Group has now entered a new beverage segment that should complement the existing portfolio ideally. This line-up presents good opportunities for further growth in the German market and the international market. A sales company established jointly with the *Non-alcoholic Beverages* segment in the summer of 2020 will endeavour to exploit this potential while also optimising the sales structure and realising synergies between the two segments. Unit sales in this segment were severely impacted by the cancellation of key consumption events and festivities or celebrations due to the coronavirus pandemic. A reversal of these developments would improve the growth outlook considerably, although the potential for growth is subject to serious reservations due to the developments in the first months of the 2021 financial year.

In order to develop and implement a uniform strategy for developing international markets and pooling existing resources, the international business with branded spirits was merged with the area of branded dealer and private-label products at the start of the 2020 financial year to form the new organisation unit Export and Dealer Brands. This new structure and the related focus on an internationally viable core portfolio give rise to opportunities for boosting international competitiveness and enhancing both effectiveness and efficiency in the development of international markets and the support of retail trade customers. In the area of branded dealer and private-label products, the trend towards promotional and premium products continues, which means that developing convincing innovations offers potential.

In the *Non-alcoholic Beverages* segment, the nationwide listing of the beverages of the *Mio Mio* brand presents an opportunity to further exploit the potential of these markets and launch additional products. The product portfolio was purposefully streamlined in the 2020 financial year in order to make it possible to supply large quantities of core products to the market. The establishment and development of the joint sales company with the organisational unit of branded spirits can improve the exploitation of regional potential, especially in southern Germany. Moreover, a changed logistics strategy along with a regional contract bottling agreement is expected to facilitate the development of the southern German market. Additional opportunities will result from the execution of projects to replace the long-time cooperation with an international beverages corporation involving the bottling of brand-name non-alcoholic beverages, which ended at the end of the first quarter of the 2021 financial year. In addition, the segment would benefit substantially from the positive development of restaurants and hotels, although the timing and extent of the recovery of this industry are uncertain as a result of the coronavirus pandemic.

In the *Fresh Juice Systems* segment, the competitive advantage of the *Citrocasa* brand provided by its positioning as a premium system vendor offers opportunities to tap into international growth potential. A dedicated sales subsidiary established for the strategic core market of Germany in August 2020 will allow for more efficient market development and exploitation of existing growth potential. As in the previous year, the optimisation of international fruit logistics and the development and market launch of technical innovations of the fruit juices component afford additional opportunities. With regard to the latter, developments focus on a higher degree of automation, improved machine handling and simplified care and maintenance as well as the topics of digitalisation and connectivity. Furthermore, the potential for opportunities is supported by the continuing tendency to consume fresh and natural products observed among consumers and in the food trade. After the end of the coronavirus crisis, the importance of conscious, healthy nutrition could be appreciated even more, further boosting the popularity of fresh-pressed juice.

Opportunities from the implementation of operational measures

As an efficient spirits manufacturer, the Berentzen Group subjects its production and logistics processes to continuous analysis and always finds approaches for additional optimisation measures. For example, the Company’s processes, data collection and analysis will be digitalised with respect to maintenance and operational data collection and the subsequent analysis of downtimes and set-up times at all production facilities in the 2021 financial year. Additional productivity increases are regarded as possible, particularly as replacement investments are also designed not only with stabilisation in mind, but rather as an improvement in the status quo. This applies correspondingly to the *Non-Alcoholic Beverages* segment, with a focus on production. The intent is to increase efficiency and secure sales goals by extensive investments in technology and empties. In the *Fresh Juice Systems* segment, the demanding logistics for fruit represent a major challenge with potential for improvement.

With respect to procurement, the Berentzen Group is dependent on the commodity and producer markets. Insofar, cost advantages can be realised if there is a general decrease in commodity prices or if medium to long-term supplier contracts can be formed for the procurement of such commodities at favourable points in time. Specifically, bountiful harvests of commodities and traded goods of agrarian origin with respect to individual raw materials needed for the production of spirits and non-alcoholic beverages as well as the oranges sold in the *Fresh Juice Systems* segment in particular, can lead to favourable price trends. On the whole, however, the risks predominate in the outlook for the 2021 financial year and beyond, as in addition to persistent volatility in commodity prices (due to extreme weather conditions, among other factors), topics such as sustainability, shortages of skilled labour and recently also and energy price hikes could lead to further rises in procurement prices. Because the coronavirus pandemic has driven up demand for alcohol used in the production of disinfectants, the prices of this raw material are likewise not expected to come down again.

Opportunities from strategic acquisitions

With its current positioning, the Berentzen Group considers itself in a good position to meet the various needs of the consumers as well as those of its trade and catering partners in large volumes with its product portfolio of spirits, non-alcoholic beverages and fresh juice systems. In addition to the opportunities highlighted from organic growth, the Berentzen Group also continues to pursue exogenous growth opportunities in connection with opportunities presented as a result of selective business acquisitions that support the Group's growth strategy.

As a general rule, these opportunities not only open up the possibility of sensibly expanding sales channels or rounding out the product and customer portfolio, they also leverage and utilise mutual synergy effects. Therefore, business acquisitions can have a positive impact on the business performance and the Group's financial performance, cash flows and financial position.

(4.4) Overall assessment of risks and opportunities

In the opinion of the Management, the Berentzen Group's risk exposure remains unchanged compared to the previous year, and thus remains manageable from today's perspective. In this regard, it should be noted that the coronavirus pandemic primarily affects the risks of the Berentzen Group in the short term, whereas the exposure to risk in the medium term is largely unchanged.

On the basis and in the sense of the assessment matrix presented in Section (4.1), there are no risk categories assessed as high risks. Performance-related risk, financial risk and industry risk continue to be assessed as medium risks. With regard to the other risk categories presented in this report, the assessment remained as low risk in each case.

Thanks in particular to the positive financial position, cash flows and financial performance of the corporate group, no separate or cumulative risks are expected by the Management with respect to the risks described above and their possible likelihood of occurrence that could jeopardize the company as a going concern with a period of at least one year. The Executive Board sees potential for the Group in the consistent pursuit of the opportunities discussed above that should not be passed up. The organisational and structural measures carried out in the 2020 financial year in particular form an important basis for this endeavour. The consolidation of the international business of branded spirits with the business of dealer brands and private-label brands under the new organisational unit Export and Dealer Brands and the formation of two new sales companies are important steps in this direction.

The Berentzen Group continues to have high liquidity at its disposal and therefore the possibility of taking advantage of its growth potential as well as to implement other measures to improve its profitability and systematically invest in its further development both through organic growth as well as through opportune business acquisitions. However, the materialisation of risks or the realisation of opportunities can have an impact on the Group's forecasts.

(4.5) Comments on the accounting-related internal control and risk management system

The objective of the accounting-related internal control and risk management system set up by the Berentzen Group is to ensure the propriety of the financial reporting in the sense of the compliance with all the relevant provisions for the annual and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as well as the management report.

Internal control system

The internal control system in the Berentzen Group includes all principles, methods and measures to ensure the effectiveness, efficiency and compliance of the accounting as well as to ensure the compliance with the relevant legal provisions. The internal control system comprises the internal control and internal monitoring system. Below the level of the Executive Board, the responsibility for the internal control system lies particularly with the areas of Controlling and Reporting, Accounting, Finance and Taxes as well as Legal and Personnel, which are managed centrally at Berentzen-Gruppe Aktiengesellschaft.

Process-integrated and process-independent control measures form the elements of the internal monitoring system. In addition to the manual process controls – for instance, the “dual control principle” – IT process controls in the system represent a significant part of the process-integrated measures. Expanded risk control matrices are introduced for material transactions that are updated on an ongoing basis. Furthermore, process-integrated monitoring is ensured through organisational measures, for example by means of guidelines or access restrictions as well as through specific Group functions such as the central Investment Controlling or also central departments for tax, accounting and legal affairs.

The Supervisory Board – specifically the Finance and Audit Committee – of Berentzen-Gruppe Aktiengesellschaft and the Internal Auditing department of the Berentzen Group are involved in the internal control system at the Group level with the process-independent audit procedures.

Accounting process

In the legal sense, the Group Executive Board is obligated to prepare the annual and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as well as the combined management report for the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft, while the respectively responsible Executive Board member bears the overall responsibility for all processes.

All accounting entries are recorded in the annual financial statements of the individual companies of the corporate group by Berentzen-Gruppe Aktiengesellschaft’s central Accounting department, with the exception of foreign Group companies, using the SAP ERP system developed by the homonymous software enterprise. The application of the SAP system is periodically reviewed by the independent auditor and/or the Group auditor. The standardised, uniform preparation of the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft is ensured due to the fact that the individual annual financial statements are primarily prepared centrally. All accounting entries are recorded in the annual financial statements of the foreign Group companies by the Company's respective local Accounting department using various ERP systems or in line with corresponding agreements by external expert service providers. The individual annual financial statements of the foreign Group companies consolidated in the consolidated financial statements are included by means of a corresponding reporting package, which also contains further information – for instance, for the notes to the consolidated financial statements. The reporting packages of the foreign Group companies included in the consolidated financial statements are subjected to an audit in accordance with International Standards on Auditing (ISA) or a review, depending on their significance for the Group and/or the consolidated financial statements.

The information resulting from the separate annual financial statements and reporting packages is transferred to a consolidation file that is not integrated in the ERP system. Manual reconciliation and a review by the Group auditor ensure the accuracy of the transferred data. All consolidation processes for the preparation of the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, such as the consolidation of capital, the consolidation of assets and liabilities, and the consolidation of income and expenses, are listed in the consolidation file. The result is tested for plausibility and validated with the help of the statement of changes in equity. The disclosures in the notes to the separate financial statements and the notes to the consolidated financial statements are prepared and documented on the basis of the information provided to the central Accounting and Controlling department as well as computer-based evaluations.

Comments on the main features of the internal control and risk management system with respect to the accounting process

The internal control and risk management system with respect to the accounting process ensures an efficient accounting process in which errors are largely avoided, but at any rate can be detected. The system is based on a central accounting and reporting function for all German Group companies, which simultaneously also manages and controls the accounting and reporting function of the foreign Group companies.

The accounting entries recorded in the respective Group companies, which are reviewed on an ongoing basis for completeness and accuracy, for example as part of plausibility assessments, by means of sampling, or computer-based processes, as well as periodic or as-needed specific control activities, form the basis for the data used to prepare the separate annual financial statements and the consolidated financial statements as well as the combined management report. Further accounting control mechanisms include analytical audits with respect to the individual line items of the separate annual financial statements and consolidated financial statements, and with respect to the consolidated financial statements both at the aggregated level of the Group as well as at the level of the underlying separate annual financial statements of the individual companies.

As a general rule, internal processes are subject to the “dual control principle”, which is applied accordingly based on the size of the company. Accounting-related processes are audited in selected areas by the Internal Auditing department.

There is an authorisation concept for the IT systems employed in the accounting area in order to prevent unauthorised access and unauthorised use as well as to ensure that the accounting-related data cannot be altered.

Additional building blocks to ensure an orderly, uniform and continuous accounting process include sufficient staffing levels in responsible functional areas with employees who exhibit the requisite qualifications as well as clear internal instructions with respect to a separation of functions for the key areas involved in the accounting process, but also in the form of the preparation and updating of accounting-related guidelines.

The clear separation of areas of responsibility as well as various control and inspection mechanisms ensure the propriety of the accounting system as a whole. On this basis, it is ensured that transactions are recorded, processed and documented as well as evaluated in their entirety on a timely basis and properly in the bookkeeping system in compliance with statutory provisions, the German generally accepted accounting principles and international accounting standards and also accurately included and presented in the separate annual financial statements and consolidated financial statements as well as in the combined management report.

(5) Forecast report

The Forecast Report of the Berentzen Group takes account of the relevant facts and events known at the time of preparing the consolidated financial statements that could 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 of the Berentzen Group for the 2021 financial year are built around the organic development of the corporate group excluding significant non-recurring exceptional effects and changes arising from possible company acquisitions; where such events need to be incorporated at the time of preparing the present Forecast Report, this is stated accordingly.

(5.1) General economic and industry-specific framework conditions

General economic conditions

The global economy is expected to start recovering from the effects of the coronavirus pandemic in 2021. According to the World Economic Outlook Update from January 2021, the International Monetary Fund (IMF) anticipates global economic growth of 5.5%. The German Institute for Economic Research (DIW Berlin), in contrast, anticipates stronger growth and in its weekly “DIW Wochenbericht” published on December 10, 2020 forecasts growth of 6.3% in real gross domestic product in 2021. For the industrialised countries, the IMF and DIW Berlin both expect weaker growth compared with the global economy of 4.3% and 3.9%, respectively. The forecasts vary for the eurozone, with the IMF expecting below-average growth compared with all industrialised countries of 4.2% and DIW Berlin anticipating above-average growth of 4.8%. In the emerging markets, growth is expected to reach 6.3% and 7.8%, respectively.

While the global economy is expected to recover, the IMF and DIW Berlin note that there are high risks associated with their forecasts. Although the successes observed in developing a vaccine and starting the vaccination process are promising, there are risks resulting from possible increases in infection numbers and new coronavirus variants in particular. The forecasts are also based on the assumption that vaccines will become increasingly available, resulting in measures to contain the coronavirus pandemic being gradually reduced in the first half of 2021 and replaced by a gradual build-up of protection provided by vaccination. Furthermore, there is also the risk of increased levels of business insolvencies. Continued expansive monetary and financial policy, such as recently through coronavirus aid packages, can support the global economy's recovery process, however.

The German economy is also expected to recover in 2021. According to statements made in the "DIW Wochenbericht" from December 2020, DIW Berlin initially forecasts growth of 5.3%, but amended this assessment in "DIW aktuell" on December 15 to 3.5%. The correction is attributable to a new hard lockdown as a result of rapidly increasing infection rates. The IMF likewise anticipates German economic growth of 3.5% in its World Economic Outlook Update from January 2021. DIW Berlin's forecast is based on the assumption that the hard lockdown will start to be eased from February 2021, with restrictions such as those seen in early November 2020 applying thereafter. From March, these restrictions, too, are lifted in the assumed scenario. In the Berentzen Group's view, significantly eased restrictions are only expected to be observed at the beginning of the second quarter of 2021. This assessment is the basis for the forecasts made.

Developments on the drinks market

The expected recovery in the international and national economy presented above is also anticipated to be observed in the German hospitality industry. Economic research bureau Prognos AG Berlin forecasts considerable growth in economic output for this sales channel, an important channel for the spirits and non-alcoholic beverages in the Berentzen Group, in 2021. This significant growth is contingent in particular on the existing coronavirus-related restrictions being noticeably and permanently eased by spring at the latest. The Berentzen Group likewise expects to see recovery in the hospitality sales channel from the second quarter of 2021, albeit this depends heavily on the further course of the coronavirus pandemic. The outlook for businesses reopening, particularly places like nightclubs where beverages play an important role, is still uncertain. In addition, the reopening of food and drink establishments is expected to be subject to strict measures. As a result, performance in the hospitality industry in the 2021 financial year is expected to improve compared with the previous year, though the sales volume is expected to fall considerably short of pre-pandemic levels.

The Berentzen Group forecasts that domestic sales of spirits will develop consistently on the whole, but expects the individual product categories to perform differently. The Berentzen Group still anticipates a trend towards premium products. Moreover, categories such as liquors and "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, but see some recovery compared with the 2020 financial year. The outlook is less optimistic when it comes to its business with classic spirits such as Korn and Weinbrand. Alongside this development, potential further consolidation of trade partners and measures relating to backward integration and cooperation arrangements may play a material role in the domestic spirits business.

In the business with non-alcoholic beverages, the submarket mineral waters in particular is heavily dependent on weather conditions. Assuming weather conditions comparable to the 2020 financial year, the Berentzen Group presumes that the overall market for non-alcoholic beverages will grow slightly. In this context, positive momentum is expected in particular in the area of high-end lemonades. While trends such as healthy eating, sustainability, regionality as well as fresh and premium products are driving growth in some product segments, they tend to have more of a negative impact on others, in particular classic sweet beverages and products filled in PET bottles. The political discussions relating to tap water and the significant market growth of carbonator systems are exerting a negative influence on the development of the mineral water market.

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 after the coronavirus crisis and thus the trend towards freshly squeezed juices will return to a greater extent than seen previously. A survey carried out by consulting firm McKinsey in April 2020 confirms this assessment. According to the results of the survey, the coronavirus pandemic has got people thinking about health in an unprecedented way; eating healthily has become particularly important for almost one out of every two customers.

(5.2) Anticipated development of financial performance

Anticipated development of the segments

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

Spirits segment

For the 2021 financial year, the objective for the *Spirits* segment is to achieve segment earnings in a range of between EUR 28.0 million and EUR 31.0 million. The authoritative factor in the planned development is to slightly raise the contribution margin volume but this is likely to be partially cancelled out by a significantly higher use of funds for marketing and trade advertising.

In the domestic business for brand spirits, the plan is to further expand the market position of the *Berentzen* and *Puschkin* umbrella brands over the course of 2021 – particularly by means of the distribution company founded jointly with the *Non-alcoholic Beverages* segment in the 2020 financial year. Existing liquor varieties as well as innovations and new products will be key here, the market success of which will play a significant role in achieving the expected slight improvement in the contribution margin value and thus in boosting the profitability of the segment.

In the 2021 financial year, the strategic focus in the export and dealer brands business will continue to be on optimising the product and customer mix, for example by continuing to drive forward the shift towards premium products in the product portfolio. Driven by the national and international trend towards premium products among brands and dealer brands, the plan is to expand the already-successful product portfolio in Germany and abroad with the aim of keeping the contribution margin volume stable to slightly rising compared with the previous year. Further, the aim is to build the international business with branded spirits back up, which has been heavily impacted by the effects of the coronavirus pandemic.

It should be noted with regard to the *Spirits* segment that it remains difficult to make a reliable forecast due to the fact that, despite active management, the composition of sales and revenues with products with better or poorer-quality margins, which is a very decisive factor in earnings performance, depends heavily on external factors like the future development of consumption patterns – particularly in the context of the coronavirus pandemic – and the corresponding demand. The extent to which the further course of the coronavirus pandemic will impact key consumption occasions such as Easter, the May bank holidays, Christmas and New Year's, as well as all types of celebrations and festivities, in the 2021 financial year will play a major role.

Non-alcoholic Beverages segment

For the *Non-alcoholic beverages* segment, the corporate group is expecting segment earnings in a range of between EUR 22.0 million and EUR 24.0 million. The assumption in this context is for the contribution margin volume to show growth, while the use of funds for marketing and trade advertising will likewise increase in scope.

Establishing and expanding the joint distribution company with the branded spirits organisational unit will play a key role in achieving this growth. This distribution company is intended to help the company to better tap into regional potential, in particular in the south of Germany. The potential of the *Mio Mio* brand, for example, can be further tapped into and used to establish other products. Moreover, the effects of discontinuing a long-standing collaboration with an international beverages group regarding the filling of their non-alcoholic branded products as of the second quarter of the 2021 financial year will need to be balanced out. In addition, the segment would benefit greatly from positive developments in the restaurant trade, albeit there is uncertainty regarding the time frame and extent of recovery in this industry in the light of the coronavirus pandemic. The Berentzen Group currently forecasts a slow recovery for this economic sector from the second quarter of the 2021 financial year.

Finally, it should be noted that the development of the product and customer mix is, in general, very much dependent on external factors such as the developments in consumer behaviour – also particularly in the context of the coronavirus pandemic – and the weather situation over the summer months.

Fresh Juice Systems segment

In relation to the *Fresh Juice Systems* segment, the Berentzen Group expects segment earnings to climb significantly to a range of between EUR 5.5 million and EUR 6.0 million in the 2021 financial year. Strong contribution margin growth is assumed, accompanied by low additional utilisation of marketing budgets.

Especially in what is known as the German-speaking area, the business with fresh juice systems is characterised by an increasingly intense competitive situation. However, on the basis of the competitive edge of the *Citrocasa* brand given its positioning as a premium system supplier, with the help of technical innovations and based on the assumption that the low order volumes resulting from the pandemic will increasingly improve in the 2021 financial year, the sales volume of fruit press system components will increase significantly in these core markets. For the core market of Germany, the sales performance of the distribution company newly established in the second half of 2020, focused exclusively on the *Fresh Juice Systems* segment, will play a key role. For the other markets, the focus will be on building up new distributorships and providing more intensified support to existing ones. Buoyed by this expected upward trend and the associated acquisition of new customers, the sales and contribution margin volumes in the business with the system components of bottling equipment and fruit should also rise considerably.

The above assessment is based on the assumption of average framework conditions. The planned success hinges in particular on the performance of external sales partners on the international markets as well as on harvest quality, availability and prices for oranges. Since the *Fresh Juice Systems* segment was the segment hit most severely by the effects of the coronavirus pandemic within the Berentzen Group, it would benefit considerably from a recovery in the related framework conditions. The Berentzen Group is of the view that the topic of conscious, healthy eating will take on an even more important role after the coronavirus crisis and thus the trend towards freshly squeezed juices will return to a greater extent than seen previously.

Other segments

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. For both organisational units, the Berentzen Group expects the market environment to recover slightly in the 2021 financial year and the contribution margin to grow accordingly. With marketing expenses remaining stable, this leads to anticipated segment earnings ranging between EUR 1.0 million and EUR 1.3 million.

Anticipated development of consolidated revenues and consolidated operating profit

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

In light of the sound development of the individual segments presented above, the Berentzen Group anticipates consolidated revenues for the 2021 financial year of between EUR 152.0 million and EUR 158.0 million. This is based on the assumption of slight growth in the *Spirits* segment and considerable growth in the *Fresh Juice Systems* segment. With regard to the *Non-alcoholic Beverages* segment, the termination of a major contract bottling agreement at the end of the first quarter of the 2021 financial year is expected to lead to significant declines in revenue development.

The Berentzen Group expects the consolidated operating result (consolidated EBIT) to be within a range of between EUR 4.0 million and EUR 6.0 million. In this context, a significantly improved gross profit is forecast; it is assumed that this increase will be overcompensated by higher operating expenses, in particular for human resources. Since the Berentzen Group expects largely stable levels of amortisation and depreciation of assets, the consolidated operating result before amortisation and depreciation (consolidated EBITDA) is forecast to be within a range of between EUR 13.0 million and EUR 15.0 million.

(5.3) Anticipated development of cash flows and financial position

Based on the anticipated development of operating activities as described above, it is assumed that the cash flows and financial position of the corporate group will continue to remain sound in the 2021 financial year.

Anticipated development of cash flows

	2020 EURm	Forecast for the 2021 financial year EURm
Operating cash flow	9.2	11.0 to 13.0

With a forecast range of between EUR 11.0 million and EUR 13.0 million, the corporate group assumes a clearly positive operating cash flow performance in the 2021 financial year. Against the background of a largely similar consolidated profit, adjusted for amortisation, depreciation and impairment losses for non-cash components, the improvement compared with the 2020 financial year will result from a more favourable payment balance linked to income taxes.

Anticipated development of financial position

	2020	Forecast for the 2021 financial year
Equity ratio	32.5%	31.0% to 36.0%
Dynamic gearing ratio	- 1.13	- 0.70 to 0.00

As a result of the positive profit forecast and assuming an appropriate dividend policy, the Berentzen Group expects consolidated shareholders' equity to rise 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% to 36.0% is expected.

In view of the fact that key parameters are set to change – in particular working capital cash flows – the dynamic gearing ratio is expected to range between - 0.70 and 0.00 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 corporate plan 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.

(5.4) General statement regarding the anticipated development of the corporate group

Based on the above forecasts, the Berentzen Group expects its financial position, cash flows and financial performance to develop soundly in the 2021 financial year. This will be founded on the viability of the corporate group's proprietary products and brands, the innovation strength of all operating segments and the successful implementation of key strategic and operational topics in all of the individual segments. Both the secured financing headroom and appropriate corporate structures for the relevant risks and rewards are crucial to the attainment of the corporate group's goals.

The 2021 financial year will once again bring a number of challenges:

From an organisational perspective, this means, for the *Spirits* segment, continuing to establish the export and dealer brands organisational unit, which was newly created in the 2020 financial year by merging the international business with branded spirits with the branded dealer and private-label business. Furthermore, the intention is to further expand the joint distribution company, established in the 2020 financial year, for the organisational units branded spirits in Germany and the *Non-alcoholic Beverages* segment. In the *Fresh Juice Systems* segment, the proprietary distribution subsidiary founded in the second half of 2020 will be used to create more efficient market development strategies and achieve existing growth potential. Safeguarding international fruit logistics will also remain important.

With regard to sales activities, optimising the customer and product mix will play a vital role in the national branded business in the *Spirits* segment, with a focus on liquor varieties in the core brands of *Berentzen* and *Puschkin* as well as premium products. The task for the export and dealer brands organisational unit, newly created in the 2020 financial year, will be to more efficiently handle the international markets and retail customers as well as further drive forward the shift towards premium products in the portfolio. In the *Non-alcoholic Beverages* segment, it will be important to compensate for the discontinuation of the long-standing collaboration with an international beverages group regarding the filling of their non-alcoholic branded products after the end of the first quarter of the 2021 financial year on the one hand, and to further tap into the potential of the *Mio Mio* brand and use it to establish other products on the other hand. The sales focus in the *Fresh Juice Systems* segment will be placed on the core markets, in particular Germany. Continued high product quality, innovations and the new distribution subsidiary are intended to increase business volume in this segment in the 2021 financial year.

In addition, the four segments will face numerous other challenges, mainly of an operational nature.

The forecasts presented here are based on an unchanged corporate structure compared with the end of the 2020 financial year. Accordingly, significant deviations may arise from the realisation of the possible opportunities to make further company acquisitions. Furthermore, the actual business performance is dependent not least upon the general economic and industry-specific environment and may be negatively affected by more strongly adverse changes in the underlying conditions described. Both positive and negative deviations from the forecast may also result from not only the opportunities and risks described in the Report on Opportunities and Risks but also such opportunities and risks that were either not identifiable or impossible to assess at the time of preparing this Group Management Report. In this context, particular mention should be given to the potential consequences of the global coronavirus pandemic that could negatively impact the expected development of the financial performance, cash flows and financial position of the Berentzen Group. Detailed information on this subject can be found in section (4.2) "Effects of the coronavirus pandemic on the monitored risk categories" of the risk report.

(6) Acquisition-related disclosures and explanatory report of the Executive Board

The acquisition-related disclosures in accordance with Section 315a(1) and Section 289a(1) of the German Commercial Code (HGB) and the explanatory report of the Executive Board of Berentzen-Gruppe Aktiengesellschaft form part of the Combined Management Report.

Beyond this, the Executive Board believes there is no need for any further explanations within the meaning of Section 175 (2) 1 and Section 176 (1) 1 of the Stock Corporation Act (AktG).

(6.1) Composition of subscribed capital

The subscribed capital of Berentzen-Gruppe Aktiengesellschaft of EUR 24,960 thousand is divided into 9,600,000 shares of common stock structured as no-par bearer shares and is fully paid in. The imputed nominal value per share is EUR 2.60.

All the shares confer the same rights and obligations. The rights and obligations of the shareholders are derived in detail from the provisions of the German Stock Corporation Act (AktG), and notably from Section 12, Section 53a et seq., Section 118 et seq. and Section 186 AktG.

With respect to the disclosures about the shares of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 160 (1) no. 3 AktG, reference is made additionally to the notes to the consolidated financial statements, Note (2.13), and separately to the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2020, Note (2.5).

(6.2) Restrictions relating to voting rights or the transfer of shares

Each share confers one vote in the general meeting and is definitive for the share of the Company’s profit attributable to the shareholders. Excluded from this are the treasury shares held by Berentzen-Gruppe Aktiengesellschaft, which do not confer any rights to the Company pursuant to Section 71b AktG. Berentzen-Gruppe Aktiengesellschaft held 206,309 treasury shares as of December 31, 2020.

In the instances set forth in Section 136 AktG, the voting right is excluded by law from the shares concerned. Violations of notification obligations relating to changes in the proportion of voting rights arising from shares in Berentzen-Gruppe Aktiengesellschaft or certain instruments relating to its shares as defined in the pertinent provisions of the German Securities Trading Act (WpHG), i.e. violations of notification obligations relating to holdings that have reached, exceeded or fallen below the statutory reporting thresholds stipulated therein, may lead to the at least temporary abrogation of rights conferred by shares and also the voting right pursuant to the German Securities Trading Act.

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is not aware of any contractual restrictions on voting rights or the transfer of shares.

(6.3) Equity holdings exceeding 10% of voting rights

To the Company’s knowledge, there are currently no direct holdings or indirect holdings attributable pursuant to the German Securities Trading Act in the capital of Berentzen-Gruppe Aktiengesellschaft that exceed 10% of the voting rights.

The above disclosure is based notably, but not exclusively, notifications pursuant to Section 33 (1) and (2), Section 38 (1) and Section 39 (1) of the German Securities Trading Act in the version in effect since January 3, 2018 and, as applicable, Section 21 (1) and 1a, Section 25 (1) and Section 25a (1) in the version of the German Securities Trading Act in effect until January 2, 2018 received and published by Berentzen-Gruppe Aktiengesellschaft.

With respect to the notification on holdings communicated under the German Securities Trading Act to Berentzen-Gruppe Aktiengesellschaft pursuant to Section 160 (1) no. 8 AktG, reference is made additionally to the notes to the consolidated financial statements, Note (4.8), and separately to the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2020, Note (4.3).

(6.4) Shares with special rights that confer control powers

There are no shares with special rights in accordance with Section 315a (1) sentence 1 no. 4 HGB and Section 289a (1) sentence 1 no. 4 HGB that confer control powers.

(6.5) Type of voting rights control where employees hold shares of capital and do not exercise their control rights directly

Where they hold shares in the capital in Berentzen-Gruppe Aktiengesellschaft, employees normally exercise their voting rights like other shareholders directly in compliance with the statutory provisions and the arrangements set forth in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. The Company is not aware of any employees who hold shares of the Company’s capital and do not exercise their control rights directly.

(6.6) Statutory provisions and regulations in the Articles of Association regarding the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

Appointment and dismissal of members of the Executive Board

The appointment and dismissal of members of the Executive Board are based on Section 84 and Section 85 AktG in conjunction with Article 6 of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. Article 6 (1) of the Articles of Association states that the Executive Board must consist of at least two members. According to Article 6 (2) of the Articles of Association, the number of Executive Board members is determined by the Supervisory Board. The Supervisory Board may appoint a chairperson and a deputy chairperson of the Executive Board.

Amendments to the Articles of Association

Amendments to the Articles of Association of Berentzen-Gruppe Aktiengesellschaft are fundamentally governed by Section 119 (1) No. 6 and Sections 179, 181 and 133 AktG and require a resolution adopted by the annual general meeting. At the same time, there are numerous further provisions in the German Stock Corporation Act that may become applicable in the event of provisions in the Articles of Association and modify the regulations mentioned above.

According to Article 19 (3) of the Articles of Association, resolutions are adopted by the general meeting with a simple majority of the votes cast and, where the law prescribes a capital majority as well as a vote majority, with a simple majority of the share capital eligible to vote represented when the resolution is put to the vote, provided that compulsory statutory provisions do not require a larger majority. According to Article 15 of the Articles of Association, amendments only affecting the wording of the Articles of Association may be adopted by the Supervisory Board without a resolution of the annual general meeting. Furthermore, the Supervisory Board has been authorised by resolution of the annual general meeting to correspondingly amend the wording of Article 4 (4) of the Articles of Association following every exercise of the Authorised Capital 2019 or every expiry of the deadline for utilisation of the Authorised Capital 2019, as well as in the event of treasury shares being retired in line with the relevant utilisation of the authorisation to retire these shares.

(6.7) Powers of the Executive Board notably regarding the option to issue or buy back shares

Authorised Capital (not issued)

Following a resolution of the ordinary General Meeting of May 22, 2019, the Executive Board of Berentzen-Gruppe Aktiengesellschaft is authorised, with the consent of the Supervisory Board, to increase the share capital by issuing new bearer shares of common stock in exchange for cash or in-kind contributions on one or more occasions, but for a maximum total of up to EUR 9,984 thousand, in the time until May 21, 2024 (Authorised Capital 2019). In this context, a subscription right is normally granted to the shareholders. The new shares can also be acquired by one or more banks, or equivalent companies as defined in Section 186 (5) sentence 1 AktG with the undertaking to offer them to the shareholders for subscription.

The Executive Board is, however, authorised, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders:

– For fractional amounts;

– For the acquisition of non-cash contributions, such as the granting of shares against the contribution of companies, against the contribution of company divisions or participating interests in companies, or against the contribution of other assets, including receivables;

– In order to issue shares to employees of the Company and affiliated companies subordinate to the Company to an appropriate extent, however with a total proportionate share of the share capital not exceeding EUR 2,496 thousand attributable to such shares;

– In order to grant to the holders and/or creditors of conversion and/or warrant rights, or the debtors of conversion and/or warrant obligations conferred by convertible bonds and/or warrant bonds issued by the Company directly or by way of a (direct or indirect) majority-owned company, a subscription right to new shares to the extent to which they would be entitled following exercise of the conversion and/or warrant rights or settlement of the conversion and/or warrant obligations;

– If a capital increase in return for cash contributions does not exceed ten percent of the share capital and the issue amount of the new shares is not significantly below the quoted price (Section 186 (3) sentence 4 AktG; when exercising this authorisation subject to exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG, the exclusion of subscription rights on the basis of other authorisations pursuant to Section 186 (3) sentence 4 AktG must be taken into account.

The above authorisation to exclude subscription rights in a capital increase in exchange for cash and/or in-kind contributions is limited to a total amount of ten percent of the share capital, which amount may not be exceeded either on the effective date of this authorisation or on the date on which use is made of this authorisation. In addition, the aforementioned ten percent limit shall apply to treasury shares issued or sold during the term of this authorisation in direct application or application mutatis mutandis of Section 186 (3) sentence 4 AktG and those shares issued to service convertible bonds and/or warrant bonds (hereinafter referred to as “bonds”) to the extent that the bonds were issued subsequent to the effective date of this authorisation subject to application mutatis mutandis of Section 186 (3) sentence 4 AktG subject to exclusion of shareholders' subscription rights.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the authorised capital increase and its implementation.

Treasury shares (own shares)

The annual general meeting of July 2, 2020 authorised the Executive Board to purchase Company shares with the consent of the Supervisory Board. The authorisation is limited to treasury shares with an imputed share in the share capital of up to 10 percent (EUR 2,496 thousand). The authorisation can be exercised in full or in partial amounts, once or several times, by the Company or by third parties on its behalf. The authorisation is valid until July 1, 2025.

The purchase takes place by way of the stock exchange or by way of a public tender offer addressed to all of the Company's shareholders.

a) Where the purchase is made on the stock exchange, the equivalent value paid by the Company for each share (excluding transaction costs) may not be 10 percent more or less than the average closing price on the Frankfurt Stock Exchange (XETRA trading or a comparable successor system) on the ten last stock exchange trading days prior to the purchase of the shares for shares of the same class.

b) Where the purchase is made by way of a public tender offer to all shareholders in the Company, the purchase price offered for each share (excluding transaction costs) may not be 10 percent more or less than the average closing price on the Frankfurt Stock Exchange on the ten last stock exchange trading days prior to the tender publication date. The tender offer may stipulate further conditions. The volume of the tender may be limited. Where the total number of shares tendered for purchase by the shareholders exceeds this volume, acceptance will be in proportion to the shares tendered for purchase. Provisions may be made for preferential acceptance of smaller packages of up to 50 tendered shares per shareholder as well as rounding in accordance with commercial principles in order to avoid any imputed fractional amounts of shares.

In addition to offering them to all shareholders by way of public tender or selling them via the stock exchange, the Executive Board is authorised, with the consent of the Supervisory Board, to use the treasury shares that will be acquired on the basis of this authorisation or were acquired on the basis of earlier authorisations for the following purposes:

a) Offering them to third parties within the framework of company mergers, acquisition of companies, participating interests in companies, company divisions or acquisition of receivables from the Company as consideration;

b) Selling them to third parties. The price at which Company shares are sold to third parties must not be significantly less than the quoted price of the shares at the time of the sale. Exercising this authorisation is subject to the exclusion of subscription rights on the basis of other authorisations pursuant to Section 186 (3) sentence 4 AktG;

c) Using them to fulfil warrant and/or conversion rights conferred by warrant and/or convertible bonds issued by the Company or its Group companies;

d) Retiring them, without the retirement or the performance of the retirement requiring a further resolution from the general meeting. Retiring them will lead to a capital decrease. The shares may also be retired in a simplified process without a capital decrease, by adjusting the imputed proportionate amount of the remaining shares to the Company's share capital. The retirement may be limited to partial volumes of the shares acquired.

The authorisations listed above concerning utilisation of treasury shares acquired may be used once or more than once, in full or in part, individually or together. The subscription right of the shareholders to treasury shares acquired is excluded to the extent that these shares are utilised under a), b) or c) in accordance with the above authorisation.

On July 21, 2015, the Executive Board of Berentzen-Gruppe Aktiengesellschaft passed a resolution to exercise the authorisation previously granted by the extraordinary general meeting of July 20, 2015 to acquire treasury shares in accordance with Section 71 (1) no. 8 AktG and to purchase by way of the stock market shares of common or preferred stock of the Company with a total volume (excluding transaction costs) of no more than EUR 1,500 thousand. This share buyback programme ended on May 27, 2016. Berentzen-Gruppe Aktiengesellschaft purchased a total of 206,309 shares under the share buyback programme over the period from July 27, 2015 to and including May 27, 2016. This corresponds to an imputed share equal to EUR 536 thousand or 2.15% of the Company's share capital.

With respect to the disclosures about the treasury shares of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 160 (1) no. 2 AktG, reference is made additionally to the notes to the consolidated financial statements, Note (2.13), and separately to the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2020, Note (2.7).

(6.8) Significant agreements of the parent company or of the Company subject to change-of-control provisions in the event of a takeover bid

Financing agreements

Berentzen-Gruppe Aktiengesellschaft is a party, as borrower, to a syndicated loan agreement with a bank syndicate concluded in December 2016 and amended in November 2019 currently with a total volume of funding of EUR 33.0 million. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors with respect to the payment obligations under this agreement as part of a cross-guarantee system taking the form of a guarantor concept. According to the provisions of this financing agreement, the lending syndicate members are authorised – individually or collectively – and obligated if so directed by the majority of lenders to cancel the loan commitments under the syndicated loan agreement with immediate effect and to call in the borrowed funds and outstanding interest and costs for payment in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft or one of the subsidiaries included as borrowers in the syndicated loan agreement upon such change of control and at any time thereafter. The syndicated loan agreement defines a change of control as a situation in which a total of more than 50% of capital shares or voting rights in Berentzen-Gruppe Aktiengesellschaft is held directly or indirectly by one or more persons acting collectively (i.e. persons who coordinate their behaviour with respect to their purchase of capital shares or voting rights or their exercise of voting rights with the purchaser by virtue of an agreement or by other means), unless such persons already held such a majority at the time when the syndicated loan agreement was concluded. The same applies mutatis mutandis to the subsidiaries of Berentzen-Gruppe Aktiengesellschaft that are included in the syndicated loan agreement as guarantors.

Berentzen-Gruppe Aktiengesellschaft is also party to a framework agreement regarding a credit guarantee with a financing volume of EUR 0.5 million serving to provide security for spirits tax payable as required by the relevant statutes. This includes an agreement that changes in the shareholder structure of Berentzen-Gruppe Aktiengesellschaft of more than five percent fundamentally constitute an extraordinary termination right for the finance provider.

The exercise of these termination rights could have a negative effect on the financing of the Berentzen Group's ongoing business activities, at least temporarily.

Distribution agreements

Furthermore, Berentzen-Gruppe Aktiengesellschaft has concluded contractual agreements with a number of domestic and international distributors regarding the distribution of branded spirits outside of Germany. These distribution agreements similarly include mutual agreements that permit the other contracting party in each case to invoke the extraordinary termination of the distribution agreement in question in the event of a change of control (change-of-control clauses). The basic form of the agreements defines change of control as a change in the ownership or control structure at the respective other party or at any contracting party holding a direct or indirect participating interest in such other contracting party or controls the same. In this context, “control” refers to the power, on the basis of an agreement, a participating interest or on any other basis, to assume management at another party. Internal restructuring measures do not qualify as change of control. As this basic form can be the subject matter of individual negotiations between the contracting parties, the details agreed may vary in individual cases.

In the event of these termination rights being exercised, the sales of Berentzen Group's own branded spirits in other countries could be negatively impacted at least temporarily. This, in turn, could have a detrimental effect on the financial performance, cash flows and financial position.

Agreements with members of the Executive Board

According to the service agreements in place between Berentzen-Gruppe Aktiengesellschaft and the members of the Executive Board, the members of the Executive Board have a special right to terminate their employment relationships under conditions defined in greater detail in the respective service relationship in the event of conversion or restructuring measures. The current members of the Executive have additionally been granted the option of special termination of the service relationship in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft.

In the event that the special termination right is exercised, the affected member of the Executive Board will be entitled to a severance payment; again, please refer to the comments regarding the components of the compensation system for the Executive Board in the Compensation Report under section (3.1) for further details. In addition, any exercise of these special termination rights could compromise the business performance of the Berentzen Group at least temporarily.

Other agreements

Some subsidiaries of Berentzen-Gruppe Aktiengesellschaft have likewise entered into material agreements, including but not limited to financing and sales agreements, a franchise agreement and a service agreement on the bottling of franchised branded products that are subject to change-of-control provisions and – with differing arrangements in each individual case – generally grant an extraordinary termination right to the respective other contracting party in the event of such a change of control. A change of control as defined in some of these agreements is deemed to not only be a direct change in the ownership or control structure of the subsidiary that is party to the agreement but also an indirect change in the ownership or control structure of Berentzen-Gruppe Aktiengesellschaft.

(6.9) Compensation agreements in place between the parent company or the Company and the members of the Executive Board or employees in the event of a takeover bid

Members of the Executive Board

The service agreements concluded with the current members of the Executive Board contain provisions on a special termination right that may be exercised by the members of the Executive Board in the event, among other things, of a takeover bid or a change of control at Berentzen-Gruppe Aktiengesellschaft. In the event that the special termination right is exercised, the member of the Executive Board concerned will be entitled to compensation; for further details in this respect, please refer to the comments regarding the components of the compensation system for the Executive Board in the Compensation Report under section (3.1).

Employees

Berentzen-Gruppe Aktiengesellschaft has not entered into any compensation agreements with its employees for the eventuality of a takeover bid.

(7) Berentzen-Gruppe Aktiengesellschaft (explanatory notes on the basis of HGB)

Berentzen-Gruppe Aktiengesellschaft (the “Company”) based in Haselünne, Germany, is the parent company of the Berentzen Group. Unlike the consolidated financial statements of the Berentzen Group, which are prepared in accordance with the International Financial Reporting Standards (IFRS), the separate financial statements are prepared in accordance with German commercial law as embodied in the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG).

(7.1) Basic facts about the Company

The business activities of Berentzen-Gruppe Aktiengesellschaft essentially comprise the production of spirits, which from the corporate point of view are managed in the *Spirits* and *Other segments*. In addition, the Company performs management and central functions for the Berentzen Group by carrying out significant overarching activities for the domestic subsidiaries and the corporate group and – to a significantly lesser extent – for the subsidiary Citrocasa GmbH, Linz, Austria. The centrally pooled and managed functions notably include the strategy of the corporate group, corporate communications including capital market reporting, financial management, finance and accounting, human resources, IT, internal support for legal and tax affairs, and corporate compliance.

The Company produces its spirits at the Minden facility in Germany and at the Berentzen Hof distillery in Haselünne. In addition, the Company’s logistics centre for the distribution of spirits, which is operated by an external service provider, is located in Stadthagen, Germany.

Furthermore, Berentzen-Gruppe Aktiengesellschaft directly and indirectly holds participating interests in more than 20 domestic and international subsidiaries; there are no minority stakes. Against this backdrop, the management and central functions influence the performance of the Company alongside the commercial operations. Accordingly, the key items are the costs for services performed passed on to the subsidiaries and the financial result and result from participating interests resulting from the holding function performed by Berentzen-Gruppe Aktiengesellschaft.

At December 31, 2020, Berentzen-Gruppe Aktiengesellschaft employed at three locations 228 (224) employees (including trainees), thereof 121 (112) at the Minden location, 102 (107) at the Haselünne location and 5 (5) at the Stadthagen location.

The share capital of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 24,960 thousand (EUR 24,960 thousand) is divided into 9,600,000 shares of common stock (9,600,000 shares of common stock), which are no-par bearer shares and are fully paid-in. The imputed nominal value per share is EUR 2.60. All common shares of Berentzen-Gruppe Aktiengesellschaft are listed on the regulated market (General Standard) of the Frankfurt Stock Exchange and the international securities number

(ISIN) DE0005201602. At December 31, 2020, the number of shares outstanding was 9,393,691 (9,393,691) shares of common stock, Berentzen-Gruppe Aktiengesellschaft having purchased a total of 206,309 treasury shares in the financial years 2015 and 2016.

As a publicly traded company governed by the law of a member state of the European Union (EU), Berentzen-Gruppe Aktiengesellschaft is required by Article 4 of Regulation (EC) No. 1606/2002 to prepare its consolidated financial statements in accordance with IFRS and the applicable further provisions of commercial law specified in Section 315e (1) of the German Commercial Code (HGB). Accordingly, the management of the corporate group takes place on this basis and exclusively at corporate level. The income-related performance indicators for Berentzen-Gruppe Aktiengesellschaft encompass those of the *Spirits* and *Other segments*. For further information in this regard, please refer to the comments in the Combined Management Report in sections (2), (4) and (5): the Economic report, the Report on opportunities and risks, and the Forecast report. On account of the significance of Berentzen-Gruppe Aktiengesellschaft for the corporate group, please similarly refer to the relevant comments relating to the corporate group in the Combined Management Report regarding cash flow and financial position indicators, as there are no key financial performance indicators in this regard that relate exclusively to Berentzen-Gruppe Aktiengesellschaft.

Further information notably regarding the organisation and principles underlying Berentzen-Gruppe Aktiengesellschaft and the commercial activities of the Company and its subsidiaries is presented in section (1), Underlying principles of the corporate group, in the Combined Management Report.

(7.2) Economic report

(7.2.1) Economic conditions and business performance

The general economic conditions for Berentzen-Gruppe Aktiengesellschaft and its subsidiaries together with the key developments and events affecting their performance are presented in the Economic Report for the corporate group as described in section (2.1), General economic and industry-specific conditions, and section (2.2.3), Business performance – Significant developments and events, in the Combined Management Report. In particular, the comments regarding the *Spirits* and *Other segments* of the corporate group are applicable.

(7.2.2) Financial performance

In the table below, certain non-recurring items (exceptional effects) have been eliminated from individual items in the Income Statement in line with the definition of the normalised operating result or EBIT (earnings before interest and taxes) used as a key indicator for managing the corporate group.

	2020		2019		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Revenues	**98,455**	**100.1**	**99,259**	**99.8**	**- 804**	**- 0.8**
Change in inventories	- 95	- 0.1	238	0.2	- 333	> - 100.0
Total operating performance	**98,360**	**100.0**	**99,497**	**100.0**	**- 1,137**	**- 1.1**
Purchased goods and services	57,427	58.4	56,042	56.3	+ 1.385	+ 2.5
Gross profit	**40,933**	**41.6**	**43,455**	**43.7**	**- 2,522**	**- 5.8**
Other operating income	1,749	1.8	1,304	1.3	+ 445	+ 34.13
Operating expenses	34,112	34.7	36,022	36.2	- 1,910	- 5.3
Operating profit (EBIT)	**8,570**	**8.7**	**8,737**	**8.8**	**- 167**	**- 1.9**
Other taxes	47	0.0	52	0.1	- 5	- 10
Financial result and result from participating interests	- 2,294	- 2.3	- 554	- 0.6	- 1,740	> + 100.0
Exceptional effects	0	0.0	- 864	- 0.9	+ 864	- 100
Profit before income taxes	**6,229**	**6.3**	**7,267**	**7.3**	**- 1,038**	**- 14.3**
Income tax expenses	1,779	1.8	1,888	1.9	- 109	- 5.8
Net profit for the year	**4,450**	**4.5**	**5,379**	**5.4**	**- 929**	**- 17.3**

Revenues and total operating performance

In the 2020 financial year, the consolidated revenues of Berentzen-Gruppe Aktiengesellschaft excluding spirits tax amounted to EUR 98.5 million (EUR 99.3 million), while revenues including alcohol tax amounted to EUR 307.8 million (EUR 302.4 million). Including the change in inventories of EUR -0.1 million (EUR 0.2 million), total operating performance amounted to EUR 98.4 million (EUR 99.5 million).

Purchased goods and services

The goods and services purchased by Berentzen-Gruppe Aktiengesellschaft relate mainly to the material groups Alcohol (including grain and agricultural alcohol, whiskeys, and rum), flavourings (raw materials and aromas) and sugar as well as packaging (primarily glass and cardboard) and other materials for product features. Although the total operating performance fell slightly on the previous year, purchased goods and services increased to EUR 57.4 million (EUR 56.0 million) in absolute terms in the 2020 financial year and the ratio of purchased goods and services to total operating performance increased to 58.4% (56.3%). The increase is attributable to a pandemic-related supply shortage and the related rise in the cost of procuring the important raw material neutral alcohol. The sourcing markets for the other raw materials relevant to Berentzen-Gruppe Aktiengesellschaft developed unevenly again in the 2020 financial year, but remained largely stable.

Other operating income

At EUR 1.7 million (EUR 1.3 million), other operating income in the 2020 financial year was considerably higher than the previous-year figure and mainly consisted of income from previously written-off receivables from affiliated companies amounting to EUR 0.7 million (EUR 0.0 million).

Operating expenses

The total operating expenses including depreciation, amortisation and impairments came to EUR 34.1 million (EUR 36.0 million) and were therefore 5.3% less than the previous-year figure.

Personnel expenses decreased by EUR 1.1 million to EUR 12.1 million (EUR 13.2 million), and the personnel expenses ratio fell to 12.3% (13.3%). This development was essentially due to a lower headcount of full-time equivalent staff in the area of sales and lower provisions for long-term variable remuneration. As of December 31, 2020, Berentzen-Gruppe Aktiengesellschaft had 228 (224) employees, of whom 78 (73) worked in production activities and 130 (133) in commercial and administrative activities; 20 (18) apprentices were in vocational training. The Company had an average of 182 (181) full-time equivalents in the 2020 financial year.

Depreciation and amortisation amounted to EUR 1.9 million in the 2020 financial year (EUR 1.9 million); both depreciation of property, plant and equipment and amortisation of intangible assets were at the same level as the respective previous-year figures.

Other operating expenses decreased to EUR 20.1 million (EUR 20.9 million). The marketing and trade advertising expenses decreased to EUR 5.3 million (EUR 6.6 million), with the transport and selling expenses falling at the same time to EUR 8.6 million (EUR 9.1 million). Specific other overhead costs exhibited a mixed development but the total amount was, however, EUR 6.3 million (EUR 5.2 million) up on the previous-year level.

Financial result and result from participating interests

The net balance of the financial result and the result from participating interests was an expense of EUR 2.3 million (EUR 0.6 million).

The result from participating interests and income under profit-and-loss transfer agreements with affiliated companies amounted to EUR 1.3 million (EUR 1.3 million). This relates almost exclusively to a dividend payment by the Austria-based subsidiary Citrocasa GmbH.

Impairments of non-current financial assets totalled EUR 1.6 million (EUR 0.0 million) in the previous year, consisting of impairments of the book value of an affiliated company. The expenses from losses assumed rose to EUR 0.7 million (EUR 0.6 million) and resulted from losses assumed from subsidiaries with which profit-and-loss transfer agreements are in place. Income from lending of non-current assets earned from affiliated companies remained constant at EUR 0.1 million (EUR 0.1 million).

In the 2020 financial year, interest and similar expenses proved to be constant on the previous year at EUR 1.4 million (EUR 1.4 million). In the past financial year, this figure included interest expenses and fees of EUR 0.9 million (EUR 0.9 million) in connection with factoring as well as an interest expense of EUR 0.1 million (EUR 0.1 million) for a long-term loan. In addition, expenses in the amount of EUR 0.1 million (EUR 0.1 million) from compounding of pension provisions and other provisions are included.

Berentzen Group | Investors | Share

Exceptional effects

In the 2020 financial year, there were no transactions that needed to be classified as an exceptional effect, whereas Berentzen-Gruppe Aktiengesellschaft incurred expenses totalling EUR 0.9 million in the 2019 financial year in connection with a legal dispute. The US distributor acting on behalf of the subsidiary Citrocasa GmbH, Linz, Austria, asserted in legal action filed claims for damages before the ordinary courts in the USA in February 2019 in connection with conduct allegedly harmful to business and anti-competitive practices against Berentzen-Gruppe Aktiengesellschaft. The proceedings were brought to a conclusion in November 2019.

Income tax expenses

Current income tax expenses totalled EUR 1.6 million (EUR 1.8 million) in the 2020 financial year, notably on account of the profit recorded for the year. This essentially results from trade tax and corporate income tax for the 2020 financial year. Effects arising from the recognition of deferred tax assets and liabilities arising from temporary differences between the commercial and tax balance sheets amounted to less than EUR 0.2 million (less than EUR 0.1 million).

Operating result and net profit for the year

At EUR 8.6 million, the operating result generated in the 2020 financial year was 1.9% lower than the previous-year figure. The main factor contributing to this development was a significantly lower gross profit than in the previous year. In contrast, operating expenses fell by 5.3%. With significantly higher losses from the net financial and investment result than in the previous year of EUR 2.3 million (EUR 0.6 million) and income taxes of EUR 1.8 million (EUR 1.9 million), Berentzen-Gruppe Aktiengesellschaft generated a net profit for the year overall of EUR 4.5 million (EUR 5.4 million).

Executive Board’s proposal for the utilisation of profit

The distributable profit of Berentzen-Gruppe Aktiengesellschaft in the 2020 financial year amounts to EUR 15.0 million (EUR 13.2 million). This total includes the remaining profit carry-forward from the previous year in the amount of EUR 10.5 million (EUR 7.8 million).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft will propose to the annual general meeting that the distributable profit for the 2020 financial year of EUR 15.0 million be used to pay a dividend of EUR 0.13 per common share eligible for dividends for the 2020 financial year, with any remaining amount carried forward to new account. Taking into account the treasury shares not eligible for dividends held by the Company on the day of the annual general meeting in accordance with Section 71b AktG, this corresponds to an anticipated pay-out totalling around EUR 1.2 million and an amount of EUR 13.8 million carried forward to new account. The payment of this dividend is dependent upon the approval of the annual general meeting on May 11, 2021. The number of shares eligible for dividends may change in the time leading up to the annual general meeting. In this case, the dividend will remain unchanged at EUR 0.13 per eligible common share and an adjusted draft resolution for the utilisation of profit will be presented to the annual general meeting.

(7.2.3) Cash flows

Funding structure

In its role as parent company of the Berentzen Group, Berentzen-Gruppe Aktiengesellschaft acts as the central source of funding for the affiliated companies. The overall funding of the Berentzen Group at the end of the 2020 financial year is described in detail in section (2.2.5), Cash flows, of the Economic Report for the corporate group.

Cash Flow Statement for the period from January 1 to December 31, 2020

The following abridged Cash Flow Statement shows the development of liquidity in the Company. The Cash Flow Statement is based on a definition of cash and cash equivalents that encompasses the balance of liquid assets less bank liabilities due without notice.

Cash and cash equivalents include the current account maintained with a bank that is used to settle a factoring agreement, which contains the cash available at all times from this factoring agreement ("customer settlement account"). The receivables from the customer settlement account have different characteristics from usual current account receivables from banks, notably with regard to interest.

	2020 EUR'000	2019 EUR'000
Operating cash flow	7,995	7,250
Cash flow from operating activities	2,984	8,171
Cash flow from investing activities	- 2,377	- 986
Cash flow from financing activities	- 2,630	- 2,630
Change in cash and cash equivalents	**- 2,023**	**4,555**
Cash and cash equivalents at the end of the period	**7,109**	**9,132**

Operating cash flow and cash flow from operating activities

The operating cash flow remained positive at EUR 8.0 million (EUR 7.3 million) in the 2020 financial year, on the back of a profit for the year of EUR 4.5 million (EUR 5.4 million).

The cash flow from operating activities also includes cash movements in working capital. All in all, this gave rise to a net cash inflow of EUR 3.0 million (EUR 8.2 million) in the 2020 financial year. Cash movements in current assets, some of which relate to the reporting date and revenues, as well as notably a cash- and scheduling-related increase in the amounts receivable from affiliated companies, led to a net cash outflow of EUR 4.0 million (EUR 1.8 million). The alcohol tax liability decreased by EUR 1.0 million (increase of EUR 1.3 million) to EUR 42.6 million (EUR 43.6 million) compared to the reporting date of the previous year. All in all, the change in provisions and other liabilities gave rise on balance to a cash outflow of EUR 1.0 million (cash inflow of EUR 2.7 million).

Cash flow from investing activities

Investing activities led to a net cash outflow of EUR 2.4 million (EUR 1.0 million). The investments in property, plant and equipment totalled EUR 0.6 million (EUR 0.7 million), and were offset by proceeds from the disposal of items of property, plant and equipment of less than EUR 0.1 million in the 2020 and 2019 financial years. The investments in non-current financial assets amounted to EUR 1.7 million (EUR 0.0 million). These investments related primarily to the funding of additional paid-in capital for a domestic subsidiary and to the acquisition of a further foreign subsidiary.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 2.6 million (EUR 2.6 million), which resulted entirely from the dividend payment of EUR 2.6 million (EUR 2.6 million).

Cash and cash equivalents

Cash and cash equivalents totalled EUR 7.1 million (EUR 9.1 million), at year-end, of which EUR 4.8 million (EUR 6.0 million) related to receivables from the customer settlement account maintained with a bank that is used for settlement under a factoring agreement.

(7.2.4) Financial position

	12/31/2020		12/31/2019		Change
	EUR'000	%	EUR'000	%	EUR'000
Assets					
Non-current assets	52,373	37.3	53,525	38.3	- 1,152
Current assets	87,913	62.6	85,945	61.6	+ 1,968
Other assets	178	0.1	147	0.1	+ 31
	140,464	**100.0**	**139,617**	**100.0**	**+ 847**
Shareholders' equity and liabilities					
Shareholders' equity	55,480	39.5	53,660	38.4	+ 1,820
Non-current liabilities	9,897	7.0	10,576	7.6	- 679
Current liabilities	75,087	53.5	75,381	54.0	- 294
	140,464	**100.0**	**139,617**	**100.0**	**+ 847**

Assets

Total assets increased to EUR 140.5 million compared with December 31, 2019 (EUR 139.6 million). Non-current assets amounted to EUR 52.4 million (EUR 53.5 million), accounting for around 37.3% (38.3%) of total assets.

Non-current assets

Alongside property, plant and equipment such as property, technical equipment and machinery, plant and office equipment, which accounts for EUR 17.9 million (EUR 19.0 million) of non-current assets, a further EUR 34.0 million (EUR 33.9 million) related to non-current financial assets, primarily including shares in affiliated companies in the amount of EUR 30.8 million (EUR 28.5 million) and loans of EUR 3.2 million (EUR 5.4 million) used to ensure the long-term funding of affiliated companies. Intangible assets make up a further EUR 0.5 million (EUR 0.6 million) of non-current assets. These are primarily software licences.

Current assets

Within current assets totalling EUR 87.9 million (EUR 85.9 million), a portion of 54.5% (50.2%) is attributable to receivables and other assets, which increased by EUR 4.8 million from EUR 43.2 million to EUR 47.9 million on account of cash and liquidity management effects. The stock of inventories likewise decreased to EUR 32.9 million (EUR 33.6 million), with this development being mainly attributable to the decrease in the inventories of raw materials and supplies.

The cash and cash equivalents of EUR 7.1 million (EUR 9.1 million) decreased as a result of the negative cash flow totalling EUR 2.0 million, as shown in the Cash Flow Statement.

Shareholders’ equity and liabilities

Shareholders’ equity

Shareholders’ equity rose to EUR 55.5 million (EUR 53.7 million). This figure is based on the net profit for the year of around EUR 4.5 million (EUR 5.4 million) and includes the dividend payment of EUR 2.6 million (EUR 2.6 million) resolved by the annual general meeting in July 2020.

Non-current liabilities and provisions

An amount of EUR 9.9 million (EUR 10.6 million) was available to the Company in the form of non-current liabilities and provisions, which mainly consisted of liabilities under the syndicated loan agreement in the amount of EUR 7.5 million (EUR 7.5 million) and pension provisions in the amount of EUR 2.0 million (EUR 2.4 million).

Current liabilities and provisions

Current liabilities and provisions increased to EUR 75.1 million (EUR 75.4 million) and accounted for 53.5% (54.0%) of total assets in relative terms.

Alcohol tax liabilities amounted to EUR 42.6 million (EUR 43.6 million). This figure represents the alcohol tax liabilities for the last two months of the financial year.

Other liabilities and other current provisions together increased to EUR 31.2 million (EUR 30.7 million).

(7.2.5) *General statement about the business performance and economic position*

Business performance

The business performance of Berentzen-Gruppe Aktiengesellschaft was satisfactory as a whole over the 2020 financial year.

With developments that varied individually, it was possible all in all to achieve revenues down slightly on the previous-year level in the business with spirits. Due to, among other factors, the sales of the two core brands *Berentzen* and *Puschkin*, declining overall, significant declines in sales were registered for domestic branded spirits. The international business with branded spirits declined significantly in comparison to the previous year. In contrast, the business with dealer brands saw a positive sales development.

Please refer to the comments on the *Spirits* and *Other segments* in the Economic Report in section (2.2.3) of the Combined Management Report for further details.

Economic situation

The Company's economic situation is also satisfactory overall in light of the financial performance.

Based on stable revenue levels, Berentzen-Gruppe Aktiengesellschaft completed the 2020 financial year with an operating profit of EUR 8.6 million (EUR 8.7 million). This sideways movement was mainly due to the significant fall in operating expenses in comparison to the previous year which to a great extent made up for the EUR 2.5 million fall in gross profit.

The financial result and result from participating interests showed a clearly negative development. This is attributable primarily to a write-down on the book value of an affiliated company performed in the 2020 financial year, whereas the result from participating interests remained constant in comparison to the previous year. After these effects, the net profit for the year totalled EUR 4.5 million (EUR 5.4 million).

For more information about the Company's continued positive and solid cash flows and financial position, please refer to the presentation for the corporate group in the Economic Report in section (2.2.5) and (2.2.6) of the Combined Management Report.

(7.3) Report on risks and opportunities

The business performance of Berentzen-Gruppe Aktiengesellschaft is basically subject to the same risks and opportunities as the corporate group. These risks and opportunities are described in section (4) of the Combined Management Report. Whereas various individual risks directly affect, and opportunities are created for the parent company itself in the operating activities of the parent company – which correspond to those of the corporate group in the *Spirits* and *Other segments* – or the managerial and corporate functions exercised by the parent company, Berentzen-Gruppe Aktiengesellschaft itself fundamentally participates in the risks and opportunities of its subsidiaries, directly or indirectly, in proportion to its shareholdings in the subsidiaries.

As the parent company of the corporate group, moreover, Berentzen-Gruppe Aktiengesellschaft is integrated into the group-wide risk management system, which is summarised in section (4.1) of the report on risks and opportunities.

The financial reporting-related internal control system of Berentzen-Gruppe Aktiengesellschaft is described in the explanatory notes to the financial reporting-related internal control and risk management system in section (4.5) of the report on risks and opportunities.

(7.4) Forecast report

The expectations for Berentzen-Gruppe Aktiengesellschaft are basically reflected in the expectations for the corporate group by reason of its position and weight within the corporate group. The financial position, cash flows and financial performance of the parent company are dependent both on its own business performance, particularly including its operating business involving the production and distribution of spirits, and on the business performance and dividends of the subsidiaries or the shares of profit attributable to the parent company.

Based on the forecast development of the corporate group in the 2021 financial year, it is expected that Berentzen-Gruppe Aktiengesellschaft will generate a profit of a sufficient amount to pay a dividend of an appropriate amount from the corresponding distributable profit also in the 2021 financial year.

Please refer to the Forecast Report in section (5) of the Combined Management Report for further explanations of the key operating topics in the 2021 financial year and for the general statement about the anticipated performance of the corporate group.

(8) (Group) declaration on corporate governance

The Group declaration on corporate governance pursuant to Section 315d of the German Commercial Code (HGB) and the declaration of corporate governance pursuant to Section 289f HGB are a constituent part of this combined management report. These documents have been made publicly accessible on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/.

C. Consolidated Financial Statements

Statement of Financial Position at December 31, 2020

	Note	12/31/2020 EUR'000	12/31/2019 EUR'000
ASSETS			
Non-current assets	(2.1)		
Intangible assets	(2.2)	10,718	11,631
Property, plant and equipment	(2.3)	42,168	45,352
Investment property	(2.4)	0	730
Right-of-use assets	(2.5)	2,122	1,299
Other financial assets	(2.6)	937	708
Deferred tax assets	(2.16)	132	0
Total non-current assets		**56,077**	**59,720**
Current assets			
Inventories	(2.7)	39,397	40,556
Current trade receivables	(2.8)	11,765	14,799
Current income tax assets	(2.9)	847	83
Cash and cash equivalents	(2.10)	26,334	22,698
Other current financial and non-financial assets	(2.11)	10,045	13,774
Total current assets		**88,388**	**91,910**
Assets held for sale	(2.12)	**717**	**0**
TOTAL ASSETS		**145,182**	**151,630**

	Note	12/31/2020 EUR'000	12/31/2019 EUR'000
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(2.13)		
Subscribed capital		24,424	24,424
Additional paid-in capital		6,821	6,821
Retained earnings		15,995	17,955
Total shareholders' equity		**47,240**	**49,200**
Non-current liabilities			
Non-current provisions	(2.14)	8,885	9,853
Non-current financial liabilities	(2.15)	8,596	7,858
Deferred tax liabilities	(2.16)	1,179	1,778
Total non-current liabilities		**18,660**	**19,489**
Current liabilities			
Alcohol tax liabilities	(2.17)	42,626	43,601
Current provisions	(2.18)	81	257
Current income tax liabilities	(2.19)	255	1,467
Current financial liabilities	(2.20)	1,732	2,340
Trade payables and other liabilities	(2.21)	34,588	35,276
Total current liabilities		**79,282**	**82,941**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**145,182**	**151,630**

Consolidated Statement of Comprehensive Income for the period from January 1 to December 31, 2020

	Note	2020 EUR'000	2019 EUR'000
Revenues	(3.1)	154,591	167,400
Change in inventories	(3.2)	58	14
Other operating income	(3.3)	3,127	4,124
Purchased goods and services	(3.4)	87,533	92,717
Personnel expenses	(3.5)	24,977	25,601
Amortisation and depreciation of assets	(3.6)	8,919	8,549
Impairments	(3.7)	1,377	0
Other operating expenses	(3.8)	31,240	35,924
Financial income	(3.9)	99	104
Financial expenses	(3.9)	1,573	1,650
Earnings before income taxes		**2,256**	**7,201**
Income tax expenses	(2.16)	1,023	2,276
Consolidated profit		**1,233**	**4,925**
Currency translation differences		- 589	- 197
Items to be reclassified to the income statement at a later date		**- 589**	**- 197**
Revaluation of defined benefit obligations		37	- 436
Deferred taxes on revaluation of defined benefit obligations		- 11	129
Items not to be reclassified to the income statement at a later date		**26**	**- 307**
Other comprehensive income	(2.13)	**- 563**	**- 504**
Consolidated comprehensive income		**670**	**4,421**
Earnings per share based on profit, attributable to shareholders (in euros per share)			
Basic/ diluted earnings per common share	(3.11)	0.131	0.524

Consolidated Statement of Changes in Shareholders' Equity for the period from January 1 to December 31, 2020

	Subscribed capital EUR'000	Additional paid-in capital EUR'000	Retained earnings EUR'000	Total equity EUR'000
Balance at 01/01/2019	**24,424**	**6,821**	**16,164**	**47,409**
Consolidated profit			4,925	4,925
Other comprehensive income			- 504	- 504
Consolidated comprehensive income			4,421	4,421
Dividends paid			- 2,630	- 2,630
Balance at 12/31/2019	**24,424**	**6,821**	**17,955**	**49,200**
Balance at 01/01/2020	**24,424**	**6,821**	**17,955**	**49,200**
Consolidated profit			1,233	1,233
Other comprehensive income			- 563	- 563
Consolidated comprehensive income			670	670
Dividends paid			- 2,630	- 2,630
Balance at 12/31/2020	**24,424**	**6,821**	**15,995**	**47,240**

See Note (2.13) for additional information about consolidated shareholders' equity.

Consolidated Cash Flow Statement for the period from January 1 to December 31, 2020

	2020 EUR'000	2019 EUR'000
Consolidated profit	1,233	4,925
Income tax expenses	1,023	2,276
Interest income	- 99	- 97
Interest expenses	1,569	1,645
Amortisation and depreciation of assets	8,919	8,549
Impairments of assets	1,377	0
Other non-cash effects	- 810	- 850
Increase (+) / decrease (-) in provisions	- 1,143	- 566
Gains (-) / losses (+) on disposals of property, plant and equipment	- 22	- 16
Increase (+) / decrease (-) in receivables assigned under factoring agreements	- 7,650	8,642
Decrease (+) / increase (-) in other assets	15,737	- 8,147
Increase (+) / decrease (-) in alcohol tax liabilities	- 975	1,324
Increase (+) / decrease (-) in other liabilities	- 588	3,700
Cash inflows from subleases	72	0
Cash and cash equivalents generated from operating activities	**18,643**	**21,385**
Income taxes paid	- 3,726	- 3,443
Interest received	98	98
Interest paid	- 1,390	- 1,429
Cash flow from operating activities	**13,625**	**16,611**
Proceeds from disposals of intangible assets	26	142
Payments for investments in intangible assets	- 510	- 959
Proceeds from disposals of property, plant and equipment	107	139
Payments for investments in property, plant and equipment	- 4,656	- 6,212
Proceeds from cash acquired	50	0
Cash outflows for additions to financial assets	- 379	0
Cash flow from investing activities	**- 5,362**	**- 6,890**
Cash inflows from the utilization of loan agreements	0	299
Repayment of Bonds	- 124	- 104
Dividend payments	- 2,630	- 2,630
Lease liability repayments	- 1,185	- 735
Cash flow from financing activities	**- 3,939**	**- 3,170**
Change in cash and cash equivalents	**4,324**	**6,551**
Cash and cash equivalents at the start of the period	22,010	15,459
Cash and cash equivalents at the end of the period	**26,334**	**22,010**

For the definition of cash and cash equivalents, and their composition at the end of the period, see Note (2.10).

For the explanatory notes to the Cash Flow Statement, see Note (4.1).

Notes to the Consolidated Financial Statements of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year

(1) Policies and methods

(1.1) Information about the Company

Berentzen-Gruppe Aktiengesellschaft, (the “Company”), Haselünne, is a stock corporation (Aktiengesellschaft) organised under German law. The Company’s registered head office is in Ritterstraße 7, 49740 Haselünne, Germany, and the Company is registered in the Commercial Register maintained by Osnabrück Local Court (record HRB 120444). 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)

The consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee as applicable in the European Union (EU). All pronouncements of the International Accounting Standards Board (IASB) that are subject to mandatory application have been taken into account, leading to a true and fair view of the financial position, cash flows and financial performance of Berentzen-Gruppe Aktiengesellschaft. The consolidated financial statements comply with the European Union directive regarding consolidated accounts (Directive 83/349/EEC). As a publicly traded company governed by the law of a member state of the European Union (EU), Berentzen-Gruppe Aktiengesellschaft is required by Article 4 of Regulation (EC) No. 1606/2002 to prepare and publish its consolidated financial statements in accordance with IFRS and the applicable further provisions of commercial law specified in Section 315e (1) of the German Commercial Code (HGB).

The consolidated financial statements have been prepared in euros (EUR). Unless stated otherwise, all amounts are shown in thousands of euros (EUR'000). The consolidated financial statements are prepared in accordance with the consolidation, recognition and measurement methods described below. The cost summary format has been chosen for the presentation of the Statement of Comprehensive Income.

In order to improve the clarity and informative value of the financial statements, individual items have been grouped together in the Statement of Comprehensive Income and the Statement of Financial Position. These items are shown and explained separately in the notes to the consolidated financial statements. Estimates are required to prepare consolidated financial statements in accordance with IFRS. Furthermore, the application of uniform recognition and measurement methods requires the Management to make judgements. Areas with greater scope for such judgements, for which assumptions and estimates are of significance for the consolidated financial statements, are listed in Note (1.8), “Assumptions and estimates”.

The Executive Board approved the present consolidated financial statements at December 31, 2020, and the Group management report combined with the management report for the 2020 financial year for publication and submission to the Supervisory Board on March 17, 2021.

(1.3) Effects of the coronavirus pandemic

The coronavirus pandemic severely impacted the business performance of the Berentzen Group in the 2020 financial year.

The Berentzen Group recorded a material fall in revenues compared with the previous year, which was primarily attributable to declining sales volumes in the *Non-alcoholic Beverages* and *Fresh Juice Systems* segments. The resulting losses in gross profit, which could not be fully absorbed by cost savings, led to considerable reductions in the main earnings and financial performance indicators EBITDA and EBIT.

Additional information on the impacts of the coronavirus pandemic and the countermeasures taken by the Berentzen Group can be found in the combined management report, in particular in Section (2.2.3) “Business performance – significant developments and events”.

When preparing the consolidated 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 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, as a result of which an impairment loss amounting to EUR 1,377 thousand was recognised in the *Non-alcoholic Beverages* segment in the first quarter of the 2020 financial year. Further information can be found in Note (3.7).

(1.4) New and amended IFRS standards

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee have issued or revised further Standards and Interpretations. These do not have any significant effects on the consolidated financial statements, however.

(1.5) Consolidation principles

Principles of consolidation

Essentially all subsidiaries that are controlled by Berentzen-Gruppe Aktiengesellschaft according to the regulations of IFRS 10 are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, alongside the parent company, Berentzen-Gruppe Aktiengesellschaft. Subsidiaries are included in the consolidated financial statements under full consolidation from the date when the Group gains control over the investee. Deconsolidation takes place from the date at which that control is lost. The accounting treatment is in accordance with the acquisition method as defined in IFRS 3 in conjunction with IFRS 10.

Shares in non-fully consolidated companies are normally presented at amortised acquisition cost, as this represents the best estimate of the fair value.

For debt consolidation, the receivables and liabilities of the companies included are netted. During the elimination of intercompany profits and losses, profits and losses from intra-Group transactions between affiliated companies are eliminated. Deferred tax assets and liabilities are recognised in accordance with IAS 12 for differences resulting from consolidation activities recognised in profit or loss. Income and expenses from intra-Group transactions, especially those arising from intercompany transactions, are eliminated in the Statement of Comprehensive Income.

Pursuant to IFRS 10 Consolidated Financial Statements, the annual financial statements of the subsidiaries included in consolidation are prepared in accordance with uniform recognition and measurement methods.

Business combinations

The consolidation of investments in subsidiaries is carried out in accordance with the acquisition method as defined in IFRS 3 in conjunction with IFRS 10, by netting the consideration given against the fair value of the assets, liabilities and contingent liabilities assumed at the time of acquisition. In this context, the acquisition cost for a business combination corresponds to the fair value of the assets transferred, the equity instruments issued and the liabilities arising or assumed at the time of acquisition. Incidental acquisition costs are normally recognised as an expense. Where the net assets measured at fair value exceed the consideration transferred, this portion is recognised as goodwill. In the converse instance, the difference is recognised directly in the Statement of Comprehensive Income.

(1.6) Consolidated group

Essentially all domestic and foreign companies controlled by Berentzen-Gruppe Aktiengesellschaft within the meaning of IFRS 10 are included in the consolidated financial statements at December 31, 2020, alongside Berentzen-Gruppe Aktiengesellschaft. Including Berentzen-Gruppe Aktiengesellschaft, the group of companies included in the consolidated financial statements comprises twelve (previous year: ten) domestic and two (previous year: two) foreign Group companies.

Name	Registered office
Domestic Group companies	
Berentzen-Gruppe Aktiengesellschaft (parent company)	Haselünne
Berentzen Distillers Asia GmbH	Haselünne
Berentzen Distillers International GmbH	Haselünne
Berentzen Distillers Turkey GmbH	Haselünne
Berentzen North America GmbH	Haselünne
Berentzen-Vivaris Vertriebs GmbH	Haselünne
Citrocasa Deutschland Vertriebs GmbH	Haselünne
Der Berentzen Hof GmbH	Haselünne
DLS Spirituosen GmbH	Flensburg
Doornkaat Aktiengesellschaft	Norden
Pabst & Richarz Vertriebs GmbH	Minden
Vivaris Getränke GmbH & Co. KG	Haselünne
Foreign Group companies	
Berentzen Alkollü İçkiler Ticaret Limited Sirketi	Istanbul, Republic of Turkey
Citrocasa GmbH	Linz, Republic of Austria

Companies whose influence on the net worth, financial position and results of the Group is not material are not consolidated. The subsidiaries not fully consolidated account for hardly more than 1% of the aggregate revenues, net profit and liabilities of the Group.

With the following exceptions, the consolidated group is unchanged compared with the consolidated financial statements at December 31, 2019.

Two appropriately renamed shelf companies, Berentzen-Vivaris Vertriebs GmbH and Citrocasa Deutschland Vertriebs GmbH, both based in Haselünne, Germany, were acquired in the 2020 financial year and were included in the scope of consolidation as at July 2020 and August 2020, respectively. Berentzen-Gruppe Aktiengesellschaft holds 100% of the shares in Berentzen-Vivaris Vertriebs GmbH, while Citrocasa GmbH holds 100% of the shares in Citrocasa Deutschland Vertriebs GmbH. The acquisitions do not fall within the scope of application of IFRS 3.

(1.7) List of corporate shareholdings

Berentzen-Gruppe Aktiengesellschaft, Haselünne, prepares the consolidated financial statements for the largest and simultaneously smallest group of companies.

In the 2020 financial year, Berentzen-Gruppe Aktiengesellschaft acquired 100% of the shares in Rotkehlchen GmbH, based in Vienna, Republic of Austria, effective as of November 20, 2020, on the basis of a sales agreement signed on August 28, 2020 including the addendum thereto dated October 29, 2020. The acquisition is a share deal, with the purchase price amounting to EUR 290 thousand.

The respective shareholdings of the remaining shareholders have not changed in comparison to the previous year. The following list shows the shareholdings of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 313 (2) No. 1-4 HGB.

Direct subsidiaries

Name, registered office	Shareholding in %
Berentzen Distillers International GmbH, Haselünne	100.0
Berentzen Start-ups Investment GmbH, Haselünne	100.0
Berentzen-Vivaris Vertriebs GmbH, Haselünne	100.0
Der Berentzen Hof GmbH, Haselünne [1)]	100.0
DLS Spirituosen GmbH, Flensburg [1)]	100.0
Doornkaat Aktiengesellschaft, Norden [1)]	100.0
Kornbrennerei Berentzen GmbH, Haselünne	100.0
LANDWIRTH´S GmbH, Minden	100.0
Medley´s Whiskey International GmbH, Haselünne	100.0
Pabst & Richarz Vertriebs GmbH, Minden [1)]	100.0
Puschkin International GmbH, Haselünne	100.0
Rotkehlchen GmbH, Vienna, Republic of Austria	100.0
Strothmannn Spirituosen Verwaltung GmbH, Haselünne	100.0
Citrocasa GmbH, Linz, Republic of Austria	100.0
Vivaris Getränke GmbH & Co. KG, Haselünne [1)]	100.0
Winterapfel Getränke GmbH, Haselünne	100.0

[1)] Pursuant to Section 264 (3) and Section 264b HGB, the designated corporations and partnerships are freed from their obligation to prepare annual financial statements and a management report according to the regulations applicable to corporations, to have them audited, and to publish them.

Indirect subsidiaries

Name, registered office	Shareholding in %
Domestic companies	
Berentzen Distillers Asia GmbH, Haselünne	100.0
Berentzen Distillers Turkey GmbH, Haselünne	100.0
Berentzen North America GmbH, Haselünne	100.0
Citrocasa Deutschland Vertriebs GmbH, Haselünne	100.0
Die Stonsdorferei W. Koerner GmbH & Co. KG, Haselünne	100.0
Grüneberger Spirituosen und Getränkegesellschaft mbH, Grüneberg	100.0
MIO MIO GmbH, Haselünne	100.0
Vivaris Getränke Verwaltung GmbH, Haselünne	100.0
Foreign companies	
Berentzen Alkollü İçkiler Ticaret Limited Sirketi, Istanbul, Republic of Turkey	100.0
Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China	100.0
Berentzen Spirits India Private Limited, Gurgaon, Republic of India	100.0
Sechsämtertropfen G. Vetter Spolka z o.o., Jelenia Gora, Poland	100.0

(1.8) Accounting policies

Foreign currency translation

The consolidated financial statements have been prepared in euros (EUR), the functional currency of Berentzen-Gruppe Aktiengesellschaft. Since all the foreign subsidiaries conduct their business activities independently in financial, economic and organisational regards, the respective local currency is their functional currency. Items in the Statement of Financial Position are translated at the exchange rate applicable at the reporting date; items in the Consolidated Statement of Comprehensive Income are translated at the annual average rate. Differences from the currency translation of foreign subsidiaries are recognised outside of profit or loss and reported under retained earnings.

Foreign currency transactions are translated into the functional currency at the exchange rates applicable at the transaction date or the measurement date in the event of remeasurement. Gains and losses resulting from the settlement of such transactions and from translation at the end-of-period exchange rate of monetary assets and liabilities maintained in foreign currency are normally recognised in the Statement of Comprehensive Income. Foreign currency gains and losses resulting from the translation of cash and cash equivalents and financial liabilities are presented under Financial income or Financial expenses, and all other foreign currency gains and losses in Other income.

Intangible assets

Intangible assets are recognised at amortised cost. All intangible assets except for goodwill have definite useful lives. Amortisation is taken on proprietary brands on a straight-line basis over the estimated useful life of 15 years. Acquired technologies, customer lists and software licences are amortised on a straight-line basis over an estimated economic useful life of no more than eight years. Purchase commitments are amortised during the agreed term across the annual quantity purchased using a charge rate for each period; their operational useful life usually totals 5 years.

Intangible assets that are subject to scheduled amortisation are tested for impairment when relevant events indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised in the amount by which the carrying amount exceeds the recoverable amount. The fair value of trademarks and copyrights is measured using the multi-period excess earnings method (MEEM). Where the reasons for the previously recognised impairments no longer apply, the impairments on such assets are reversed to the value that would have arisen had no impairments been recognised in earlier periods.

Goodwill is not subject to amortisation; instead, it undergoes an impairment test once a year at the level of cash-generating units and where there are indications of an impairment. The recoverable amount of a cash-generating unit is compared against its carrying amount including goodwill. Where the carrying amount exceeds the recoverable amount, an impairment loss in the amount of the difference is recognised on the goodwill allocated to this cash-generating unit. Impairments of goodwill may not be reversed in later periods.

Research costs are presented as current expenses. Development costs are capitalised insofar as the conditions for capitalisation stated in IAS 38 are met.

Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less scheduled depreciation and, where necessary, less appropriate impairments. Acquisition or production cost includes those costs that are directly attributable to the purchase. Finance costs are not capitalised as part of the historical cost, since no qualified assets currently exist in the Group. Depreciation of the items of property, plant and equipment always starts when the asset is used.

Subsequent acquisition or production costs are only recognised as part of the asset if it is probable that future economic benefits will flow to the Group and the costs can be reliably measured. All other repair and maintenance costs are recognised as an expense in the financial year in which they accrue.

No depreciation charges are taken on land. Depreciation on property, plant and equipment is taken exclusively using the straight-line method. The following standard economic useful lives are used as the basis for depreciation charges throughout the Group:

	Economic useful life, in years
Buildings	20-75
Land improvements	10-30
Technical equipment and machinery	5-25
Other equipment, operational and office equipment	5-30

The residual values and economic useful lives are reviewed at each reporting date and, if necessary, adjusted. Where there are indications for an impairment, and the recoverable amount is less than the amortised cost, impairments are recognised in property, plant and equipment. The recoverable amount is the higher of the fair value of the asset less the costs to sell and the value in use. For the impairment test, assets are grouped together at the lowest level for which cash flows can be identified separately (cash-generating unit). In the case of assets for which an impairment has been recognised in the past, a further test is carried out at each reporting date to ascertain whether the impairment should be reversed (write-up).

Gains and losses on the disposal of assets are measured as the difference between the proceeds on disposal and the carrying amount and recognised in the Statement of Comprehensive Income under Operating income or Other operating expenses.

Investment property

Investment property is measured at amortised cost and depreciated in accordance with the depreciation methods and useful lives described in the section on Property, plant and equipment.

Leases

A lease is defined as an agreement that entitles the lessee to control the use of an identified asset for a specified period of time in return for payment of a fee.

Where Berentzen Group companies act as lessees, a right-of-use asset is to be entered on the asset side of the balance sheet and a lease liability on the liability side for every lease as a matter of principle. In the preliminary assessment, the lease liability is calculated using the present value of lease payments that have not yet been made. Payments pertaining to service are in principle recognised together with the lease components of the agreement. The payments are discounted using the incremental borrowing rate of the lessee. In the balance sheet, lease liabilities are shown under financial liabilities. The right-of-use asset is usually initially calculated using the lease liability amount. Right-of-use assets are reported under a separate item: “Right-of-use assets”. In subsequent periods, the lease payment is to be divided into an interest and a principal portion so as to produce a constant periodic rate of interest on the lease liability via the interest portion. The principal portion reduces the lease liability. The right-of-use asset is depreciated on a straight-line basis.

Short-term leases and leases of low-value assets are not shown in the balance sheet. Instead, the lease instalments are recorded as an expense.

In the Cash Flow Statement, the portion of the lease payments that pertains to the repayment of the lease liability is recorded under cash flow from financing activities. The interest portion of the lease payments is reported under cash flow from operating activities.

Where Berentzen Group companies act as lessors, a distinction must be made between finance and operating leases.

Leases under which essentially all the risks and rewards incidental to ownership of the leased asset remain with the lessor are classified as operating leases. In this case, the leased asset will continue to be recognised under property, plant and equipment.

On the other hand, leases under which essentially all the risks and rewards incidental to ownership of the leased asset are passed on to the lessee are classified as finance leases. For these leases, the Berentzen Group recognises receivables in the amount of the net investment value arising from the leases and recognises the interest income in profit or loss.

Inventories

Inventories are valued at the lower of acquisition or production costs or net realisable values. Alongside the direct costs which are generally measured at the moving average, the cost of inventories comprises appropriate portions of the required indirect materials and production overheads, as well as production-related depreciation that can be attributed directly to the production process. The cost of administration and social facilities is included insofar as it can be attributed to production. Write-ups are recognised if the reasons that led to a write-down of the inventories no longer apply.

Income taxes, and deferred tax assets and liabilities

Income taxes comprise the taxes on income to be paid immediately, essentially comprising the current corporate income tax and trade tax, along with deferred taxes.

Effects arising from the measurement of deferred taxes compliant with IAS 12 on account of temporary differences between the carrying amounts under IFRS and the carrying amounts used in the tax balance sheet or as a result of the recognition and measurement of tax loss carry-forwards that have not already been utilised are similarly included.

Probable tax savings and charges arising in the future are recognised for temporary differences between the carrying amounts stated in the consolidated financial statements and the values of assets and liabilities stated for tax purposes. Anticipated tax savings arising from the utilisation of loss carry-forwards deemed to be realisable in the future are capitalised.

In accordance with the criteria set out in IAS 12.74, deferred tax assets and liabilities broken down by current/non-current are offset within the individual company and within a group of companies for income tax purposes.

Deferred tax assets arising from deductible temporary differences and tax loss carry-forwards exceeding the deferred tax liabilities arising from taxable temporary differences are only recognised to the extent that it is probable that enough taxable income will be generated to realise the corresponding benefits. Various factors such as the loss history and operating plans are applied to assess the probability.

The tax charges on planned dividend pay-outs by domestic and international subsidiaries are insignificant and hence not normally recognised. These tax charges arising from German corporate-income and trade tax of approximately 1.5% on all dividends would exist for subsidiaries with the legal form of an incorporated company.

Financial instruments

Additions to financial assets are recognised at the trade date. The trade date is the date when the Group commits to purchase the asset. With the exception of trade receivables without a significant financing component, financial assets are measured at fair value upon initial recognition. If an asset does not belong to the category “measured at fair value through profit or loss”, the transaction costs are to be added. Trade receivables without a significant financing component are recognised at their transaction price.

Financial assets are normally divided into the following categories for the purposes of subsequent measurement:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVPL)

The classification depends upon the Group's business model for the management of financial assets and the contractual cash flows of the financial asset. The management determines the classification upon initial recognition and reviews it at each reporting date.

The category of "measured at amortised cost" includes assets that are held to collect contractual cash flows and for which these cash flows represent solely payments of principal and interest. Assets of this category are subsequently measured at amortised cost based on the effective interest rate method, less valuation allowances for impairment losses. Interest income is recognised in profit or loss under financial income. Gains and losses are recognised in profit or loss under other operating income or expenses when the financial instrument is derecognised or an impairment loss is recognised.

Assets that are held to collect contractual cash flows and for sale and for which these cash flows represent solely payments of principal and interest are assigned to the category "measured at fair value through other comprehensive income". There are no financial assets in this category.

If an asset is not classified as either the category "measured at amortised cost" or the category "measured at fair value through other comprehensive income", it is classified as "measured at fair value through profit or loss". These assets are subsequently measured at fair value. A gain or loss resulting from such a measurement, as well as interest and dividend income, is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash, sight deposits and other current, highly liquid financial assets with an original maturity of less than three months.

Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction instead of through continuing use. Non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Scheduled depreciation is ceased when non-current assets are classified as "Non-current assets held for sale".

Treasury shares

Treasury shares purchased and held are measured at cost, including directly allocable transaction costs, and are deducted directly from equity instead of being recognised in profit or loss. The imputed share of nominal capital attributable to treasury shares is set off against subscribed capital, and the difference between the imputed nominal value and the acquisition cost of purchased treasury shares is offset against retained earnings.

Provisions

Provisions take account of present legal or constructive obligations towards third parties that arise from past events, the settlement of which is expected to result in an outflow of resources, provided that a reliable estimate can be made of the amount of the obligation. They are recognised at the necessary amount expected to settle the obligation. Non-current provisions are recognised at the discounted settlement amount at the reporting date. Increases resulting from compounding are recognised within Financial expenses. Provisions are not offset against rights of recourse.

Employee benefits

The actuarial measurement of the pension provisions for the Company pension plan is carried out using the projected unit credit method prescribed by IAS 19. The defined benefit obligation (DBO) is measured annually by an independent actuary using the projected unit credit method. The present value of the DBO is calculated by discounting the anticipated future cash outflows with the market yields on high quality corporate bonds with equivalent terms to the pension obligations. This was 0.3% during the reporting period (previous year: 0.7%). Actuarial gains and losses based on experience adjustments and the effects of changes to the actuarial assumptions are recognised directly in Other comprehensive income and not in profit or loss.

Post-employment benefits are granted where an employee is terminated before reaching ordinary retirement age or an employee leaves employment voluntarily against payment of a termination indemnity. Termination payments are recognised when the obligation demonstrably exists to terminate the employment of current employees in accordance with a detailed formal plan without a realistic possibility of withdrawal from that plan.

Liabilities

Liabilities comprise financial liabilities, trade payables and other liabilities. Upon initial recognition, they are measured at the fair value of the consideration received less the transaction costs associated with the borrowing.

Financial liabilities are subsequently measured at amortised costs, applying the effective interest method. Gains and losses are recognised directly in profit or loss when the liabilities are derecognised and within the framework of amortisation. The transaction costs are recognised under Financial expenses.

Non-current liabilities are subsequently measured at amortised cost. Differences between historical cost and the redemption amount are measured in accordance with the effective interest method.

Current liabilities are recognised at their redemption or settlement amount.

Liabilities classified as “held for trading” are measured at fair value through profit or loss.

The alcohol tax and import duties are recognised in the amount payable to the main customs offices and are shown in a separate line item in order to improve the informative value of the consolidated financial statements.

Contingent liabilities are not recognised in the Statement of Financial Position. They are shown in Note (4.3) in the notes to the consolidated financial statements.

Government grants

Government grants for investments in assets are presented as deferred income within liabilities and reversed in profit or loss on a straight-line basis over the expected useful life of the assets concerned.

Impairments of financial assets

The financial assets of the category "measured at amortised cost" are subject to the impairment rules of IFRS 9. Therefore, the future expected credit loss is assessed for these assets on every reporting date so as to enable a presentation of the risk of default. The applicable impairment method depends on whether the risk of default has significantly increased.

When determining whether a financial asset's risk of default has increased significantly, information and analyses based on both past experience as well as information regarding the future are taken into account. The risk of default is presumed to have increased significantly if the contractual cash flows are more than 30 days past due. If an asset's risk of default has increased significantly, the impairment is measured in the amount of the expected lifetime credit loss. In contrast, if the risk of default has not increased significantly, the impairment is recognised in the amount of the 12-month expected credit loss. The two impairment methods differ insofar as all expected losses from potential default events occurring over the entire remaining term flow into the lifetime expected credit loss, whereas only losses expected from default events in the following twelve months flow into the 12-month expected credit loss.

The amount of the impairment to be recognised corresponds to the credit losses, i.e. the difference between the contractually agreed payments and the expected payments, discounted at the financial instrument's effective interest rate. The carrying amount of the asset is reduced by means of a valuation adjustment account, and the loss is recognised within Other operating expenses. When the payments from an asset have become uncollectible, the asset is derecognised against the valuation adjustment account. Subsequent cash receipts on previously derecognised amounts are recognised against the impairments presented in the Statement of Comprehensive Income.

The simplified impairment approach of IFRS 9 is applied for trade receivables. According to this approach, the risk of default is not assessed for these assets; instead, the credit losses expected over the lifetime of the asset are recognised. Trade receivables are grouped together on the basis of common features and the number of days past the due date for the measurement of the expected credit losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised when the contractual claims to receive the cash flows from the asset expire or have been transferred and the Group has transferred substantially all opportunities and risks associated with the ownership of the financial asset.

If substantially all of the opportunities and risks associated with the ownership of the financial asset are neither transferred nor retained, the asset is derecognised if the Group does not retain control over the financial asset. In contrast, if the Group continues to retain control over the transferred financial asset, the Group recognises its remaining share of the assets and a corresponding liability in the amount that must possibly be paid. When the continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.

A financial liability is derecognised when the obligation underlying this liability is discharged or cancelled or expires.

If an existing financial liability is exchanged for another liability of the same lender with substantially different contractual terms, or the conditions of an existing liability are changed significantly, such an exchange or change leads to the derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Recognition of income and expenses

The consideration defined in an agreement with a customer is the basis for the measurement of revenues. Revenues are realised when control over the goods is transferred to the customer, i.e. when the goods are delivered. There is no significant financing component, since the actual average period allowed for payment over the entire corporate group is 36 days (previous year: 35 days).

For the sale of goods, terms and conditions are often agreed that include quantity discounts, advertising subsidies, special allowances, etc. These terms and conditions are recognised as reductions in the transaction price and consequently reduce the amount of revenues. Since the terms and conditions are defined in annual meetings, the resulting reduction in revenues is determined at the time of the sale. For sales that include such terms and conditions, a reimbursement liability is also recognised that is presented under trade liabilities and other liabilities.

Other operating income is recognised when it is received or the carrying amount of an asset increases and when a liability is derecognised or its carrying amount is reduced.

Operating expenses are recognised in profit or loss when a liability is incurred or its carrying amount increases and upon the disposal of an asset or when its carrying amount decreases.

Financial expenses and income are recognised through profit or loss.

Assumptions and estimates

When preparing the consolidated financial statements, assumptions have been made and estimates applied that have an impact on the presentation and measurement of the recognised assets, liabilities, income, expenses and contingent liabilities.

They essentially relate to the assessment of the impairment of intangible assets, the definition of uniform economic useful lives, the collectability of receivables, the recognition and measurement of provisions, and the realisation of future tax savings.

In the course of business combinations, assumptions are made for the purpose of purchase price allocation regarding the valuation of liabilities assumed, and particularly of acquired assets, as the fair value is used as the measure. This is generally measured as the present value of the future cash flows, taking into account the present value of the depreciation-related tax benefit.

In connection with leases entered into as a lessee, assumptions need to be made when determining the term of contracts with extension or termination options. The periods of time resulting from extension or termination options only need to be taken into account in the term of a lease if it is reasonably certain that the option will be exercised or not exercised. When determining whether there is reasonable certainty, discretionary decisions are necessary.

Extension and termination options exist in particular for building and fleet leases. In the area of fleet leases, it is deemed reasonably certain that an extension option will be exercised once that option is actually exercised. When determining the term of building rental contracts that continue to run until they are terminated, detailed short- and medium-term plans are taken into account to determine the period during which it is reasonably certain that the termination option will not be exercised.

The present value of pension obligations depends upon a number of factors that are based on actuarial assumptions. The assumptions applied when determining the net expenses (income) for pensions include the anticipated discount rate. Berentzen-Gruppe Aktiengesellschaft determines the appropriate discount rate at the end of each year. Due to Company-specific factors, the rate of increase in the pension obligation is 1.5% (previous year: 1.5%). Further significant assumptions for pension obligations are based on existing market conditions. These actuarial assumptions may differ from actual developments due to changed market and economic conditions, thus leading to a significant change in the pension and similar obligations.

The measurement of provisions for legal disputes depends on estimates to a considerable degree. Legal disputes often involve complex legal questions and are fraught with considerable uncertainties. It may be necessary to recognise a new provision for an ongoing legal dispute as a result of new developments or to adjust the amount of an existing provision. In addition, the outcome of a legal dispute could give rise to expenditures that exceed the provision recognised for the respective proceeding. Legal disputes can have significant effects on the financial position, cash flows and financial performance of the Berentzen Group. Required information about legal disputes according to IAS 37 is not disclosed if the Berentzen Group concludes that such information could seriously endanger the outcome of the given proceeding.

The repayment obligations (liabilities) arising from deposits received are predominantly measured on the basis of all relevant empty containers to be returned by individual customers.

Income taxes must be estimated for each tax jurisdiction in which the Group operates. This involves calculating the anticipated current income tax payable and assessing the temporary differences arising from the differing treatment of certain items in the Statement of Financial Position between the consolidated financial statements prepared in accordance with IFRS and the financial statements prepared under tax law. Where there are temporary differences, they normally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. The management must make assessments when calculating actual and deferred taxes. Where the actual results differ from these estimates, or these estimates need to be adjusted in future periods, this may have a negative impact on the Company's financial position, cash flows and financial performance. Where there is a change in the assessment of the value of deferred tax assets, write-downs are taken on the deferred tax assets and recognised in profit or loss.

Fluctuating business cycles give rise to risks for the further development of the market and economic situation. These fluctuations may cause underlying assumptions to differ from actual developments and have an impact on commodity prices, interest rates and patterns of consumer behaviour.

The assumptions and estimates are underpinned by premises that are based on the currently available information. The actual values may in some cases differ from the assumptions and estimates made. Changes are recognised in profit or loss at the date when a better understanding is gained.

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

(2.1) Non-current assets

Development of intangible assets, property, plant and equipment, and investment property in the 2019 and 2020 financial years

	Intangible assets EUR'000	Property, plant and equipment EUR'000	Investment property EUR'000	Total non-current assets EUR'000
Acquisition/production cost				
Balance at 01/01/2019	71,622	153,583	1,203	226,408
Additions	959	6,212	0	7,171
Disposals/reclassifications	- 350	- 4,584	0	- 4,934
Currency effects	- 1	- 4	0	- 5
Balance at 12/31/2019	72,230	155,207	1,203	228,640
Additions	510	4,656	0	5,166
Disposals/reclassifications	- 142	- 3,791	- 1,203	- 5,136
Currency effects	- 2	- 11	0	- 13
Balance at 12/31/2020	72,596	156,061	0	228,657
Amortisation/impairments				
Balance at 01/01/2019	59,539	107,787	459	167,785
Additions	1,309	6,489	14	7,812
Disposals/reclassifications	- 250	- 4,416	0	- 4,666
Currency effects	1	- 5	0	- 4
Balance at 12/31/2019	60,599	109,855	473	170,927
Additions	1,370	6,403	13	7,786
Impairments	38	1,339	0	1,377
Disposals/reclassifications	- 127	- 3,696	- 486	- 4,309
Currency effects	- 2	- 8	0	- 10
Balance at 12/31/2020	61,878	113,893	0	175,771
Net carrying amounts 12/31/2020	**10,718**	**42,168**	**0**	**52,886**
Net carrying amounts 12/31/2019	**11,631**	**45,352**	**730**	**57,713**

The syndicated loan agreement concluded in December 2016 stipulates that material sales of non-current assets exceeding the normal course of business may require the consent of the lender.

(2.2) Intangible assets

Development of intangible assets in the 2019 and 2020 financial years

	Goodwill EUR'000	Trademarks, customer lists, and technical knowledge EUR'000	Licences and other intangible assets EUR'000	Advance payments made EUR'000	Total intangible assets EUR'000
Acquisition/production cost					
Balance at 01/01/2019	6,056	62,511	3,015	40	71,622
Additions	0	257	609	93	959
Disposals	0	- 327	- 23	0	- 350
Reclassifications	0	0	40	- 40	0
Currency effects	0	0	- 1	0	- 1
Balance at 12/31/2019	6,056	62,441	3,640	93	72,230
Additions	0	85	425	0	510
Disposals	0	- 50	- 92	0	- 142
Reclassifications	0	0	93	- 93	0
Currency effects	0	0	- 2	0	- 2
Balance at 12/31/2020	6,056	62,476	4,064	0	72,596
Amortisation/impairments					
Balance at 01/01/2019	0	57,223	2,316	0	59,539
Additions	0	1,073	236	0	1,309
Disposals	0	- 227	- 23	0	- 250
Currency effects	0	0	1	0	1
Balance at 12/31/2019	0	58,069	2,530	0	60,599
Additions	0	1,099	271	0	1,370
Impairments	0	0	38	0	38
Disposals	0	- 35	- 92	0	- 127
Currency effects	0	0	- 2	0	- 2
Balance at 12/31/2020	0	59,133	2,745	0	61,878
Net carrying amounts 12/31/2020	**6,056**	**3,343**	**1,319**	**0**	**10,718**
Net carrying amounts 12/31/2019	**6,056**	**4,372**	**1,110**	**93**	**11,631**

The following table shows the detailed breakdown of the net carrying amounts of intangible assets:

	12/31/2020 EUR'000	12/31/2019 EUR'000
Trademarks	2,345	2,615
Customer lists	252	588
Technical knowledge	449	705
Purchase commitments	297	464
Trademarks, customer lists, and technical knowledge	3,343	4,372
Goodwill	6,056	6,056
Licences and other intangible assets	1,319	1,110
Advance payments made	0	93
	10,718	**11,631**

Pursuant to IAS 36.10, the goodwill capitalised in financial year 2014 within the framework of the acquisition of Citrocasa GmbH in the amount of EUR 6,056 thousand (previous year: EUR 6,056 thousand) is subject to annual impairment testing. The impairment test performed in the 2020 financial year did not give rise to any impairment (as was the case in the previous year). The recoverable amount is determined using the fair value less costs to sell. The fair value less costs to sell was calculated by determining the present value of the future anticipated cash flows (discounted cash flow method), using a planning period of three years.

The weighted average cost of capital (WACC) of an appropriate peer group was applied as the discount rate. This discount rate determined for the CGU was 3.1% (previous year: 4.2%). The parameters for the weighted average cost of capital were determined on the basis of values derived from external market conditions. The applied growth rate was 1.0% (previous year: 1.0%).

The principal assumptions applied in the calculation of the fair value less costs to sell pertained to the weighted average cost of capital, the forecast development of revenues, the EBITDA growth rate and the sustainable growth rate of the terminal value. The fair value less costs to sell is mainly based on non-observable input data (fair value hierarchy Level 3).

As in the prior year, no intangible assets were encumbered with security interests at December 31, 2020. As in the prior year, there were no contractual commitments to purchase intangible assets as at December 31, 2020.

Costs for research and development in the amount of EUR 1,652 thousand (previous year: EUR 1,799 thousand) were recognised as an expense in the reporting period.

(2.3) Property, plant and equipment

Development of property, plant and equipment in the 2019 and 2020 financial years

	Land and buildings EUR'000	Technical equipment and machinery EUR'000	Other equipment, operational and office equipment EUR'000	Advances to suppliers and construction in progress EUR'000	Total property, plant and equipment EUR'000
Acquisition/production cost					
Balance at 01/01/2019	47,051	80,248	25,702	582	153,583
Additions	527	551	3,595	1,539	6,212
Disposals	0	- 2,866	- 1,718	0	- 4,584
Reclassifications	0	522	28	- 550	0
Currency effects	0	0	- 4	0	- 4
Balance at 12/31/2019	47,578	78,455	27,603	1,571	155,207
Additions	151	1,108	3,331	66	4,656
Disposals	- 30	- 1,981	- 1,780	0	- 3,791
Reclassifications	58	1,466	15	- 1,539	0
Currency effects	0	0	- 11	0	- 11
Balance at 12/31/2020	47,757	79,048	29,158	98	156,061
Depreciation/impairments					
Balance at 01/01/2019	27,112	62,746	17,929	0	107,787
Additions	805	2,643	3,041	0	6,489
Disposals	0	- 2,766	- 1,650	0	- 4,416
Currency effects	0	- 1	- 4	0	- 5
Balance at 12/31/2019	27,917	62,622	19,316	0	109,855
Additions	835	2,574	2,994	0	6,403
Impairments	496	399	444	0	1,339
Disposals	- 30	- 1,941	- 1,725	0	- 3,696
Currency effects	0	0	- 8	0	- 8
Balance at 12/31/2020	29,218	63,654	21,021	0	113,893
Net carrying amounts 12/31/2020	**18,539**	**15,394**	**8,137**	**98**	**42,168**
Net carrying amounts 12/31/2019	**19,661**	**15,833**	**8,287**	**1,571**	**45,352**

See Note (3.7) for information about the impairments carried out.

As in the previous year, no items of property, plant and equipment were encumbered with security interests at December 31, 2020. As in the prior year, there were no contractual commitments to purchase items of property, plant and equipment as at December 31, 2020.

Operating leases

The Berentzen Group acts as a lessor under rental and lease agreements that are classified as operating leases. These agreements essentially relate to the leasing business involving fruit presses in the *Fresh Juice Systems* segment as well as to the leasing of building parts and storage facilities. In the financial year rental and lease payments of EUR 186 thousand were received (previous year: EUR 497 thousand). The maturities of the instalments from operating leases to be received in future break down as follows:

	2020 EUR'000	2019 EUR'000
Up to 1 year	96	197
Longer than 1 year and up to 2 years	0	22
Longer than 2 years and up to 3 years	0	0
Longer than 3 years and up to 4 years	0	0
Longer than 4 years and up to 5 years	0	0
Longer than 5 years	0	0
Total operating lease payments	**96**	**219**

(2.4) Investment property

Development of investment property in the 2019 and 2020 financial years

	Land EUR'000	Buildings EUR'000	Total investment property EUR'000
Acquisition/production cost			
Balance at 01/01/2019	480	723	1,203
Additions	0	0	0
Disposals	0	0	0
Balance at 12/31/2019	480	723	1,203
Additions	0	0	0
Reclassification as non-current assets held for sale	- 480	- 723	- 1,203
Balance at 12/31/2020	0	0	0
Depreciation			
Balance at 01/01/2019	73	386	459
Additions	0	14	14
Disposals	0	0	0
Balance at 12/31/2019	73	400	473
Additions	0	13	13
Reclassification as non-current assets held for sale	- 73	- 413	- 486
Balance at 12/31/2020	0	0	0
Net carrying amounts 12/31/2020	**0**	**0**	**0**
Net carrying amounts 12/31/2019	**407**	**323**	**730**

In the previous year, investment property comprised the land and buildings of the former production facility in Norden, parts of which had been leased to third parties since the closure of this production facility.

Since the requirements for accounting for “Non-current assets held for sale” according to IFRS 5 were met at December 31, 2020, this will be reported under this item from now on.

(2.5) Leases

The Berentzen Group acts as the lessee in various leases. The leases entered into essentially relate to the vehicle fleet, leased offices and business premises, and plant and office equipment. In the 2020 financial year, the total cash outflow for leases amounts to EUR 1,421 thousand (previous year: EUR 1,224 thousand). The carrying amounts of right-of-use assets developed as follows:

	Vehicle fleet EUR'000	Buildings EUR'000	Other EUR'000	Total EUR'000
Carrying value at January 1, 2019	1,200	12	137	1,349
Additions to right-of-use assets	686	17	20	723
Depreciation and amortisation	- 667	- 21	- 49	- 737
Other changes	- 39	3	0	- 36
Carrying value at December 31, 2019	1,180	11	108	1,299
Additions to right-of-use assets	1,239	0	65	1,304
Depreciation and amortisation	- 868	- 197	- 68	- 1,133
Other changes	100	544	8	652
Carrying value at December 31, 2020	**1,651**	**358**	**113**	**2,122**

In the financial year, the implementation of IFRIC agenda decision “Lease Term and Useful Life of Leasehold Improvements” from November 2019 led to changes in the recognition of contracts that continue to run indefinitely until they are terminated. In particular, these changes related to building leases that had previously been classified as short-term leases owing to short-term termination options. The term of these leases is now based on short- and medium-term plans, which are used to determine the period during which it is reasonably certain that the termination option will not be exercised. The adjustment to the right-of-use assets resulting from the IFRIC agenda decision in the financial year is shown in the above table within Other changes.

The leases result in the following income and expenses in the Consolidated Statement of Comprehensive Income:

	2020 EUR'000	2019 EUR'000
Depreciation and amortisation	- 1,133	- 737
Interest expense	- 67	- 47
Short-term lease expense	- 119	- 395
Expense for leases of low-value assets	- 51	- 49
Income from the sublease of right-of-use assets	2	2
Total	**- 1,368**	**- 1,226**

The expected future lease payments from extension and termination options that are not reasonably certain and are not taken into account in determining the lease liability amount to EUR 255 thousand (previous year: EUR 1,273 thousand).

(2.6) Other financial assets

	12/31/2020 EUR'000	12/31/2019 EUR'000
Shares in affiliated companies	731	405
Receivables under finance leases	163	260
Shares in cooperatives	32	32
Participating interests	11	11
	937	**708**

Shares in affiliated companies

Shares in affiliated companies include non-consolidated general partner companies and non-operating shell companies.

Receivables under finance leases

There are lease agreements in the *Fresh Juice Systems* segment that are to be classified as finance leases on account of their contractual terms. These agreements essentially relate to the leasing business involving fruit presses. In addition, the Berentzen Group subleased bicycles to employees. These subleases are finance leases. The non-current portion of the receivables under finance leases amounts to EUR 163 thousand (previous year: EUR 260 thousand) and is presented within Other financial assets. The current portion of the receivables amounts to EUR 274 thousand (previous year: EUR 408 thousand) and is capitalised under Other current financial assets (Note (2.11)).

The following table shows the maturity analysis for future undiscounted cash inflows from financing leases and demonstrates their reconciliation with the net investment in financing leases.

	2020		2019	
	Lease payments EUR'000	Non-guaranteed residual values EUR'000	Lease payments EUR'000	Non-guaranteed residual values EUR'000
Up to 1 year	222	64	366	65
Longer than 1 year and up to 2 years	109	18	174	40
Longer than 2 years and up to 3 years	35	7	36	20
Longer than 3 years and up to 4 years	0	0	0	0
Longer than 4 years and up to 5 years	0	0	0	0
Longer than 5 years	0	0	0	0
Gross investment in leases	**455**		**701**	
Unrealised financial income	- 18		- 33	
Net investment in leases	**437**		**668**	

(2.7) Inventories

	12/31/2020 EUR'000	12/31/2019 EUR'000
Raw materials	3,702	4,612
Packaging and equipment	2,889	3,309
Supplies	53	51
Raw materials and supplies	6,644	7,972
Work in progress	17,877	18,139
Finished products	10,283	9,963
Merchandise for resale	4,593	4,482
Finished products and merchandise for resale	14,876	14,445
Inventories	**39,397**	**40,556**

When measuring inventories at the lower of cost or net realisable value, write-downs totalling EUR 183 thousand (previous year: EUR 64 thousand) were charged on inventories. The carrying amount of the inventories measured at net realisable value totalled EUR 655 thousand (previous year: EUR 602 thousand). The write-downs were recognised in profit or loss and presented within Other operating expenses and Change in inventories.

(2.8) Current trade receivables

The following table shows the breakdown of current trade receivables:

December 31, 2020	Ongoing and less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross receivables portfolio (EUR'000)	10,933	96	558	405	11,992
Loss rate	0.3%	4.2%	0.5%	46.9%	
Impairment loss (EUR'000)	- 30	- 4	- 3	- 190	- 227
Net receivables portfolio (EUR'000)	**10,903**	**92**	**555**	**215**	**11,765**

December 31, 2019	Ongoing and less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross receivables portfolio (EUR'000)	14,237	240	178	449	15,104
Loss rate	0.5 %	1.3 %	9.6 %	49.0 %	
Impairment loss (EUR'000)	- 65	- 3	- 17	- 220	- 305
Net receivables portfolio (EUR'000)	**14,172**	**237**	**161**	**229**	**14,799**

Valuation allowances are recognised for receivables when there is objective evidence that the receivable concerned cannot be collected at all or in full, or not within a specific period of time. This is regularly the case in the case of trade receivables and other receivables when the internal collection office is unable to collect the receivables and it becomes necessary to call in external collection firms or lawyers. Valuation adjustments are also recognised for expected credit losses. The following table shows the overall development of the valuation adjustment account:

	2020 EUR'000	2019 EUR'000
Balance at 1/1	**305**	**357**
Additions	22	48
Use	- 16	- 36
Reversals	- 84	- 64
Balance at 12/31	**227**	**305**

Transfers of financial assets

As part of its external financing activities, the Berentzen Group also utilises factoring lines. The total available financing amount on the basis of two factoring agreements is EUR 55,000 thousand (previous year: 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. The factor concerned normally purchases the receivables at face value. The purchase prices are disbursed less retentions and provisions for bonuses and discounts; in this context, the retentions amount to between 10% and 20% of the face value of the receivables and the companies of the Berentzen Group are required to report the provisions for bonuses and discounts on a monthly basis. Furthermore, any charges and interest accruing are retained. At December 31, 2020, trade receivables amounting to EUR 54,918 thousand (previous year: EUR 65,228 thousand) had been sold and assigned to the respective factoring companies.

In some instances, interest payments are payable to the factor for the financial assets transferred to the factor up to the date payment is received by the factor, but no more than 120 days after the due date of the receivables. The interest rate to be applied is derived from the 1-week or 3-month Euribor plus a fixed component. This gives rise to the risk of the Berentzen Group having to make additional interest payments due to payments received late or not at all by the factor (late payment risk). The maximum loss from late payment risk for the amounts already transferred amounts to EUR 99 thousand at the reporting date (previous year: EUR 143 thousand). The fair value of the obligation arising from late payment risk totals EUR 8 thousand (previous year: EUR 12 thousand). Some of the servicing activities for the receivables sold under factoring agreements, notably including the reminder procedures, have remained with the Berentzen Group. The resulting liability has not been recognised due to the immateriality of the amount.

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 remaining late payment risk was recognised as an asset representing a continuing involvement of EUR 196 thousand in the 2020 financial year (previous year: EUR 221 thousand). A liability of the same amount was recognised at the same time. The following table shows the effect of factoring on various items in the Statement of Financial Position:

	Item in the Statement of Financial Position	12/31/2020 EUR'000	12/31/2019 EUR'000
Trade receivables sold and assigned	Current trade receivables	54,918	65,228
Continuing involvement	Other current financial and non-financial assets	196	221
Security retentions and provisions for bonuses and discounts	Other current financial and non-financial assets	7,958	10,617
Cash available	Cash and cash equivalents	22,246	18,130
Cash transferred	Cash and cash equivalents	24,717	36,483
Continuing involvement	Current financial liabilities	196	221
Interest liability from continuing involvement	Current financial liabilities	8	9
Retained interest/ charges/ insurance	Retained earnings/ consolidated comprehensive income	1,029	1,039

The factor retained collateral amounting to EUR 7,958 thousand (previous year: EUR 10,617 thousand), presented under Other current assets, to secure any deductions from the face value of receivables.

The available cash of EUR 22,246 thousand (previous year: EUR 18,130 thousand) shown in the table above reflects the balance of the cash arising from the sale of trade receivables that has not yet been drawn down by the Berentzen Group from the factor’s customer settlement account. Although these amounts in the customer settlement accounts may be drawn down by the Berentzen Group at any time, they had not been utilised or drawn down at the reporting date. The available cash is covered in more detail in Note (2.10) Cash and cash equivalents. At the same time, the transferred cash of EUR 24,717 thousand (previous year: EUR 36,483 thousand) had already been credited to the current accounts maintained by the Berentzen Group with other banks.

At the time of derecognition of the financial assets, losses totalling EUR 1,029 thousand (previous year: EUR 1,039 thousand) were incurred during the reporting period. The gains are presented in Financial income in the amount of EUR 898 thousand (previous year: EUR 902 thousand) and the losses in Other operating expenses in the amount of EUR 132 thousand (previous year: EUR 137 thousand).

The factoring financing lines (receivables sold) utilised at the reporting date are expected to yield interest payments of EUR 41 thousand (previous year: EUR 55 thousand) for the first quarter of 2021. The interest payments depend among other things on the due dates of the receivables and the different interest rates applicable.

(2.9) Current income tax receivables

	12/31/2020 EUR'000	12/31/2019 EUR'000
Claims to income tax refunds (corporation tax, trade tax)	847	83
	847	**83**

(2.10) Cash and cash equivalents

	12/31/2020 EUR'000	12/31/2019 EUR'000
Cash in banks and cash on hand	26,334	22,698
	26,334	**22,698**

The cash and cash equivalents shown in the Cash Flow Statement consist of the line item Cash and cash equivalents item and part of line item Current financial liabilities in the Statement of Financial Position. 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 these factoring agreements (“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.

Pursuant to IAS 7.45, the cash and cash equivalents shown in the Cash Flow Statement are determined as follows:

	12/31/2020 EUR'000	12/31/2019 EUR'000
Cash and cash equivalents		
Cash on hand	8	10
Current account receivables due from banks	4,080	4,558
Receivables from customer settlement accounts with banks	22,246	18,130
Receivables due from banks	26,326	22,688
	26,334	**22,698**
Current financial liabilities		
Overdraft facilities with banks	0	688
	0	**688**
	26,334	**22,010**

(2.11) Other current financial and non-financial assets

	12/31/2020 EUR'000	12/31/2019 EUR'000
Receivables from factoring haircut	7,958	10,617
Refund claims	384	1,314
Receivables under finance leases	274	408
Advance payments on account of inventories	9	64
Other items	1,420	1,371
	10,045	**13,774**

(2.12) 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 is expected to be concluded in the first quarter of 2021, were recognised under “Non-current assets held for sale” as at December 31, 2020. The fair value of the property as at December 31, 2020, is EUR 1,150 thousand (previous year: EUR 1,050 thousand).

(2.13) Equity

Subscribed capital

The capital stock of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 24,960 thousand (previous year: EUR 24,960 thousand) is divided into 9,600,000 shares of common stock (previous year: 9,600,000 shares of common stock), which are no-par bearer shares and are fully paid-in. The imputed nominal value per share is EUR 2.60. The development of subscribed capital and the number of shares outstanding are presented in the table below:

	12/31/2020		12/31/2019	
	EUR'000	No.	EUR'000	No.
Common shares (Bearer shares)	24,960	9,600,000	24,960	9,600,000
Capital stock	24,960	9,600,000	24,960	9,600,000
Treasury shares	- 536	- 206,309	- 536	- 206,309
Subscribed (outstanding) capital / shares outstanding	24,424	9,393,691	24,424	9,393,691

In financial years 2015 and 2016, 206,309 no par value shares were acquired by Berentzen-Gruppe Aktiengesellschaft within the scope of a share buy-back program. This corresponds to an imputed share of capital stock equal to EUR 536 thousand and thus 2.15% of the Company's capital stock. The average purchase price per share was EUR 7.2706. The shares were purchased for a total purchase price of EUR 1,500 thousand (excluding transaction costs). The cumulative difference between the imputed nominal value and the acquisition cost of the treasury shares purchased was EUR 971 thousand and was offset against retained earnings.

Authorised Capital (not issued)

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is authorised, with the consent of the Supervisory Board, to increase the share capital by issuing new bearer shares of common stock in exchange for cash or in-kind contributions on one or more occasions, but for a maximum total of up to EUR 9,984 thousand, in the time until May 21, 2024 (Authorised Capital 2019). The Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in certain cases. The conditions under which the Executive Board can exclude, with the consent of the Supervisory Board, the shareholders' subscription right in a capital increase from the Authorised Capital are set out in Article 4 (4) of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft in the version of July 2, 2020. The right to exclude a subscription right is limited to an overall amount of ten percent of the capital stock. This limit is to include both own shares that are issued or sold during the term of this authorisation and shares issued to redeem bearer or registered convertible bonds and/or warrant bonds provided shareholders' subscription rights are excluded. The Executive Board is authorised, with the consent of the Supervisory Board, to establish further details of an authorised capital increase and its execution.

Additional paid-in capital

Additional paid-in capital consists of the share premium on the capital increases of Berentzen-Gruppe Aktiengesellschaft in the years 1994 and 1996. EUR 15,855 thousand and EUR 23,010 thousand were withdrawn from additional paid-in capital and appropriated to retained earnings in 2004 and 2008, respectively, to cover the respective net losses of the Company.

Retained earnings

Retained earnings exhibited the following development:

	12/31/2020 EUR'000	12/31/2019 EUR'000
Retained earnings at 01/01	**17,955**	**16,164**
Consolidated profit	1,233	4,925
Currency translation differences	- 589	- 197
Revaluation of defined benefit obligations	37	- 436
Deferred tax on revaluation of defined benefit obligations	- 11	129
Other comprehensive income	- 563	- 504
Consolidated comprehensive income	670	4,421
Dividends paid	- 2,630	- 2,630
Retained earnings at 12/31	**15,995**	**17,955**

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.

A resolution was adopted at the annual general meeting on July 2, 2020 to utilise the distributable profit of EUR 13,171 thousand for the 2019 financial year (previous year: EUR 10,422 thousand) presented in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year to pay a dividend of EUR 0.28 per qualifying common share (previous year: EUR 0.28) for the 2019 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 corresponded to a total distribution of approximately EUR 2,630 thousand (previous year: EUR 2,630 thousand) and a carry-forward to new account of approximately EUR 10,540 thousand (previous year: EUR 7,791 thousand).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft proposes to the annual general meeting that the distributable profit for financial year 2020 in the amount of EUR 14,991 thousand presented in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with German Commercial Code regulations be utilised to pay a dividend of EUR 0.13 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 expected distribution of approximately EUR 1,221 thousand and a carry-forward to new account of approximately EUR 13,770 thousand. Payment of this dividend is dependent on the approval of the annual general meeting of May 11, 2021. The number of shares qualifying for dividends can change up to the annual general meeting. In this case, given an unchanged dividend of EUR 0.13 per common share qualifying for dividends, a correspondingly adjusted recommended resolution for the utilisation of distributable profit will be proposed to the annual general meeting.

Berentzen Group| Investors| Share

(2.14) Non-current provisions

	12/31/2020 EUR'000	12/31/2019 EUR'000
Pension provisions	8,567	9,263
Other non-current provisions	318	590
	8,885	**9,853**

Pension provisions

Defined benefit plans

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. For the most part, this relates to non-covered pension plans for which the Company itself settles the obligations as soon as they fall due for payment. Some of the obligations are secured by reinsurance policies worth EUR 12 thousand (previous year: EUR 12 thousand) although these are not classified as plan assets within the meaning of IAS 19; these are presented as Other current assets.

The benefit obligations cover a total of 209 (previous year: 215) beneficiaries, of whom 208 (previous year: 214) are pensioners and surviving dependants, 1 (previous year: 1) are former employees receiving benefits. No defined benefit commitments are being made to newly hired employees at this time. Even if no further benefits become vested at all from commitments made in the past, the Company is nonetheless obliged to continue bearing the resulting actuarial risk, like interest rate risk and longevity risk.

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 following table shows the development of the defined benefit obligation (DBO) at December 31, 2020:

	12/31/2020 EUR'000	12/31/2019 EUR'000
DBO at the start of the financial year	9,263	9,542
Interest expenses on DBO	65	100
Revaluations		
Actuarial gains / losses due to change in financial assumptions	297	285
Actuarial gains / losses due to change in experience-based adjustments	- 334	151
Pension benefits paid	- 724	- 815
DBO at the end of the financial year	**8,567**	**9,263**

Of the DBO at the end of the 2020 financial year, EUR 8,529 thousand (previous year: EUR 9,228 thousand) relates to pensioners and surviving dependants, and EUR 38 thousand (previous year: EUR 35 thousand) to former employees receiving benefits.

The following table shows the breakdown of pension expenses for the respective reporting period before income tax effects:

	2020 EUR'000	2019 EUR'000
Interest expenses on DBO	65	100
Expenses recognised in the consolidated Income Statement	**65**	**100**
Actuarial gains (-) / losses (+)	- 37	436
Expenses/ income recognised in Other comprehensive income	**- 37**	**436**
Total pension expenses	**28**	**536**

Actuarial assumptions

The pension obligations are measured on the basis of actuarial reports. The following parameters have been applied: an actuarial interest rate of 0.3% p.a. (previous year: 0.7% p.a.), a rate of increase in future compensation of 0% p.a. (previous year: 0% p.a.) and an imputed rate of increase in pension benefits of 1.5% p.a. (previous year: 1.5% p.a.). The actuarial calculations for the 2020 and 2019 financial years are based on the 2018 G standard tables prepared by Professor Klaus Heubeck.

Sensitivity analysis

The following table shows the impact on the DBO of changes in the relevant actuarial assumptions. The impact on the DBO in the event of changes to an assumption is shown in each case, whereas the other assumptions remain unchanged compared with the original calculation. Correlation effects between the assumptions are not included accordingly. The change in the DBO shown is only valid for the actual extent of the change in the individual assumption. If the assumptions change to a different extent, a straight-line impact on the DBO cannot be assumed.

		DBO 12/31/2020 EUR'000	DBO 12/31/2019 EUR'000
Actuarial interest rate	+ 1.0 PP	7,858	8,509
	- 1.0 PP	9,397	10,143
Rate of increase in pension benefits	+ 0.5 PP	8,935	9,678
	- 0.5 PP	8,224	8,875
Rate of increase in future compensation	+ 0.5 PP	8,567	9,263
	- 0.5 PP	8,567	9,263
Life expectancy	+ 1 year	9,049	9,765
	- 1 year	8,101	8,775

The same calculation method (projected unit credit method) was applied when determining the impact on the DBO as was used when calculating the pension provisions at year-end.

Expected pension payments

The following table shows the expected pension payments for the following ten years:

	Expected pension payments EUR'000
2021	705
2022	659
2023	626
2024	595
2025	561
2026 - 2030	2,335

The average weighted maturity of the benefit obligations at December 31, 2020, is around 9 years (previous year: 9 years).

Defined contribution plans

As a general rule, the Berentzen Group currently grants its employees post-employment benefits in the form of defined contribution plans. Within the framework of deferred compensation and employer allowances, contributions to post-retirement benefits are essentially paid into a pension fund or pension plans for the employees. Employer contributions of EUR 86 thousand (previous year: EUR 83 thousand) to these defined contribution plans were recognised in Personnel expenses in the 2020 financial year.

In the 2020 financial year, employer contributions of EUR 1,505 thousand (previous year: EUR 1,492 thousand) were paid to the statutory state insurance scheme in Germany and employer contributions of EUR 217 thousand (previous year: EUR 216 thousand) were paid to statutory pension insurance schemes in other countries.

Other non-current provisions

	12/31/2020 EUR'000	12/31/2019 EUR'000
Compensation with performance-based components	73	378
Service anniversary awards	245	212
	318	**590**

Please refer to Note (4.7) Related Party Disclosures for a detailed explanation of the performance-based components of Executive Board compensation.

Provisions for service anniversary awards are accrued taking into account a general employer contribution to social security of 20% in line with the employee's present length of service and discounted using an interest rate of 1.7% (previous year: 2.1%). The provision is formed on the basis of current employee numbers and future claims to the aforementioned payments through the age of 65. The figures calculated are based on reports using a fluctuation rate of 5.0% and the 2018 G standard tables prepared by Professor Klaus Heubeck as the biometric basis of calculation based on the projected unit credit method in accordance with the generally accepted principles of actuarial mathematics.

Analysis of provisions

	Pension provisions EUR'000	Other non-current provisions EUR'000	Current provisions EUR'000	Total EUR'000
Balance at 01/01/2020	**9,263**	**590**	**257**	**10,110**
Use	724	112	250	1,086
Addition	0	71	87	158
Compounding	65	0	0	65
Reversal	37	231	13	281
Balance at 12/31/2020	**8,567**	**318**	**81**	**8,966**

(2.15) Non-current financial liabilities

	12/31/2020 EUR'000	12/31/2019 EUR'000
Liabilities to banks	7,288	7,235
Lease liabilities	1,308	623
	8,596	**7,858**

Non-current liabilities due to banks contain a facility with a fixed maturity date from the syndicated loan agreement concluded in December 2016 in the amount of EUR 7,500 thousand with an original term of five years. Interest is payable on the utilisation at a variable rate on the basis of the EURIBOR reference rate plus a fixed interest margin. After deduction of transaction costs in connection with the syndicated loan agreement in the amount of EUR 457 thousand, the net issue value amounted to EUR 7,043 thousand. In 2018, Berentzen-Gruppe Aktiengesellschaft exercised an option to extend the loan, thereby extending the term by one year to six years. The option to extend was associated with EUR 26 thousand in additional transaction costs. Other transaction costs amounting to EUR 50 thousand were attributed to an increase option used in the 2019 financial year. The expected effective interest rate is 3.4% (previous year: 3.4%). The pro-rated transaction costs included in Financial expenses for financial year 2020 amount to EUR 104 thousand (previous year: EUR 100 thousand).

(2.16) Deferred taxes and income tax expenses

	12/31/2020 EUR'000	12/31/2019 EUR'000
Deferred tax assets	132	0
Deferred tax liabilities	1,179	1,778

The following table shows the breakdown of deferred tax assets and liabilities by item in the Statement of Financial Position and content:

	12/31/2020		12/31/2019	
	Deferred tax assets EUR'000	Deferred tax liabilities EUR'000	Deferred tax assets EUR'000	Deferred tax liabilities EUR'000
ASSETS				
Non-current assets				
Intangible assets	11	905	0	1,074
Property, plant and equipment	56	1,173	0	1,573
Other financial assets	1	0	1	0
Current assets				
Inventories	105	2	91	0
Current trade receivables	5	11	17	14
Other current assets	0	131	0	210
SHAREHOLDERS‘ EQUITY AND LIABILITIES				
Non-current liabilities				
Non-current provisions	1,014	0	1,059	0
Current liabilities	142	47	146	221
Subtotal for temporary differences	1,334	2,269	1,314	3,092
Impairments	- 112		0	
Capitalization of tax loss carry-forwards	0		0	
Netting	- 1,090	- 1,090	- 1,314	- 1,314
Deferred taxes shown in the Statement of Financial Position	**132**	**1,179**	**0**	**1,778**

Deductible temporary differences without tax assets capitalised amounted to EUR 402 thousand (previous year: EUR 0 thousand); impairment losses on deferred tax assets amounted to EUR 112 thousand (previous year: EUR 0 thousand). The temporary differences related to the equity interest in subsidiaries of Berentzen-Gruppe Aktiengesellschaft, for which no deferred tax liabilities were recognised in accordance with IAS 12.39, amounted to EUR 3 thousand (previous year: EUR 4 thousand).

The reserve of unused tax loss carryforwards at year-end is as follows:

	12/31/2020 EUR'000	12/31/2019 EUR'000
For corporation tax	896	780
For trade tax	6,662	5,155

No deferred tax assets were recognised in respect of corporate tax loss carry-forwards of EUR 896 thousand (previous year: EUR 780 thousand) and trade tax carry-forwards of EUR 6,662 thousand (previous year: EUR 5,155 thousand) despite the positive profit forecasts in specific cases, due to the loss history.

The trade tax loss carry-forwards can all be used without limitation in time. The time periods over which corporation tax loss carry-forwards for which no deferred tax assets were recognised are presented in the table below.

	12/31/2020 EUR'000	12/31/2019 EUR'000
Corporation tax loss carry-forwards	896	780
Expiry date within		
1 year	79	0
2 years	120	108
3 years	139	163
4 years	70	190
5 years	246	95
More than 5 years	0	0
Unlimited usability	242	224

Income tax expenses

The taxes on income paid or owed in the individual countries are presented as income tax expenses together with deferred tax accruals.

The following table shows the breakdown of the earnings before income taxes and income tax expenses by geographic origin:

	2020 EUR'000	2019 EUR'000
Earnings before taxes		
Germany	1,888	5,001
Austria	654	2,022
Turkey	- 286	178
	2,256	7,201
Taxes paid or owed		
Germany (of which attributable to other periods: EUR - 40 thousand; previous year: EUR 74 thousand)	1,567	1,843
Austria (of which attributable to other periods EUR 0 thousand; previous year: EUR 0 thousand)	183	484
Turkey (of which attributable to other periods: EUR 0 thousand; previous year: EUR 0 thousand)	0	0
	1,750	2,327
Deferred taxes	**- 727**	**- 51**
Income tax expenses	**1,023**	**2,276**

Due to the change in deferred tax assets recognised in respect of actual gains and losses in connection with the accounting treatment of pension provisions, a deferred tax expense of EUR 11 thousand (previous year: deferred tax income of EUR 129 thousand) was additionally recognised in other comprehensive income.

Tax loss carry-forwards of EUR 1 thousand (previous year: EUR 133 thousand) were utilised to reduce corporation tax expenses in the current financial year. The utilisation of tax loss carry-forwards from previous years led to a reduction in taxes on income paid and/or owed of EUR 0 thousand (previous year: EUR 29 thousand) in 2020.

The income tax expenses for 2020 in the amount of EUR 1,023 thousand (previous year: EUR 2,276 thousand) differed from the expected tax expenses of EUR 666 thousand (previous year: EUR 2,124 thousand) that would have resulted from the application of an expected average tax rate of 29.5% to the Group’s earnings before income taxes by EUR 357 thousand (previous year: EUR 152 thousand). The following reconciliation shows the causes of the difference between expected and actual tax expenses in the corporate group:

	2020 EUR'000	2019 EUR'000
Profit after taxes	1,233	4,925
Actual income tax expenses	1,750	2,327
Deferred income tax expenses	- 727	- 51
Income tax expenses	1,023	2,276
Earnings before income taxes	**2,256**	**7,201**
Applicable tax rate	29.5%	29.5%
Expected income tax expenses	**666**	**2,124**
Tax effect of trade tax additions	47	54
Tax effect of trade tax reductions	- 16	- 16
Tax increases/reductions due to non-deductible expenses	53	64
Permanent differences from items of the Statement of Financial Position	- 105	- 5
Tax effects of loss carry-forwards and temporary differences	440	86
Current taxes attributable to other periods	- 40	74
Deferred taxes attributable to other periods	3	- 28
Deferred taxes arising from other tax benefits	- 45	0
Change in deferred taxes due to amended tax rates	- 9	0
Different domestic/foreign tax rates	27	- 80
Other	2	3
Income tax expenses	**1,023**	**2,276**
Effective tax rate in %	**45.3%**	**31.6%**

(2.17) Alcohol tax liabilities

	12/31/2020 EUR'000	12/31/2019 EUR'000
Alcohol tax liabilities	42,626	43,601
	42,626	**43,601**

The stated amount pertains to the reported alcohol tax for the months of November and December 2020, which is payable on January 5 and February 5 of the following year, respectively, pursuant to the German Alcohol Tax Act.

(2.18) Current provisions

	12/31/2020 EUR'000	12/31/2019 EUR'000
Costs of annual financial statements	81	80
Legal disputes	0	154
Other	0	23
	81	**257**

Current provisions for legal disputes pertained to outstanding costs connected with two proceedings which were concluded in October and November 2019. More details on this can be found in Note (4.4).

(2.19) Current income tax liabilities

	12/31/2020 EUR'000	12/31/2019 EUR'000
Current income tax liabilities (corporation tax, trade tax)	255	1,467
	255	**1,467**

(2.20) Current financial liabilities

	12/31/2020 EUR'000	12/31/2019 EUR'000
Lease liabilities	946	750
Liabilities to non-consolidated affiliated companies	546	521
Continuing involvement	196	221
Liabilities to banks	36	839
Interest liability continuing involvement	8	9
	1,732	**2,340**

(2.21) Trade payables and other liabilities

	12/31/2020 EUR'000	12/31/2019 EUR'000
Marketing and sales commitments, and bonuses	14,022	12,434
Trade payables	9,664	10,247
Liabilities for payroll, sales and other taxes	5,000	6,454
Money deposited as security	1,360	1,093
Supplier invoices outstanding	1,247	1,172
Liabilities for salary components relating to other periods	854	998
Governments grants for investments	827	939
Debtors with credit balances	326	258
Other	1,288	1,681
	34,588	**35,276**

The stated values of trade payables are equal to their fair values. They are due within one year.

(2.22) Analysis of contractual residual maturities of financial liabilities

The following table shows the contractually agreed, non-discounted interest payable and principal repayments for the financial liabilities:

	Carrying amount 12/31/2020 EUR'000	up to 1 year		1 to 5 years		more than 5 years	
		Principal repayment EUR'000	Future interest payments EUR'000	Principal repayment EUR'000	Future interest payments EUR'000	Principal repayment EUR'000	Future interest payments EUR'000
Liabilities to banks	7,324	36	146	7,500	171	0	0
Lease liabilities	2,254	939	52	1,304	43	0	0
Other current financial liabilities	750	750	4	0	0	0	0
Trade payables	9,664	9,664	0	0	0	0	0
Other liabilities	24,924	24,924	0	0	0	0	0
- of which financial liabilities not subject to IFRS 9	7,712	7,712	0	0	0	0	0
Total	**44,916**	**36,313**	**202**	**8,804**	**214**	**0**	**0**

	Carrying amount 12/31/2019 EUR'000	up to 1 year Principal repayment EUR'000	up to 1 year Future interest payments EUR'000	1 to 5 years Principal repayment EUR'000	1 to 5 years Future interest payments EUR'000	more than 5 years Principal repayment EUR'000	more than 5 years Future interest payments EUR'000
Liabilities to banks	8,074	839	150	7,550	316	0	0
Lease liabilities	1,373	747	35	622	23	0	0
Other current financial liabilities	751	751	5	0	0	0	0
Trade payables	10,247	10,247	0	0	0	0	0
Other liabilities	25,029	25,029	0	0	0	0	0
- of which financial liabilities not subject to IFRS 9	9,543	9,543	0	0	0	0	0
Total	**45,474**	**37,613**	**190**	**8,172**	**339**	**0**	**0**

All financial instruments held at December 31, 2020, and for which payments had already been contractually agreed are included. Budgeted amounts for future new liabilities are not included. The variable interest payments were determined on the basis of the interest rates last fixed before December 31, 2020. The future interest payments include fixed interest payments on long-term loans together with interest on short-term drawings, where relevant. Financial liabilities payable at any time are always allocated to the shortest bucket.

(2.23) 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 to banks approximates the recognised value due to its partially variable interest calculation based on benchmark interest rates. The fair values of current financial liabilities, such as liabilities to non-consolidated affiliated companies, are equal to the respective carrying amounts because they are due within a short time and the effects of discounting to present value would be immaterial. The market values of derivative financial instruments are 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, the fair value valuation of these items resulted in a negative earnings effect amounting to EUR 13 thousand (previous year: no earnings effect). Trade payables and Other liabilities generally have shorter terms. The amounts presented are approximately equal to 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 carrying amounts and fair values of the financial instruments presented in the consolidated financial statements are presented in the table below:

		12/31/2020		12/31/2019	
	Category per IFRS 9	Carrying amount EUR'000	Fair value EUR'000	Carrying amount EUR'000	Fair value EUR'000
Assets					
Cash and cash equivalents	AC [1]	26,334	26,334	22,698	22,698
Trade receivables	AC	11,765	11,765	14,799	14,799
Other financial assets					
Equity instruments	FVPL [2]	774	774	448	448
Other financial assets	AC	9,368	9,368	13,162	13,162
Liabilities					
Liabilities to banks	AC	7,324	7,324	8,074	8,074
Trade payables	AC	9,664	9,664	10,247	10,247
Other financial liabilities	AC	17,962	17,962	16,236	16,236

[1] Amortised cost.

[2] Fair Value through Profit & Loss.

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

(3.1) Revenues

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

	2020 EUR'000	2019 EUR'000
Spirits segment	92,952	93,282[1)]
Non-alcoholic Beverages segment	45,307	51,357
Fresh Juice Systems segment	14,978	19,966
Other segments	1,354	2,795[1)]
Revenues	**154,591**	**167,400**

1) Previous-year values adjusted due to change in the composition of the Spirits and Other segments as a result of new organisational structure.

(3.2) Change in inventories

	2020 EUR'000	2019 EUR'000	Change EUR'000
Work in progress	17,877	18,139	- 262
Finished products	10,283	9,963	+ 320
Change in inventories			**+ 58**

(3.3) Other operating income

	2020 EUR'000	2019 EUR'000
Reversal of liabilities (accruals)	809	895
Costs allocations/ cost reimbursements	613	800
Waste recycling	295	423
Sales of empty containers and deposit refunds	278	990
Other income relating to other periods	247	59
Rental income	197	233
Miscellaneous other operating income	688	724
	3,127	**4,124**

(3.4) Purchased goods and services

	2020 EUR'000	2019 EUR'000
Cost of raw materials and supplies, and merchandise for resale	83,914	89,377
Cost of purchased services	3,619	3,340
	87,533	**92,717**

(3.5) Personnel expenses

	2020 EUR'000	2019 EUR'000
Wages and salaries	20,901	21,577
Social security	3,967	3,940
Pension costs	109	84
	24,977	**25,601**

The following table shows the number of employees in the corporate group:

	Annual average		Year-end	
	2020	2019	2020	2019
Salaried staff	263	261	264	261
Wage-earning staff	211	210	211	208
	474	**471**	**475**	**469**
Apprentices	29	26	32	29
	503	**497**	**507**	**498**

Based on full-time equivalents, the workforce increased from an annual average of 413 to 418.

(3.6) Depreciation and amortisation of assets

	2020 EUR'000	2019 EUR'000
Depreciation of property, plant and equipment	6,403	6,489
Amortisation of intangible assets	1,370	1,309
Depreciation of right-of-use assets	1,133	737
Depreciation of investment property	13	14
	8,919	**8,549**

(3.7) Impairments of assets

	2020 EUR'000	2019 EUR'000
Impairments of property plant and equipment	1,339	0
Impairments of intangible assets	38	0
	1,377	**0**

As a result of the coronavirus pandemic, and in particular owing to the hard-hitting impacts of this crisis on the gastronomy industry, an ad hoc impairment test had to be carried out for the *Non-alcoholic Beverages* segment at March 31, 2020, as a result of which an impairment loss amounting to EUR 1,377 thousand (previous year: EUR 0 thousand) was recognised in the first quarter of the 2020 financial year.

On the basis of updated scenario analyses and the decision from one of our previous clients, an international beverages group, to discontinue our long-standing collaboration regarding the filling of their non-alcoholic branded products after the end of the first quarter of the 2021 financial year, additional ad hoc impairment tests were carried out for the *Non-alcoholic Beverages* CGU at the end of each quarter. This did not result in any further impairments or reversals, however.

In the impairment test, the total carrying amount of the CGU is compared with the recoverable amount. The recoverable amount is the higher of the two fair value amounts less the costs to sell and the value in use. For the *Non-alcoholic Beverages* CGU, the impairment test determined a recoverable amount of EUR 26,874 thousand at March 31, 2020 (EUR 37,262 thousand at December 31, 2020). This corresponds to the fair value less costs to sell. The fair value less costs to sell was calculated by determining the present value of the anticipated cash flows from the operating segment *Non-alcoholic Beverages* (discounted cash flow method).

The anticipated cash flows were planned using a planning period of three years. The cash flows were based on a qualified planning process taking into account internal company experience and extensive market knowledge, and take into account the management's assessment and views of how the regional market for Non-alcoholic Beverages will develop in the future. The principal assumptions applied in the calculation of the fair value less costs to sell pertained to the weighted average cost of capital, the forecast development of revenues, the EBITDA growth rate and the sustainable growth rate of the terminal value. The weighted average cost of capital (WACC) of an appropriate peer group was applied as the discount rate. This discount rate determined for the CGU was 3.7% at March 31, 2020 (December 31, 2020: 3.1%). The parameters for the weighted average cost of capital were determined on the basis of values derived from external market conditions. The applied growth rate was 0.5%.

The fair value less costs to sell is mainly based on non-observable input data (fair value hierarchy Level 3).

The impairment was distributed on the basis of the carrying values of each individual asset in the CGU, taking into account IAS 36.104 et seq.

If the discount rate used for the impairment test performed as at December 31, 2020 had been 0.5 percentage points higher, this would not have resulted in a higher impairment under the provisions of IAS 36.105 or IAS 36.122. In the opposite scenario, if the discount rate used had been 0.5 percentage points lower or the sustainable growth rate taken into account in the impairment test had been 0.5 percentage points higher, this would not have resulted in a lower impairment.

The impairment determined related to intangible assets (EUR 38 thousand), land and buildings (EUR 496 thousand), technical equipment and machinery (EUR 399 thousand) and other operating and office equipment (EUR 444 thousand).

(3.8) Other operating expenses

	2020 EUR'000	2019 EUR'000
Other selling costs	15,509	17,439
Marketing, including advertising	3,343	5,199
Maintenance	3,174	3,251
Charges, contributions, insurance premiums	1,616	1,754
Other services	1,026	1,082
Expenses relating to other periods	1,008	447
Legal, consulting, auditing costs	929	2,195
Packaging recycling	789	797
Temporary staff	774	842
Other personnel expenses	402	466
Rents, office costs, money transfer costs	389	821
Miscellaneous other operating expenses	2,281	1,631
	31,240	**35,924**

(3.9) Financial income/financial expenses

	2020 EUR'000	2019 EUR'000
Other interest and similar income	99	97
Income from equity investments	0	7
Financial income	99	104
Interest and similar expenses	1,569	1,645
Loss absorption expenses	4	5
Financial expenses	1,573	1,650
Financial result	**- 1,474**	**- 1,546**

(3.10) Net results by measurement categories

The net results by measurement categories break down as follows in the 2020 financial year:

			from subsequent measurement				
		from interest EUR'000	at fair value EUR'000	currency trans-lation EUR'000	from write-downs EUR'000	from disposal EUR'000	Net results 2020 EUR'000
Financial assets and liabilities measured at fair value through profit or loss	FVPL	- 4	0	0	0	0	- 4
Financial liabilities measured at amortised cost	AC	- 517	0	0	0	0	- 517
Financial assets measured at amortised cost	AC	86	0	0	78	0	164
Total		**- 435**	**0**	**0**	**78**	**0**	**- 357**

In the previous year, the net result by measurement category broke down as follows:

			from subsequent measurement				
		from interest EUR'000	at fair value EUR'000	currency trans-lation EUR'000	from write-downs EUR'000	from disposal EUR'000	Net results 2019 EUR'000
Financial assets and liabilities measured at fair value through profit or loss	FVPL	- 5	0	0	0	0	- 5
Financial liabilities measured at amortised cost	AC	- 549	0	0	0	0	- 549
Financial assets measured at amortised cost	AC	83	0	0	52	0	135
Total		**- 471**	**0**	**0**	**52**	**0**	**- 419**

The interest from financial instruments is disclosed under financial income or financial expenses.

The impairment losses on trade receivables are disclosed under other operating expenses.

Changes in the market value of financial instruments measured at fair value are disclosed under other operating income or other operating expenses.

(3.11) Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the consolidated net profit or loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year.

The capital stock of Berentzen-Gruppe Aktiengesellschaft is divided into 9,600,000 shares of common stock (previous year: 9,600,000 shares of common stock). Taking treasury shares into account, there were 9,393,691 weighted average shares outstanding of Berentzen-Gruppe Aktiengesellschaft in financial year 2020 (previous year: 9,393,691).

Berentzen-Gruppe Aktiengesellschaft has not issued any stock options or convertible bonds; there were no potential diluting instruments that could be exchanged for shares at December 31, 2020. For this reason, only the basic earnings per share of common stock are presented.

		2020	2019
Consolidated profit	EUR'000	1,233	4,925
Number of common shares [1)]	in thousands	9,394	9,394
Basic earnings per share of common stock	EUR	0.131	0.524

1) Weighted average shares outstanding during the financial year.

(4) Other explanatory notes

(4.1) Cash Flow Statement

Cash flow from operating activities

The cash flow from operating activities comprises both the operating cash flow generated from operations as presented in the Group management report (consolidated earnings before interest, taxes, depreciation and amortisation, adjusted for non-cash elements) as the central managerial indicator of liquidity, and cash movements in working capital. In the 2020 financial year, net cash inflow increased to EUR 13,625 thousand (previous year: EUR 16,611 thousand). The material factors influencing this development are presented below.

The change in what is referred to as trade working capital – i.e. the portion of working capital comprising the cash movements exclusively in inventories, receivables including factoring, alcohol tax liabilities and trade payables – gave rise to a net cash inflow of EUR 2,635 thousand (previous year: EUR 3,202 thousand). In addition, a cash inflow stemmed from the decrease in other assets of EUR 3,894 thousand, whereas a cash outflow of EUR 504 thousand was recorded in the previous year. Furthermore, the change in other liability items as well as other non-cash effects gave rise to a total cash outflow of EUR 2,040 thousand. In the previous year, there was still a cash inflow of EUR 1,900 thousand in this context.

Cash flow from investing activities

The Group’s investing activities led to a cash outflow overall of EUR 5,362 thousand (previous year: EUR 6,890 thousand). Investments in property, plant and equipment and intangible assets totalled EUR 5,166 thousand (previous year: EUR 7,171 thousand), accompanied by cash flows from the disposal of assets amounting to EUR 133 thousand (previous year: EUR 281 thousand). In addition, payments for the acquisition of subsidiaries amounted to EUR 379 thousand, while cash in the amount of EUR 50 thousand was secured.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 3,939 thousand (previous year: EUR 3,170 thousand), which essentially resulted from the dividend payment of EUR 2,630 thousand (previous year: EUR 2,630 thousand). In the 2020 financial year, payments were incurred in connection with the repayment of a loan taken out by a foreign subsidiary amounting to EUR 124 thousand (previous year: EUR 104 thousand), which were not accompanied by cash inflows from loans taken out (previous year: EUR 299 thousand). Furthermore, cash flow from financing activities was affected by lease liability repayments amounting to EUR 1,185 thousand (previous year: EUR 735 thousand).

A breakdown of the change in financial liabilities into cash and non-cash components can be found in the following table:

	2020		2019	
	Non-current financial liabilities EUR'000	Current financial liabilities EUR'000	Non-current financial liabilities EUR'000	Current financial liabilities EUR'000
01/01	7,858	2,340	7,971	1,702
Cash additions and repayments	0	- 1,922	50	- 270
Non-cash changes				
Changes in the consolidated group	0	0	0	0
Exchange rate changes	- 22	- 167	- 4	- 89
Changes in fair value	0	0	0	0
Other effects	760	1,481	- 159	997
12/31	**8,596**	**1,732**	**7,858**	**2,340**

Cash and cash equivalents

At year-end, the cash and cash equivalents as defined in Note (2.10) totalled EUR 26,334 thousand (previous year: EUR 22,010 thousand), of which EUR 22,246 thousand (previous year: EUR 18,130 thousand) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements. As at the end of the 2020 reporting period, there were no drawdowns of short-term credit lines or financing instruments classified as such (previous year: drawdowns amounting to EUR 688 thousand).

(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 Group's business activities were divided into the following segments in the 2020 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.

In the 2019 financial year, the foreign business with branded spirits still fell under *Other segments*. However, there was a change in the composition of the segments in the 2020 financial year owing to the introduction of a new organisational structure. As a result, since the beginning of the 2020 financial year the foreign business with branded spirits has been consolidated with the branded dealer and private-label product business to form the export and private-label brands sales unit and recorded under the *Spirits* segment. Owing to this change in the composition of the segments, the previous-year values for the *Spirits* and *Other segments* were adjusted in the segment reporting.

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.

The "contribution margin according to marketing budgets" segment earnings include expenses directly incurred by the areas allocated to the respective segment. For product-related purchased goods as services, other direct costs (shipping, packaging recycling, commissions) and marketing including advertising, it is possible to perform an unambiguous allocation to the individual segments enabling a full presentation of the contribution according to marketing budgets for the segments that can be used as a performance indicator.

The internal reports submitted to the Group's decision-makers do not include a breakdown of assets and liabilities by segment but only present them at group level. 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 report for the period from January 1 to December 31, 2020

	2020					
	Spirits EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments EUR'000	Elimination of inter-segment revenues/ expenses EUR'000	Total EUR'000
Revenues with third parties	**92,952**	**45,307**	**14,978**	**1,354**		**154,591**
Intersegment revenues	277	35	1	17	- 330	
Total revenues	**93,229**	**45,342**	**14,979**	**1,371**	**- 330**	**154,591**
Purchased goods and services (product-related only)	- 55,736	- 17,590	- 9,334	- 707	330	**- 83,037**
Other direct costs	- 4,996	- 4,728	- 1,082	- 37		**- 10,843**
Marketing, including advertising	- 2,326	- 873	- 100	- 48		**- 3,347**
Contribution margin after marketing budgets	**30,171**	**22,151**	**4,463**	**579**		**57,364**
Other operating income						**3,127**
Purchased goods and services/change in inventories (if not included in contribution margin)						**- 4,438**
Personnel expenses						**- 24,891**
Depreciation and amortisation of assets						**- 8,919**
Miscellaneous other operating expenses						**- 17,034**
Consolidated operating profit, EBIT						**5,209**
Exceptional effects		- 1,479				**- 1,479**
Financial income						**99**
Financial expenses						**- 1,573**
Consolidated profit before income taxes						**2,256**
Income tax expenses						**- 1,023**
Consolidated profit						**1,233**

Segment report for the period from January 1 to December 31, 2019

	2019					
	Spirits [1] EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments [1] EUR'000	Elimination of inter-segment revenues/ expenses EUR'000	Total EUR'000
Revenues with third parties	**93,282**	**51,357**	**19,966**	**2,795**		**167,400**
Intersegment revenues	281	31	31	45	- 388	
Total revenues	**93,563**	**51,388**	**19,997**	**2,840**	**- 388**	**167,400**
Purchased goods and services (product-related only)	- 53,915	- 21,261	- 11,505	- 1,316	388	**- 87,609**
Other direct costs	- 4,765	- 5,057	- 1,305	- 52		**- 11,179**
Marketing, including advertising	- 3,239	- 1,564	- 328	- 81		**- 5,212**
Contribution margin after marketing budgets	**31,644**	**23,506**	**6,859**	**1,391**		**63,400**
Other operating income						**4,124**
Purchased goods and services/change in inventories (if not included in contribution margin)						**- 5,094**
Personnel expenses						**- 25,601**
Depreciation and amortisation of assets						**- 8,549**
Miscellaneous other operating expenses						**- 18,468**
Consolidated operating profit, EBIT						**9,812**
Exceptional effects			- 1,065			**- 1,065**
Financial income						**104**
Financial expenses						**- 1,650**
Consolidated profit before income taxes						**7,201**
Income tax expenses						**- 2,276**
Consolidated profit						**4,925**

[1] Previous-year values adjusted due to change in the composition of the *Spirits* and *Other segments* as a result of new organisational structure.

Geographical breakdown

The regional breakdown of external revenues is based on the location of the customers, as follows:

	2020 EUR'000	2019 EUR'000
Germany	123,920	127,932
Rest of European Union	26,525	33,409
Rest of Europe	2,493	3,595
Rest of world	1,653	2,464
	154,591	**167,400**

Breakdown of revenues by product group

	2020 EUR'000	2019 EUR'000
Private-label and dealer brands	93,604	94,998
Non-alcoholic beverages	45,307	51,357
Fresh juice systems	14,978	19,966
Other product groups	702	1,079
	154,591	**167,400**

The breakdown of revenues by product group differs from the revenues in the individual segments, as revenues in the spirits products category are generated in both the *Spirits* segment and *Other Segments*.

Dependence on key customers

In the 2020 financial year, more than 10% of consolidated revenues were generated with two (previous year: two) customers in the *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems* segments, broken down as follows:

	2020		2019	
Customer	Revenues EUR'000	Proportion of total revenues	Revenues EUR'000	Proportion of total revenues
Customer A	34,534	22.3%	31,196	18.6 %
Customer B	22,931	14.8%	22,925	13.7 %

(4.3) Contingent liabilities

The following contingent liabilities existed at year-end:

	2020 EUR'000	2019 EUR'000
Liabilities from guarantees	872	872
Other contingent liabilities	327	335
	1,199	**1,207**

Berentzen-Gruppe Aktiengesellschaft has issued an absolute maximum-liability guarantee of EUR 864 thousand (previous year: EUR 864 thousand) for the branch of a subsidiary in Brandenburg in favour of InvestitionsBank des Landes Brandenburg to secure receivables arising from the subsidy relationship, especially possible future claims to repayment. In both 2007 and 2010, the subsidiary had submitted an ongoing request for the granting of state aid to industry under the regional economic promotion programme over an investment period of three years. The amounts requested by calling down funds were disbursed starting in 2011 or 2012 and secured by a guarantee. Based on our current assessment, there are no indications to suggest that, if amounts payable under the subsidy relationship – especially a request for repayment of state aid – were to be enforced, which is currently not the case, the guarantee could potentially be utilised.

The other contingent liabilities related to the legal disputes of Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China. More details on this can be found in Note (4.4).

In addition, there are letters of indemnity related to maximum-liability customs bonds in the amount of EUR 776 thousand (previous year: EUR 776 thousand). The current alcohol tax liabilities secured by such guarantees amounted to EUR 42,626 thousand at year-end (previous year: EUR 43,601 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.

In connection with the cessation of business activities, claims totalling approximately EUR 382 thousand (previous year: EUR 391 thousand) were asserted, titled and enforced to a minor extent against Berentzen Spirit Sales (Shanghai) Co., Ltd. (which ceased operations many years ago), Shanghai, People's Republic of China, by two former local distribution partners in connection with trade dealings and by the other contractual party under the former lease of the Company's business premises. Berentzen Spirit Sales (Shanghai) Co., Ltd. filed for commencement of an insolvency proceeding due to insolvency in November 2015 and again in August 2016; the motions were rejected by the competent courts for incomprehensible reasons. Considering the economic situation of the Company, however, the Berentzen Group believes that a further assertion of the aforementioned claims will not be successful, for which reason no provisions were formed for legal disputes in this matter.

The US distributor acting on behalf of the subsidiary Citrocasa GmbH, Linz, Austria, asserted claims as part of pending arbitration proceedings instigated by the distributor at the beginning of August 2018; the claims include but are not limited to damages in connection with alleged breaches of the distribution contract between the parties. The same distributor asserted a claim for damages against Berentzen-Gruppe Aktiengesellschaft in February 2019 in connection with alleged business-damaging and anti-competitive behaviour as part of a lawsuit brought under the jurisdiction of civilian courts in the USA. The proceedings ended in October and November 2019. In connection with these legal disputes, the Berentzen Group companies named accrued expenses totalling EUR 1,065 thousand in the 2019 financial year, of which EUR 154 thousand was still earmarked for litigation costs at December 31, 2019.

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

(4.5) Risk management

Organisation

The primary financial instruments used by the Berentzen Group include the syndicated loan agreement and overdraft facilities, factoring agreements and trade payables. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various financial assets at its disposal, such as trade receivables as well as cash and cash equivalents that can be directly attributed to the business activities.

The Central Financial Management Department manages the Berentzen Group's financial risk. It monitors liquidity risk, credit risk and market risk. The strategies and methods employed to manage the individual financial risks are presented below.

Liquidity risk

Liquidity risk is the risk that a company is not in a position to procure the funds needed to settle obligations entered into in connection with financial instruments.

Management of liquidity risk

The Executive Board, the Management and the Central Financial Management Department manage the Group's liquidity risk. The liquidity risk is managed primarily by procuring funds as part of the overall funding of the

Berentzen Group, which breaks down as follows for the 2020 financial year:

The syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 with a current total funding volume of EUR 33.0 million in principle contains three facilities: two facilities for the purposes of company financing, of which one facility amounting to EUR 7.5 million with a fixed maturity date, and another facility amounting to EUR 25.5 million, which, within the scope of what is known as a branch agreement, can be utilised as working capital or bank guarantee lines of credit. An optional agreement governs an increase in the volume of funding by a further facility with a fixed maturity date for the financing of acquisitions amounting to EUR 10.0 million. The initial term is five years, with an option to extend the term by another year. The Berentzen Group made use of this option in February 2018; the maturity date is therefore now December 21, 2022. Interest is payable on utilisations at a variable rate based on the EURIBOR reference rate plus a fixed interest margin. The syndicated loan agreement is not secured. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors as part of a cross-guarantee system taking the form of a guarantor concept based on the minimum fulfilment of certain group inventory levels and flow variables stipulated in the agreement, which Berentzen-Gruppe Aktiengesellschaft as the borrower and the guarantors are obliged to maintain. The borrower is obliged to regularly fulfil two contractually defined covenants, the dynamic gearing ratio and the equity ratio, which are to be measured on the basis of its consolidated financial statements. The syndicated loan agreement, which is essentially based on the international contract standard of the British Loan Market Association (“LMA standard”), also stipulates the customary obligations, conditions, assurances and warranties, particularly including debt limits, limitations on the sale of assets, and a change-of-control clause. If the covenants, other obligations, conditions, assurances and warranties are breached, and if a change of control occurs, the lenders are fundamentally entitled to terminate the syndicated loan agreement prematurely and to declare the borrowed funds, outstanding interest, and costs due and payable immediately.

The drawdown of factoring lines represents a further focal point of external funding. The ensuing total volume of funding available to the Berentzen Group on the basis of two factoring agreements running until March 31, 2024 amounts to EUR 55.0 million (previous year: EUR 55.0 million). Added to this is a formally unlimited factoring line under three further, open-ended central settlement and factoring agreements. In the 2020 financial year, this gave rise to an average gross funding volume of EUR 8.0 million (previous year: EUR 9.2 million). In contrast, the factoring agreements are free of covenants.

Apart from the syndicated loan agreement, the volume of funding from credit agreements with providers of working capital to the Berentzen Group totals EUR 0.7 million (previous year: EUR 0.9 million). These credit lines are available to two foreign group companies and each have an open-ended term. Collateral must be provided for this by a foreign Group company in the translated amount of EUR 0.5 million (previous year: EUR 0.7 million), fundamentally in the form of cash received before the due date or other securities. In addition, two sureties for alcohol tax provided by guarantee and bonding insurance companies in a total amount of EUR 0.8 million (previous year: EUR 0.8 million) are part of the overall financing of the Group. Both the working capital credit agreements and one of the surety bond agreements contain change-of-control clauses that allow the financing agreements concerned to be terminated prematurely in the event of a change of control. The latter also includes covenants that give the insurer a special right of termination if they are breached. Furthermore, the Turkish subsidiary obtained an annuity loan in May 2019 in the translated amount of EUR 0.3 million. The loan maturity date is April 9, 2021, with the outstanding debt at the end of the 2020 financial year amounting to the translated amount of less than EUR 0.1 million.

Including the formally unlimited factoring agreements with a central settlement agent, the gross funding volume from factoring arrangements and not falling under the scope of the working capital credit lines of the syndicated loan agreement thus stood at EUR 63.7 million at December 31, 2020 (previous year: EUR 65.1 million). These short-term external or credit financing arrangements bear interest on the basis of the EURIBOR and EONIA reference interest rates, plus a fixed interest margin, otherwise at interest rates based on local market conditions or at fixed interest rates.

The factoring agreements, the central settlement and factoring agreements, and the agreements regarding working capital lines outside of the syndicated loan agreement have been concluded with both Berentzen-Gruppe Aktiengesellschaft and other Berentzen Group companies.

Compliance with the covenants and the miscellaneous other arrangements contained in the financing agreements is continuously monitored by the Executive Board and the Central Financial Management Department. The expected financing requirements and the foreseeable development of the covenants are mapped in the planning and budgeting process so that countermeasures can be initiated and the provision of outside capital can be ensured if necessary.

Furthermore, with respect to the financing of the corporate group, measures are continuously reviewed and/or implemented that have the goal of both providing an adequate credit line volume as well as maturity matching. This is supplemented to the extent possible by approaches to reducing traditional use of debt capital (e.g. through alternative financing forms such as leasing or by freeing up capital internally in the working capital).

Credit risk/default risk

Credit risk or risk of default is defined as the risk of a financial loss that arises if a contracting party fails to meet its payment obligations.

Management of credit risk/default risk

The management of credit risk or risk of default in the Berentzen Group is substantially geared towards entering into transactions with creditworthy third parties. Credit references or historical data from the business relationship to date are considered for the purpose of avoiding payment defaults. In the event of discernible risks, appropriate value adjustments are charged against receivables.

Approximately 78% (previous year: 76%) of consolidated revenues are billed via foreign branch offices that also assume the credit risk via del credere agreements. In addition, the risk of default is covered under trade credit insurance. As a general rule, balances in excess of EUR 5 thousand are covered under credit insurance. Trade credit insurance reimburses all defaults on receivables on the part of insured customers up to the agreed deductible of 20% for customers residing in Germany and 10% for customers residing abroad. For domestic customers, the VAT included in the amount of the receivable is also insured. In the event of a default on receivables, the net default risk is only slightly less than 5% of the gross receivable as the VAT is refunded by the tax authorities. The provision or collateral or payment in advance is frequently demanded of the group company domiciled outside of Europe, alongside trade credit insurance.

A significant portion of trade receivables is sold under factoring agreements. Since the respective factor also assumes the del credere liability without recourse, these receivables are not reported in the consolidated statement of financial position in accordance with the relevant accounting standards. An exception to this is a relatively insignificant continuing involvement compared to the volume of factored receivables that represents the late payment risk remaining with the group. Measured on the customer structure, the amounts receivable from individual counterparties are accordingly not so large that they would signify a material concentration of risk. The maximum credit risk of the trade receivables corresponds to this carrying amount.

No trade credit insurance is carried for one of the major trade offices because it has furnished an unconditional absolute guarantee of a major German credit insurer to the company to cover the receivables due from it.

	2020		2019	
	EUR'000	%	EUR'000	%
Trade receivables	11,992	100.00%	15,104	100.00%
- of which trade credit-insured	4,143	34.55%	6,967	46.12%
- of which secured by a surety	1,559	13.00%	2,063	13.66%
- of which secured by guarantees	895	7.46%	2,403	15.91%
- of which unsecured	5,168	43.10%	3,366	22.29%
- of which written down	227	1.89%	305	2.02%

With regard to the trade receivables for which no value adjustments have been charged and which are not in default, there were no indications at the reporting date to suggest that the debtors will not fulfil their payment obligations. The intrinsic value of receivables is protected by means of assigning limits to all customers on the basis of the assessments of rating agencies or the credit insurer, and by means of regular payment reminders and constant monitoring of all receivables accounts.

Cash and cash equivalents are invested with major banks and state banks.

In the event of counterparty default, the maximum credit risk of the cash and cash equivalents, financial assets measured at fair value through profit or loss, and other financial assets is equal to the carrying amounts of these instruments.

No loans denominated in foreign currencies are granted and no bill transactions are conducted. As a general rule, no deliveries are made to customers not associated with foreign branch offices without first conducting a credit assessment with the help of rating agencies. Receivables are continuously monitored to ensure that the Group's default risk is manageable or not substantial. In addition, payment terms are regularly monitored.

Default risk also comprises country risk or transfer risk. This risk comprises the risk of economic or political instability in connection with investments or cross-border financing transactions of Group companies in so-called high-risk countries, as well as the risk inherent in direct sales to customers in such countries. Country risks related to capital measures or other cross-border financing transactions of Group companies are managed already as part of the decision to enter or increase exposure to a foreign market by a Group company. This decision is made on the basis of a comprehensive assessment of the economic and political parameters with reference to country ratings. No companies are founded in countries deemed to be instable on this basis. Subsequent financing measures for foreign Group companies that have already been founded, which are based solely on the actual capital requirements, are also assessed appropriately on the basis of continuous monitoring and updated knowledge; furthermore, such financing measures are centrally managed and supported. For example, both intragroup financing made to a subsidiary based in Turkey as well as its current assets are subject to more intense monitoring on account of the political events of the past years due to the associated implications of a higher risk of default. In order to minimise the risk of direct sales to customers in so-called high-risk countries, security is obtained or cash in advance is agreed in cases in which there is no trade credit insurance or it is not possible to sell the receivables under factoring agreements. In addition, any past-due foreign receivables are reported to the competent Executive Board member by means of a separate reporting system.

Market risk

Market risk is defined as the risk of changes in the fair value of future cash flows from a financial instrument due to market price fluctuations. Market risk comprises currency risks, interest rate risks and other price risks.

Management of market risk

Market risk is also managed by the Executive Board, the Management and the Group's Central Financial Management Department.

For presenting market risks, IFRS 7 requires an entity to conduct sensitivity analyses to determine the effects of hypothetical changes in relevant risk variables on net profit and shareholders' equity. Besides currency risks, the Berentzen Group is exposed to interest rate risk and other price risks.

The periodic effects are determined by applying the hypothetical changes in risk variables to the holdings of financial instruments held at the reporting date. The holdings at the reporting date are representative of the full year.

Foreign currency risks arise from the translation of foreign currency items into the Group's functional currency (euro) due to exchange rate changes. According to the Berentzen Group's definition, they generally result from financial items, pending transactions where applicable, and planned transactions denominated in foreign currencies. Relevant foreign currencies for the Group particularly include the U.S. dollar and the Turkish lira. The corresponding risk potential depends on the development of exchange rates and the volume of transactions conducted or to be conducted in foreign currencies. To date, the Group's activities in both procurement and sales have been conducted largely in euros and US dollars. No material business is conducted with suppliers or customers in hyperinflationary countries. Currency risk is also partially neutralised in that procurement and sales are always conducted in the same foreign currency and therefore the corresponding cash inflows and cash outflows occur in the same currency – although not usually in the same amounts or maturities. Without taking consolidation effects into account, liabilities and receivables denominated in foreign currencies amounted respectively to approximately EUR 1.2 million (previous year: EUR 1.3 million) and EUR 1.4 million (previous year: EUR 3.0 million) at December 31, 2020. Rate-hedging measures are carried out regularly for the most important foreign currency, the U.S. dollar, insofar as an assessment of the foreign currency environment makes this appear to be useful. To hedge currency risk arising from future purchases of goods, currency options pertained to a volume totalling EUR 1.6 million at December 31, 2020 (December 31, 2019: no rate-hedging measures). Provided the scope of consolidation remains unchanged, foreign currency risks are to be regarded as relatively low or low overall. However, this assessment can change with an increasing volume of corresponding transactions as well as due to the effects of financial policy and corporate policy decisions or future trends on the foreign exchange market.

From the Group's perspective, the value of the Berentzen Group's assets or the nominal amounts of its liabilities located outside of Germany are likewise subject to foreign currency fluctuations. Foreign currency effects arising on the translation of net asset positions from the separate financial statements of foreign Group companies are recognised directly in equity; nevertheless, foreign currency risks that affect profit or loss – but not cash flows from the Group's perspective – could result from intragroup transactions denominated in foreign currencies, particularly including the financing of foreign companies with the Group's own funds. In the event that foreign subsidiaries are deconsolidated, however, the effects of the foreign currency risks inherent in the currency translation differences previously recognised in Group equity would need to be recognised in profit or loss. No foreign subsidiaries were deconsolidated in the 2020 financial year. As a result, negative currency effects from the translation of Group-internal financing for a Group company in Turkey remain in the Berentzen Group's retained earnings in the amount of EUR 3.6 million (previous year: EUR 3.0 million) as of December 31, 2020.

The sensitivity of consolidated profit/loss before income taxes and shareholders' equity to a fundamentally possible change in exchange rates according to prudent judgment is presented in the table below using a hypothetical appreciation or depreciation of the euro by 5% vis-a-vis all currencies. All other variables remain constant.

	2020		2019	
	Exchange rate change + 5% EUR'000	Exchange rate change - 5% EUR'000	Exchange rate change + 5% EUR'000	Exchange rate change - 5% EUR'000
USD	386	- 426	375	- 415
TRY	- 61	68	- 111	123
Other	5	- 7	20	- 22
Overall effect on equity and earnings before income taxes	**330**	**- 365**	**284**	**- 314**

The Group holds interest-bearing assets. The magnitude of the resulting interest income is not materially important for the consolidated earnings and cash flows. Therefore, changes in market interest rates are also immaterial.

No financial instruments are currently employed as hedging instruments. Changes in market interest rates affect the interest result of non-derivative variable-interest rate financial instruments and are included in the computation of result-oriented sensitivities:

	Interest rate risk					
	2020			2019		
	Amount EUR'000	+ 100 BP result EUR'000	- 100 BP result EUR'000	Amount EUR'000	+ 100 BP result EUR'000	- 100 BP result EUR'000
Financial assets						
Cash and cash equivalents	26,334	263	- 263	22,698	227	- 227
Other current assets	1,197	12	- 12	1,322	13	- 13
Effect before income taxes		275	- 275		240	- 240
Financial liabilities						
Liabilities due to banks	7,536	75	- 75	8,389	84	- 84
Factoring (off-balance sheet)	8,037	80	- 80	9,201	92	- 92
Effects before income taxes		155	- 155		176	- 176
Total effect		**120**	**- 120**		**64**	**- 64**

If the level of market interest rates had been 100 basis points higher (lower) in the reporting period, the net profit would have been EUR 120 thousand (previous year: EUR 64 thousand) higher (lower).

The actual average payment term for the entire Group is currently around 36 (previous year: 35) days. This payment term does not give rise to heightened liquidity or interest rate risk because sufficient factoring lines or (particularly in foreign countries) similar financing instruments are available to finance the Group's receivables. Consequently, the need for conventional short-term credit lines is reduced to a considerable degree.

Any utilisation of the syndicated loan agreement and funds provided in connection with two factoring agreements are subject to variable interest rates on the basis of the EURIBOR reference rate, which means interest rate risks do in principle exist. The effects of any changes in the interest rate can be partially compensated for by the deployment of interest rate hedging instruments. For this reason, the development of interest rates is monitored on an ongoing basis and the possible use of interest rate hedging instruments is regularly reviewed.

Market and price risks are also inherent in the procurement of raw materials and supplies and in the procurement costs of merchandise and system components. In all segments, the purchase prices of the raw materials and supplies, merchandise and system components used by the Berentzen Group are particularly influenced by their market availability and, in the case of purchases conducted in foreign currencies, the development of the corresponding exchange rates against the euro. A large part of the raw materials needed for the production of spirits and non-alcoholic beverages as well as the fruits (oranges) traded in the *Fresh Juice Systems* segment are agrarian products, the availability of which depends on the respective crop yields. Furthermore, regulatory measures such as duties can have a considerable influence on purchase prices.

Annual supply contracts are in place for the purchase of glass, stipulating fixed prices and fixed quantities. For harvest-dependent raw materials such as sugar, fruit juice concentrates and alcohol made from grains, contracts are usually concluded from harvest to harvest. Other raw material and packaging material groups are based on market price indexes, with prices mostly fixed on a quarterly or half-yearly basis depending on market conditions. In the *Fresh Juice Systems* segment, purchases of the individual system components are predominantly managed on the basis of single contracts; in particular, the procurement of fruits (oranges) is dependent on harvest seasons in the global cultivation areas.

(4.6) Capital management

The objectives of the corporate group with regard to capital management are to secure the continued existence of the Company as a going concern and to support growth targets. In light of these primary objectives, the capital structure needs to be optimised in order to maintain the cost of capital at an appropriate level. The corporate group uses the equity ratio as well as the dynamic debt ratio to monitor its capital.

The equity ratio is calculated as the ratio of adjusted equity to adjusted total consolidated capital (total consolidated assets). Adjusted equity is based on the consolidated capital reported in the Consolidated Statement of Financial Position. If available, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from the figure, while non-current liabilities to shareholders and mezzanine capital are added. Likewise, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from total consolidated capital if available.

The equity ratio is calculated in detail as follows:

	12/31/2020 EUR'000	12/31/2019 EUR'000
Consolidated shareholders' equity	47,240	49,200
Tax accruals	132	0
Adjusted shareholders' equity	**47,108**	**49,200**
Total capital	145,182	151,630
Tax accruals	132	0
Adjusted total capital	**145,050**	**151,630**
Equity ratio	**32.5%**	**32.4%**

The dynamic debt ratio provides information on the period theoretically needed in order to repay financial liabilities using profits. Consequently, the ratio is also suitable for indicating the Berentzen Group's debt servicing ability. This performance indicator is calculated as the ratio of total current and non-current financial liabilities adjusted for cash and cash equivalents to consolidated EBITDA recorded over the past 12 months.

The following table shows the dynamic debt ratio at year-end:

	12/31/2020 EUR'000	12/31/2019 EUR'000
Non-current financial liabilities	8,596	7,858
Current financial liabilities	1,732	2,340
Cash and cash equivalents	26,334	22,698
Total Net Debt	**- 16,006**	**- 12,500**
EBITDA	**14,128**	**18,361**
Dynamic gearing ratio	**- 1.13**	**- 0.68**

Information regarding risk management, particularly the covenants agreed upon, can be found in Note (4.5). As of December 31, 2020, all covenants were met.

(4.7) 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.

Related entities

Berentzen-Gruppe Aktiengesellschaft is the highest-level controlling parent company. Transactions between Berentzen-Gruppe Aktiengesellschaft and those subsidiaries considered to be related entitles were eliminated in the course of consolidation and not explained in the notes to the consolidated financial statements. Transactions with non-consolidated subsidiaries are of minor importance.

Further information about affiliated companies is provided at other points in the present Notes to the Consolidated Financial Statements. The relations between Berentzen-Gruppe Aktiengesellschaft and its subsidiaries in accordance with IAS 24.13 are as shown in the List of Shareholdings for the corporate group (Note 1.7).

Related persons

Persons related to the reporting entity within the meaning of IAS 24 include 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 are the members of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft.

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	2020 EUR'000	2019 EUR'000
Short-term benefits	889	957
Other long-term benefits	- 161	261
	728	**1,218**

In light of the expected reduction in earnings and on the basis of the related compensation agreements for the Executive Board of Berentzen-Gruppe Aktiengesellschaft, the provision for other long-term benefits was adjusted.

At the annual general meeting on May 12, 2016, a resolution was adopted with the requisite majority of the capital stock with voting rights in accordance with Section 314 (3) sentence 1 HGB in conjunction with Section 286 (5) sentence 1 HGB to the effect that the individualised disclosure of the compensation paid to the members of the Executive Board required by Section 314 (1) No. 6a) sentences 5 to 8 HGB and Section 285 No. 9a) sentences 5 to 8 HGB would not be included when the Company's annual and consolidated financial statements were prepared.

The following total compensation within the meaning of Section 314 (1) No. 6 letter a) sentences 1 to 4 HGB or compensation commitments were granted to the members of the Executive Board:

Type of compensation	2020 EUR'000	2019 EUR'000
Non-performance-based components	755	729
Performance-based components	161	262
Total compensation	**916**	**991**
Committed performance-based components with a long-term incentive effect	**30**	**227**

In addition to the total compensation granted in the respective financial year, commitments of performance-based, non-share-based compensation components were granted to the members of the Executive Board for the respective financial year. The amounts to be paid depend on the level of consolidated EBIT in the respectively following financial year and in the two respectively following financial years. The total amounts so committed amounted to EUR 30 thousand (EUR 227 thousand).

Neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted subscription rights or other share-based compensation to members of the Executive Board in financial year 2020, nor do the members of the Executive Board hold any such compensation instruments. Moreover, no compensation was granted to Executive Board members for exercising mandates on the boards of subsidiaries in financial year 2020. Furthermore, the total compensation of the Executive Board in financial year 2020 contained no benefits to former members of the Executive Board in connection with the cessation of their activity.

Furthermore, neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted loans or advances to members of the Executive Board, nor did they assume contingent liabilities in favour of them in financial year 2020.

No compensation was paid to former members of the Executive Board or their surviving dependants in the 2020 financial year. Post-employment benefits or total compensation within the meaning of Section 314 (1) No. 6 letter b) HGB were granted to former managing directors of Group companies to which Berentzen-Gruppe Aktiengesellschaft is the legal successor, and their survivors, in the amount of EUR 34 thousand in financial year 2020 (previous year: EUR 104 thousand).

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 December 31, 2020 (previous year: EUR 744 thousand).

Supervisory Board

Short-term benefits within the meaning of IAS 24.17 or total compensation within the meaning of Section 314 (1) No. 6 letter a) sentence 1-4 HGB in the amount of EUR 188 thousand (previous year: EUR 208 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 or total compensation in the total amount of EUR 105 thousand (previous year: EUR 113 thousand) for their activity outside their functions as Supervisory Board members. Neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted subscription rights or other share-based compensation to members of the Supervisory Board in financial year 2020, nor do the members of the Supervisory Board hold any such compensation instruments. Moreover, no compensation was granted to Supervisory Board members for exercising mandates on the boards of subsidiaries in financial year 2020. Furthermore, the total compensation of the Supervisory Board in financial year 2020 contained no benefits to former members of the Supervisory Board in connection with the cessation of their activity.

Furthermore, neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted loans or advances to members of the Supervisory Board, nor did they assume contingent liabilities in favour of them in financial year 2020.

No compensation was granted to former members of the Supervisory Board or their surviving dependants in financial year 2020.

Additional related-party disclosures

The outstanding balances due from or to related entities and persons at the end of the financial year at December 31, 2020, 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 December 31, 2020, 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 2020 financial year, as in the previous year.

(4.8) Announcements and notifications of changes in voting rights arising from shares in Berentzen-Gruppe Aktiengesellschaft pursuant to the German Securities Trading Act

The following persons have notified Berentzen-Gruppe Aktiengesellschaft pursuant to the relevant provisions of the Securities Trading Act (WpHG) that the share of voting rights of Berentzen-Gruppe Aktiengesellschaft held by the notifying party has fallen below or exceeded certain thresholds stipulated in the Securities Trading Act:

Person subject to notification obligation	Names of shareholders [1]	Date when a reporting threshold was reached, exceeded, or fallen below	Attribution per WpHG	Attribution via	Voting rights %	Voting rights No.
MainFirst SICAV Senningerberg, Luxembourg		March 2, 2016			8.50	815,500
Lazard Frères Gestion S.A.S. Paris, France		June 22, 2017			5.07	486,598
Stichting Administratiekantoor Monolith Amsterdam, The Netherlands	Monolith N.V.	August 5, 2020	Section 34	Monolith N.V.	4.95	474,851

[1] Names of shareholders if different than the person obliged to provide notification.

(4.9) Declaration of Conformity with the German Corporate Governance Code

The annual declaration of conformity with the German Corporate Governance Code (DCGK) by the Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 161 AktG was issued in November 2020. The Executive Board and Supervisory Board updated the joint Declaration of Conformity in March 2021. The declarations have been made permanently accessible on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en.

(4.10) Governing bodies of Berentzen-Gruppe Aktiengesellschaft

Executive Board of Berentzen-Gruppe Aktiengesellschaft

The following persons served as members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft in the 2020 financial year:

Name	Term of Board membership	Occupation Responsibilities	Supervisory Board mandates
Ralf Brühöfner Lingen, Germany	since June 18, 2007	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Finance, Controlling, Human Resources, Information Technology, Legal Affairs, Corporate Communications, Investor Relations, Corporate Social Responsibility	Doornkaat Aktiengesellschaft [1)], Norden, Germany (Deputy Chairman of the Supervisory Board)
Oliver Schwegmann Timmendorfer Strand, Germany	since June 1, 2017	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Marketing, Sales, Production and Logistics, Purchasing, Research and Development	Doornkaat Aktiengesellschaft [1)], Norden, Germany (Chairman of the Supervisory Board)

1) Non-listed, intra-Group companies.

Supervisory Board of Berentzen-Gruppe Aktiengesellschaft

The following persons served as members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft in the 2020 financial year:

Name	Term of Supervisory Board membership Member of the Supervisory Board representing the shareholders / employees	Occupation	Other Supervisory Board mandates
Uwe Bergheim Dusseldorf, Germany Chairman of the Supervisory Board	since May 3, 2018 Member of the Supervisory Board representing the shareholders	Self-employed corporate consultant, Dusseldorf, Germany	
Frank Schübel Gräfelfing, Germany Deputy Chairman of the Supervisory Board	since May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of TEEKANNE Holding GmbH & Co. KG, Dusseldorf, Germany	

Name	Term of Supervisory Board membership Member of the Supervisory Board representing the shareholders / employees	Occupation	Other Supervisory Board mandates
Dagmar Bottenbruch Berlin, Germany	since July 2, 2020 Member of the Supervisory Board representing the shareholders	Managing Director of Segenia Capital Management GmbH / Segenia Capital GP GmbH, Frankfurt/Main (formerly: DC&F Capital Partners Management GmbH / DC&F Capital Partners GP GmbH, Hanover), Germany Self-employed Management Consultant and Angel Investor, Berlin, Germany	AMG Advanced Metallurgical Group N.V. [1], Amsterdam, The Netherlands (Member of the Supervisory Board) ad pepper media International N.V.[1], Amsterdam, The Netherlands (Member of the Supervisory Board, since May 19, 2020)
Heike Brandt Minden, Germany	since May 22, 2014 Member of the Supervisory Board representing the employees	Commercial employee at Berentzen-Gruppe Aktiengesellschaft, Haselünne, Germany	
Bernhard Düing Herzlake, Germany	since June 24, 1999 Member of the Supervisory Board representing the employees	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Hendrik H. van der Lof Almelo, The Netherlands	since May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of Via Finis Invest B.V., Almelo, The Netherlands	Monolith N.V. [2], Amsterdam, The Netherlands (Member of the Supervisory Board, until December 14, 2020) TIIN Buy Out and Growth fund B.V. [2], Naarden, The Netherlands (Chairman of the Supervisory Board, until October 30, 2020)
Daniël M.G. van Vlaardingen Hilversum, The Netherlands	from September 1, 2016 to July 2, 2020 Member of the Supervisory Board representing the shareholders	Managing Director of Monolith Investment Management B.V., Amsterdam, The Netherlands	

[1] Listed, non-Group companies.

[2] Non-listed, non-Group companies.

(4.11) Total fees paid to the independent auditor of the consolidated financial statements

At the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on July 2, 2020, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected as the independent auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft. The independent auditor of the consolidated financial statements in the 2020 financial year charged a total fee which breaks down as shown in the following table:

	2020 EUR'000	2019 EUR'000
Financial statements auditing services	183	173
Other certification services	0	0
Tax advisory services	0	0
Other services	0	0
	183	**173**

The financial statements auditing services relate to the statutory audit of the annual and consolidated financial statements of Berentzen Gruppe Aktiengesellschaft. In addition, the auditor carried out a statutory audit of the annual financial statements of one subsidiary.

(4.12) Events after the reporting date

No reportable events have taken place since the end of the financial year.

Haselünne, March 17, 2021

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann
Executive Board member

Ralf Brühöfner
Executive Board member

D. Declarations and other information

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group, and the group management report, which is combined with the management report of Berentzen-Gruppe Aktiengesellschaft, provides a true and fair view of the development of the business, including the results of operations and the position of the Group as well as a description of the significant opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Haselünne, March 17, 2021

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann
Executive Board member

Ralf Brühöfner
Executive Board member

The audit opinion reproduced below also includes a “Report on the Audit of the Electronic Files of the Consolidated Financial Statements prepared for Publication pursuant to Section 317 (3b) HGB” (“ESEF report”). The subject matter of the audit underlying the ESEF report (ESEF files to be audited) is not enclosed. The audited ESEF files can be viewed and downloaded from the Federal Gazette.

Independent Auditor’s Report

To Berentzen-Gruppe Aktiengesellschaft, Haselünne

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, Haselünne, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders´ equity and consolidated cash flow statement for the financial year from 1 January 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Berentzen-Gruppe Aktiengesellschaft, Haselünne, for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Declaration pursuant to Section 289f and Section 315d HGB [Handelsgesetzbuch: German Commercial Code] and the Corporate Governance Report, referred to in section (8) of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 01 January 2020 to 31 December 2020, and

- the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above listed Corporate Governance Declaration pursuant to Section 289f and Section 315d HGB and of the Corporate Governance Report.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In the following we present the key audit matter in our view. Our presentation of the key audit matter has been structured as follows:

① Financial statement risk
② Audit approach
③ Reference to related disclosures

Assessment of Impairment of the cash-generating unit Non-Alcoholic Beverages

① Financial Statement Risk

On 31. March 2020, the executive directors of Berentzen-Gruppe Aktiengesellschaft came to the conclusion that the COVID-19 pandemic had led to a decrease in sales volume of some brands and product segments and therefore constitutes a triggering event for the cash-generating unit Non-Alcoholic Beverages. The impairment test of the assets to be conducted accordingly as required by IAS 36 led to an impairment to be accounted for under assets in the amount of EUR 1.4 million.

Since as of 31 December 2020, there were indicators that the development of the contribution margin and of the overall profit contribution of the segment to consolidated operating result is and will be less strong than expected, an additional impairment test for the assets was conducted as of 31 December 2020 based on a discounted cash flow method on the basis of updated scenario analyses. The executive directors of Berentzen-Gruppe Aktiengesellschaft concluded that no additional impairments or write-ups were required.

The measurement of the cash-generating unit Non-Alcoholic Beverages is dependent on the estimation of future cash flows and the discount interest rate used and is therefore associated with a high degree of estimation uncertainty. Against this background, the matter was of particular importance for our audit.

② *Audit Approach*

As part of our audit of the impairment of the cash-generating unit Non-Alcoholic Beverages, we analysed the methodological approach used for performing the impairment tests. Taking into account that even small changes in the discount rate may have a material impact on the result of the impairment test, we assessed the appropriateness of the cost of capital parameters used in the impairment test as at 31 March 2020 and 31 December 2020 together with our internal valuation experts. Based on the medium-term planning prepared by the executive directors, we assessed the appropriateness of the future cash flows used in the measurements on the basis of a comparison with both reporting dates by considering the material assumptions on which the executive directors based the planning of the expected future cashflows, in particular with regard to their feasibility. In addition, we discussed the reasons for plan deviations and planning assumptions considering the strategic key topics in detail with the responsible management of Vivaris Getränke GmbH & Co. KG concerning the Cash Generating Unit and evaluated selected measures for increasing future cash flows based on additional evidence. We have recalculated and have checked the calculation of the impairments as of 31 March 2020. We were able to follow the assessment of the book value as of 31 December 2020 made by the executive directors based on the scenario calculations provided to us.

③ *Reference to related Disclosures*

The company’s disclosures concerning the assessment of the impairment of the cash-generating unit Non-Alcoholic Beverages are included in Section 3.7 of the notes to the consolidated financial statements.

Other information

The executive directors or the supervisory board, respectively, are responsible for the other information. The other information comprises:

- Corporate Governance Declaration mentioned above and the Corporate Governance Report,
- the affirmation of the legal representatives pursuant to section 297 paragraph 2 clause 4 and section 315 paragraph 1 clause 5 HGB, and
- the remaining parts of the annual report 2020, excluding the consolidated financial statements, the combined management report information audited for content and our corresponding auditor‘s report.

The executive directors and the supervisory board are responsible for the declaration pursuant to the Corporate Governance Code laid out by Section 161 German Stock Corporation Act [Aktiengesetz - AktG], the elements of the Corporate Governance Declaration included in Section 8 of the combined management report. The supervisory board is responsible for the report of the supervisory board included in the annual report. Save as aforesaid, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the

Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in Accordance with Section 317 Paragraph 3b HGB on the Electronic Re-production of the Consolidated Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Opinion

We have performed assurance work in accordance with section 317 paragraph 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the attached electronic file berentzen-2020-12-31.zip, with Hash-Value 0CE4DAC6B49C7131E54F4089765961D4519F4760D4344F158B121919B1F56EC8, calculated by SHA256 and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 01 January 2020 to 31 December 2020 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above.

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned attached electronic file in accordance with section 317 paragraph 3b HGB and the Exposure Draft of IDW Assurance Standard "Assurance in Accordance with Section 317 Paragraph 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes" (ED IDW AsS 410). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1 "Requirements for Quality Management in the Audit Firm" (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with section 328 paragraph 1 sentence 4 no. 1 HGB and for the markup of the consolidated financial statements in accordance with section 328 paragraph 1 sentence 4 no. 2 HGB.

In addition, the executive directors of the company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB for the electronic reporting format.

The executive directors of the company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the Federal Gazette.

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance that the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- Evaluate whether the markup of the ESEF documents with Inline XBRL-Technologie (iXBRL) allows for the appropriate and completely machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 2 July 2020. We were engaged by the supervisory board on 23 October 2020. We have been the group auditor of Berentzen-Gruppe Aktiengesellschaft, Haselünne, without interruption since the financial year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Ronald Rulfs.

Dusseldorf, 18 March 2021

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	Ronald Rulfs
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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Financial calendar 2021

Berentzen Group | Investors | Financial calendar

March 25, 2021	Annual Financial Statements and Annual Report 2020
May 4, 2021	Interim Report Q1/2021
May 11, 2021	Virtual General Meeting of Berentzen-Gruppe Aktiengesellschaft
May 17-19, 2021	Spring Conference Equity Forum – 1 on 1 Summit online
August 11, 2021	Group Half-Yearly Financial Report 2021
October 21, 2021	Interim Report Q3/2021

At March 25, 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 circumstances 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 are 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. Events and results that actually occur thereafter may therefore significantly differ from the forward-looking statements, both positively and negatively. Many uncertainties and 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 impact, changes in the financial markets and exchange rates, the behaviour of other market participants and competitors as well as statutory changes or political decisions taken by administrative or 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 properly 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.

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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.

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