BERENTZEN-GRUPPE

Thirst for life

Interim Report Q1 2023

Content

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Overview of Q1/2023

Significant, 15.9% rise in consolidated revenues over the first quarter of last year. Adjusted consolidated EBIT, adjusted consolidated EBITDA, and operating cash flow all clearly positive, but below the level of the respective year-ago figures.

Q1/2023

- Consolidated revenues: EUR 41.8 million (EUR 36.1 million).
- Adjusted consolidated EBIT: EUR 1.0 million (EUR 1.2 million).
- Adjusted consolidated EBITDA: EUR 2.9 million (EUR 3.2 million).
- Operating cash flow: EUR 1.8 million (EUR 2.3 million).
- Cash and cash equivalents: EUR -14.3 million (EUR 1.8 million).
- Dynamic gearing ratio: 1.08 (0.09).
- Equity ratio: 35.3% (40.4%).

Outlook

- Earnings forecasts for the 2023 financial year confirmed.

(1) Business performance and economic position

(1.1) Significant events in the reporting period

No events of significance for the business performance and the development of Berentzen Group's financial performance, cash flows and financial position occurred in the reporting period.

(1.2) Financial performance

		Q1/2023	Q1/2022	Change
Consolidated revenues excluding alcohol tax	**EUR'000**	**41,820**	**36,073**	**+ 15.9 %**
Spirits segment	EUR'000	24,851	22,363	+ 11.1 %
Non-alcoholic Beverages segment	EUR'000	10,415	8,431	+ 23.5 %
Fresh Juice Systems segment	EUR'000	4,663	4,417	+ 5.6 %
Other segments	EUR'000	1,891	862	> + 100.0 %
Consolidated EBITDA	**EUR'000**	**2,925**	**3,233**	**- 9.5 %**
Consolidated EBITDA margin	**%**	**7.0**	**9.0**	**- 2.0 PP [1)]**
Consolidated EBIT	**EUR'000**	**981**	**1,200**	**- 18.3 %**
Consolidated EBIT margin (return on sales)	**%**	**2.3**	**3.3**	**- 1.0 PP [1)]**

[1)] PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 41.8 million in the first three months of the 2023 financial year, that being a significant, 15.9% rise over the equivalent period of last year (EUR 36.1 million).

Revenue performance of the individual segments

Spirits

	01/01 to 03/31/2023 EUR'000	01/01 to 03/31/2022 EUR'000	Change EUR'000	Change %
Berentzen	4,192	2,926	+ 1,266	+ 43.3
Puschkin	2,168	1,469	+ 699	+ 47.6
Other	188	161	+ 27	+ 16.8
Focus brands	6,548	4,556	+ 1,992	+ 43.7
Other brands	2,557	2,070	+ 487	+ 23.5
Customer sales budget	- 526	- 543	+ 17	+ 3.1
Branded spirits in Germany	**8,579**	**6,083**	**+ 2,496**	**+ 41.0**
Branded spirits abroad	1,344	1,888	- 544	- 28.8
Premium/medium private-label brands	3,983	5,652	- 1,669	- 29.5
Standard private-label brands	11,280	9,034	+ 2,246	+ 24.9
Customer sales budget	- 230	- 267	+ 37	+ 13.9
Export and private-label brands	**16,377**	**16,307**	**+ 70**	**+ 0.4**
Other and internal revenues	- 105	- 27	- 78	> - 100.0
Revenues in the Spirits segment	**24,851**	**22,363**	**+ 2,488**	**+ 11.1**

The revenues generated in the *Spirits* segment were clearly higher, by 11.1%, than the respective figure for the first quarter of last year. The volume of revenues generated on sales of branded spirits in Germany saw a significant rise of 41.0%, while the revenues generated on sales of export and private-label brands remained rather stable compared to the year-ago quarter, showing only a modest rise of 0.4%.

Because the company's markets were no longer restricted by measures to curb the coronavirus pandemic, as they were in the first quarter of last year, sales of branded spirits in particular exhibited clearly positive growth. Revenues generated on sales of focus brands were considerably higher, by 43.7%, than in the year-ago quarter. In this context, the marketing campaign promoting the different varieties of liqueur products in particular contributed to significant growth in sales of spirits products of the *Berentzen* and *Puschkin* brands. Above all, the "*Berentzen Minis*" made an essential contribution to this succesful revenue growth.

Sales of export and private-label branded spirits were mixed, depending on the product category. Whereas the revenues generated on sales of standard private-label brands increased significantly by 24.9%, the revenues generated on sales of premium and medium private-label brands declined by 29.5%. The development in the latter category is almost entirely attributable to serious shortages of bourbon whiskey products in a market that is still characterised by strong demand. The revenues generated on export sales of branded spirits were clearly lower, by 28.8%, than in the first quarter of last year, when sales were influenced by various initiatives and market tests.

Non-alcoholic beverages

	01/01 to 03/31/2023 EUR'000	01/01 to 03/31/2022 EUR'000	Change EUR'000	%
Mio Mio	4,430	3,421	+ 1,009	+ 29.5
Kräuterbraut	78	38	+ 40	> + 100.0
Focus brands	4,508	3,459	+ 1,049	+ 30.3
Emsland / St. Ansgari	2,224	2,104	+ 120	+ 5.7
Märkisch / Grüneberger	1,934	1,745	+ 189	+ 10.8
Regional brands	4,158	3,849	+ 309	+ 8.0
Other brands	741	641	+ 100	+ 15.6
Branded business	**9,407**	**7,949**	**+ 1,458**	**+ 18.3**
Franchise business	2,130	1,171	+ 959	+ 81.9
Contract bottling business	373	298	+ 75	+ 25.2
Other business	**2,503**	**1,469**	**+ 1,034**	**+ 70.4**
Customer sales budget	- 1,468	- 1,062	- 406	- 38.2
Other and internal revenues	- 27	75	- 102	> - 100.0
Revenues in the Non-alcoholic Beverages segment	**10,415**	**8,431**	**+ 1,984**	**+ 23.5**

The revenues generated on sales of mineral water products and soft drinks in the *Non-alcoholic Beverages* segment in the first three months of the 2023 financial year rose by 23.5%. Sales of branded products exhibited a clearly positive development, with revenues up 18.3%. The revenues generated on sales of products in the category of focus brands again showed impressive growth, rising by 30.3% over the first quarter of last year, thanks in particular to higher sales of the company's own *Mio Mio* brand beverages. The revenues generated on sales of products in the category of regional brands (*Emsland Quelle*, *Emsland Sonne*, *Märkisch Kristall*, *St. Ansgari* and *Grüneberg Quelle*) were likewise higher than the respective year-ago figure (+8.0%). The contract bottling business staged a strong recovery, with revenues up EUR 1.0 million over the year-ago quarter. Thanks to the fact that food and drink establishments were no longer affected by the restrictions imposed to combat the coronavirus pandemic, as they were in the first quarter of last year, and we were able to revive sales of the brand-name beverages of the Sinalco Group comprehensively. The total revenues presented in this segment also include the revenues generated on cooperation projects with prominent artists since February 2022, which showed impressive growth of EUR 1.3 million (EUR 0.5 million).

Fresh Juice Systems

	01/01 to 03/31/2023 EUR'000	01/01 to 03/31/2022 EUR'000	Change EUR'000	%
Fruit juicers	1,160	1,283	- 123	- 9.6
Fruit	2,303	1,914	+ 389	+ 20.3
Bottling systems	1,306	1,263	+ 43	+ 3.4
Other and internal revenues	- 106	- 43	- 63	> - 100.0
Revenues in the Fresh Juice Systems segment	**4,663**	**4,417**	**+ 246**	**+ 5.6**

The *Fresh Juice Systems* segment saw revenue growth of 5.6% in the first three months of the 2023 financial year. The revenues generated on sales of fruit juicers and the related spare parts as well as service business fell by 9.6%, mainly due to lower sales volumes in the markets of Germany and Scandinavia. On the other hand, the revenues generated on sales of fruit (oranges) exhibited strong growth of 20.3%, while the revenues generated on sales of bottling systems rose by 3.4%. This revenue growth can be attributed to the positive development of sales in the core regions of Germany and Austria, which are handled by the Group's own sales teams.

Other segment

	01/01 to 03/31/2023 EUR'000	01/01 to 03/31/2022 EUR'000	Change EUR'000	%
Spirits business in the Turkish Group company	1,625	735	+ 890	> + 100.0
Tourism, events and web shop business	286	145	+ 141	+ 97.2
Other and internal revenues	- 20	- 18	- 2	+ 11.1
Revenues in the Other segment	**1,891**	**862**	**+ 1,029**	**> + 100.0**

Sales of spirits in the Turkish market, which are included in the *Other segment*, continued the positive development observed in the 2022 financial year, with revenues rising impressively by more than 100% over the first quarter of last year. The Berentzen Group's tourism, events and web shop business, which is likewise included in the *Other segment*, also exhibited strong revenue growth of 97.2% over the year-ago period, when this business was still affected at times by the restrictions imposed to combat the coronavirus pandemic.

Consolidated operating profit

The consolidated gross profit rose by EUR 2.0 million as a consequence of the significantly higher volume of business. Whereas other operating income was nearly unchanged, operating expenses rose by EUR 2.3 million in total, due in particular to the increase in transport costs and selling expenses resulting from the growth of the Group's business. As a result of these developments, the adjusted consolidated operating profit or adjusted consolidated EBIT came to EUR 1.0 million (EUR 1.2 million) in the first quarter of 2023.

Based on the above-mentioned adjusted consolidated EBIT, the adjusted consolidated EBITDA came to EUR 2.9 million (EUR 3.2 million). The slightly bigger decrease in absolute terms of adjusted consolidated EBITDA compared to adjusted consolidated EBIT is attributable to the EUR 0.1 million decrease in depreciation and amortisation.

(1.3) Cash flows and financial position

Cash flows

	Q1/2023 EUR'000	Q1/2022 EUR'000	Change EUR'000
Operating cash flow	1,768	2,310	- 542
Cash flow from operating activities	- 25,591	- 17,083	- 8,508
Cash flow from investing activities	- 1,404	- 1,311	- 93
Cash flow from financing activities	- 297	- 7,805	+ 7,508
Cash and cash equivalents at the beginning of the period	**13,039**	**28,004**	**- 14,965**
Cash and cash equivalents at the end of the period	**-14,253**	**1,805**	**- 16,058**

The total funding of the Berentzen Group presented in the Annual Report for the 2022 financial year was largely unchanged at the end of the interim reporting period.

The operating cash flow, which excludes changes in working capital and therefore shows the effects of cash flows directly related to operating performance and profitability on the change in cash and cash equivalents, came to around EUR 1.8 million (EUR 2.3 million) in the first three months of the 2023 financial year. The EUR 0.5 million decrease from the first quarter of last year resulted mainly from the lower consolidated result after depreciation, amortisation, and impairments.

The cash flow from current operating activities also includes changes in working capital and led to a net cash outflow of EUR 25.6 million (EUR 17.1 million). This net cash outflow resulted mainly from cash outflows in the category of trade working capital, which represents the net balance of cash flow changes in inventories, trade receivables (including receivables under factoring arrangements), alcohol tax liabilities, and trade payables. The key factors contributing to the net cash outflow in this category were the seasonal decrease in alcohol tax liabilities of EUR 8.7 million (EUR 7.8 million) and the increase of EUR 6.2 million (EUR 5.0 million) in the amount of capital tied up in inventories, which was particularly driven by higher procurement prices.

The Group's investing activities, which particularly include investments in property, plant and equipment, led to a modestly higher cash outflow of EUR 1.4 million (EUR 1.3 million).

The Group's financing activities led to a cash outflow of EUR 0.3 million in the first quarter of 2023 (EUR 7.8 million). The considerably higher cash outflow in the first quarter of last year resulted mainly from the repayment in the first quarter of 2022 of a EUR 7.5 million drawdown from the syndicated loan in the 2021 financial year, under which it was also refinanced.

At the end of the interim reporting period, total cash and cash equivalents amounted to EUR -14.3 million (EUR 1.8 million). Of this total, an amount of EUR 0.3 million (EUR 0.3 million) consisted of receivables from the customer settlement accounts maintained with banks for the purpose of settlement under two factoring agreements.

Financial position

		3/31/2023	3/31/2022	Change
Equity ratio	%	35.3	40.4	- 5.1 PP [1)]
Dynamic gearing ratio	Ratio	1.08	0.09	+ 0.99

1) PP = percentage points.

At the end of the first quarter of 2023, the equity ratio came to 35.3%, below the level of the year-ago quarter (40.4%). This development is attributable to a modest increase in equity contrasted by a concurrent substantial increase in total assets. The key factor in this process is an increase in the amount of tied-up current assets, particularly due to the significant inventory build-up.

As a result of the considerably higher net debt accompanied by an only modest increase in consolidated EBITDA over the past 12 months, the dynamic gearing ratio rose to 1.08 compared to 0.09 in the first quarter of last year.

Thus, the Group's asset and capital structure and its debt servicing ability remain balanced and sound even though the higher amount of current assets in particular caused significant changes in the key indicators of financial position, as described above.

(2) Events after the reporting date

No significant events that would have influenced more than immaterially the Berentzen Group's future business performance and the development of its financial performance, cash flows and financial position occurred after the end of the reporting period.

(3) Report on risks and opportunities

The principal risks aggregated into categories that could have significant detrimental effects on the Group's business activities and its financial performance, cash flows and financial position are presented in the Berentzen Group Annual Report for the 2022 financial year, along with a description of the most important opportunities and the organisation of the risk management system.

No significant changes occurred in the first quarter of the 2023 financial year relative to the risks and opportunities of the Group's anticipated development in the remaining nine months of the 2023 financial year. This includes the overall assessment of risks and opportunities, as described in the Annual Report for the 2022 financial year.

(4) Outlook

	2022 EURm	Forecast for the 2023 financial year in the 2022 forecast report EURm	Forecast for the 2023 financial year Q1/2023 EURm
Consolidated revenues	174.2	185.0 to 195.0	unchanged
Consolidated EBIT	8.3	7.0 to 9.0	unchanged
Consolidated EBITDA	16.7	15.6 to 17.6	unchanged

At the end of the first quarter of 2023, the Berentzen Group confirms the forecasts made in the Annual Report for the 2022 financial year in relation to the consolidated operating result (consolidated EBIT), the consolidated operating result before depreciation and amortisation (consolidated EBITDA), and consolidated revenues. Therefore, the Berentzen Group continues to expect a stable development of financial performance in the 2023 financial year.

The Berentzen Group does not currently have any new information indicating that the main forecasts and other statements made in the 2022 financial year regarding the Group's anticipated development in the 2023 financial year have changed materially. These forecasts are based on an essentially unchanged corporate structure compared to the 2022 financial year and are furthermore dependent on the general economic and industry-specific environment. This forecast may also be affected by the risks and opportunities described in the report on risks and opportunities included in the Annual Report for the 2022 financial year, as well as any risks and opportunities that were not identifiable at the time of preparation of this Interim Report.

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Financial calendar 2023

May 4, 2023	Interim Report Q1/2023
May 10, 2023	Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft
May 15 to 16, 2023	Equity Forum Frühjahrskonferenz 2023 in Frankfurt am Main
August 10, 2023	Konzern-Halbjahresfinanzbericht 2023
October 9 to 10, 2023	Investor Access Event in Paris
October 24, 2023	Interim Report Q3/2023
November 27 to 29, 2023	Deutsches Eigenkapitalforum 2023 in Frankfurt am Main

At May 4, 2023. The financial calendar is provided for information purposes only and will be regularly updated. It is subject to change.

Disclaimer

The present report contains forward-looking statements that relate in particular to the future business performance and future financial performance and transactions or developments relating to Berentzen-Gruppe Aktiengesellschaft and the Berentzen Group. These are based on management assumptions, estimates and expectations at the time of this report's publication regarding future company-related developments. They therefore carry risks and uncertainties which are named and explained, particularly (but not exclusively) as part of the management report within the risk and opportunities report and the forecast report. 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 characterised by circumstances that are beyond the control and influence of Berentzen-Gruppe Aktiengesellschaft and cannot be estimated with certainty. These include – but are not limited to – changing market conditions and their economic development and effect, changes in financial markets and exchange rates, the behaviour of other market actors and competitors and legal changes or political decisions by regulatory and governmental authorities. With regard to the forward-looking statements, unless otherwise required by law, Berentzen-Gruppe Aktiengesellschaft assumes no obligation to make any corrections or adjustments based on facts arising after the time of this report's publication. No guarantee or liability, neither expressed nor implied, is assumed for the currency, accuracy or completeness of the forward-looking statements.

As a supplement to the key figures presented in the annual and consolidated financial statements and determined in compliance with the pertinent accounting related accounting frameworks, the present further contains key figures that are not, or not precisely, defined in the pertinent accounting framework and constitute or may constitute what are known as alternative performance indicators. Alternative performance indicators that are presented or reported on by other companies using an identical or comparable designation may be calculated in a different fashion.

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This report is also available in an English-language version for information purposes. In the event of discrepancies the German-language version alone is authoritative and takes precedence over the English-language version.

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