BERENTZEN-GRUPPE

Thirst for life

Interim Report 9M 2023

Content

BERENTZEN-GRUPPE

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Overview 9M/2023

Consolidated revenues grew by 5.9% compared to the same period of the previous year. Adjusted consolidated EBIT, adjusted consolidated EBITDA and operating cash flow all clearly positive, but each below the level of the previous year.

9M/2023

Consolidated revenues: EUR 134.6 million (EUR 127.1 million).

Adjusted consolidated EBIT: EUR 5.0 million (EUR 6.8 million).

Adjusted consolidated EBITDA: EUR 11.2 million (EUR 13.1 million).

Operating cash flow: EUR 5.9 million (EUR 10.3 million).

Equity ratio: 33.6% (37.3%).

Outlook

Group: Revenue and earnings forecasts for the 2023 financial year adjusted.

Reduced expectations for consolidated revenues (EUR 182.0 to EUR 190.0 million instead of EUR 185.0 to EUR 195.0 million), consolidated EBIT (EUR 7.0 to EUR 8.0 million instead of EUR 7.0 to EUR 9.0 million) and consolidated EBITDA (EUR 15.3 to EUR 16.3 million instead of EUR 15.6 to EUR 17.6 million).

(1) Business performance and economic position

(1.1) Significant events in the reporting period

Economic framework conditions

The past nine months of the 2023 financial year were characterised by increasing consumer restraint over time and persistent price-inflationary cost burdens. Against this backdrop, the economic situation in the *Non-alcoholic Beverages* segment and the cash-generating unit was unexpectedly challenging as at 30 September 2023. As a result, an impairment test had to be carried out for specific reasons. The persistently high level of interest rates was taken into account in the discount rate used - the weighted average cost of capital (WACC). According to the result of the impairment test, however, there was no impairment or reversal of impairment.

(1.2) Financial performance

		01/01 to 09/30/2023	01/01 to 09/30/2022	Change
Total operating performance	**EUR´000**	**138,641**	**132,019**	**+ 5.0 %**
Consolidated revenues excluding alcohol tax	**EUR´000**	**134,582**	**127,103**	**+ 5.9 %**
Spirits segment	EUR´000	80,375	73,090	+ 10.0 %
Non-alcoholic Beverages segment	EUR´000	34,705	35,230	- 1.5 %
Fresh Juice Systems segment	EUR´000	14,608	13,905	+ 5.1 %
Other segments	EUR´000	4,893	4,878	+ 0.3 %
Consolidated EBITDA	**EUR´000**	**11,182**	**13,052**	**- 14.3 %**
Consolidated EBITDA margin	**%**	**8.1**	**9.9**	**- 1.8 PP [1)]**
Consolidated EBIT	**EUR´000**	**5,004**	**6,809**	**- 26.5 %**
Consolidated EBIT margin (operating margin)	**%**	**3.6**	**5.2**	**- 1.6 PP [1)]**

[1)] PP = percentage points.

In the first nine months of the 2023 financial year, the Berentzen Group generated consolidated revenues of EUR 134.6 million (EUR 127.1 million). Including changes in inventories of EUR 4.1 million (EUR 4.9 million), total operating performance came to EUR 138.6 million (EUR 132.0 million).

Revenue performance in the individual segments

Spirits

	01/01 to 09/30/2023 EUR´000	01/01 to 09/30/2022 EUR´000	Change EUR´000	%
Berentzen	11,561	11,025	+ 536	+ 4.9
Puschkin	6,372	5,213	+ 1,159	+ 22.2
Other	442	472	- 30	- 6.4
Focus brands	18,375	16,710	+ 1,665	+ 10.0
Other brands	8,328	7,512	+ 816	+ 10.9
Customer sales budgets	- 1,569	- 1,675	+ 106	+ 6.3
Branded spirits in Germany	**25,134**	**22,547**	**+ 2,587**	**+ 11.5**
Branded spirits abroad	3,952	4,903	- 951	- 19.4
Premium/medium private-label brands	16,467	17,196	- 729	- 4.2
Standard private-label brands	36,077	29,823	+ 6,254	+ 21.0
Customer sales budgets	- 1,005	- 1,150	+ 145	+ 12.6
Export and private-label brands	**55,491**	**50,772**	**+ 4,719**	**+ 9.3**
Other and internal revenues	- 250	- 229	- 21	- 9.2
Revenues in the Spirits segment	**80,375**	**73,090**	**+ 7,285**	**+ 10.0**

In the *Spirits* segment, revenues developed significantly positively compared to the interim reporting period of the previous year with an increase of 10.0%. This positive development is due to product and customer-specific increases in sales prices.

The Berentzen Group generated an increase of 11.5% with domestic branded spirits in the first nine months of the 2023 financial year. The revenues generated by the focus brands were 10.0% higher than in the same period of the previous year. The fruit liqueurs of the *Berentzen* brand - including the "*Minis*" format - and the vodka products of the *Puschkin* brand were particularly decisive for the revenue success. In the business with the other spirits brands, especially the so-called classic spirits (including *Strothmann*, *Bommerlunder*, etc.), significant sales growth of 10.9% was also recorded.

The spirits business with export and private-label brands showed growth of 9.3%. The individual product categories developed unevenly: while the volume of revenues with standard private-label brands recorded a significant increase of 21.0%, revenues in the business with premium/medium private-label brands fell by 4.2%. The latter development is almost entirely due to temporary availability bottlenecks in the bourbon whiskey business, which continues to be characterised by high market demand. The export business with branded spirits recorded a significant decline in revenues of 19.4% compared to the same period of the previous year. This was due to declines in demand, particularly in the BeNeLux and Chile markets and in the duty-free business.

Non-alcoholic Beverages

	01/01 to 09/30/2023 EUR´000	01/01 to 09/30/2022 EUR´000	Change EUR´000	%
Mio Mio	16,055	12,935	+ 3,120	+ 24.1
Kräuterbraut	318	105	+ 213	> + 100.0
Focus brands	16,373	13,040	+ 3,333	+ 25.6
Emsland / St. Ansgari	7,649	7,399	+ 250	+ 3.4
Märkisch / Grüneberger	6,129	6,201	- 72	- 1.2
Regional brands	13,778	13,600	+ 178	+ 1.3
Other brands	2,767	2,412	+ 355	+ 14.7
Branded business	**32,918**	**29,052**	**+ 3,866**	**+ 13.3**
Franchise business	4,745	9,052	- 4,307	- 47.6
Contract filling business	1,274	1,061	+ 213	+ 20.1
Other business	**6,019**	**10,113**	**- 4,094**	**- 40.5**
Customer sales budgets	- 4,528	- 4,379	- 149	- 3.4
Other and internal revenues	296	444	- 148	- 33.3
Revenues in the Non-alcoholic Beverages segment	**34,705**	**35,230**	**- 525**	**- 1.5**

In the *Non-alcoholic Beverages* segment, revenues from mineral water products and soft drinks fell slightly by 1.5% in the first nine months of the 2023 financial year. This was due to a significant decline in sales volumes. This was offset by increases in sales prices.

The branded business developed very positively, with revenue growth of 13.3%. Supported by significant sales volume growth and higher sales prices for the beverages marketed under the own *Mio Mio* brand, the business in the focus brands product category again showed a clearly positive development. Revenue growth amounted to 25.6%. In the product category regional brands (*Emsland Quelle*, *Emsland Sonne*, *Märkisch Kristall*, *St. Ansgari* and *Grüneberg Quelle*), revenues increased slightly compared to the same period last year (+ 1.3%). The franchise business recorded a decline in revenues of EUR 4.3 million. The business with branded beverages of the Sinalco Group was more or less stable compared to the same period of the previous year, whereas the dynamics of the cooperation projects with prominent artists declined massively in the third quarter of the 2023 financial year in line with the market development. As a result, the volume of revenues in this area fell by 73.4% from EUR 5.8 million to EUR 1.5 million. The revenues generated by contract filling orders increased significantly by 20.1%. This is due to the positive development in the filling business with a mineral water retail brand.

Fresh juice systems

	01/01 to 09/30/2023 EUR´000	01/01 to 09/30/2022 EUR´000	Change EUR´000	%
Fruit juicers	4,035	4,695	- 660	- 14.1
Fruit	6,882	5,671	+ 1,211	+ 21.4
Bottling systems	4,008	3,742	+ 266	+ 7.1
Other and internal revenues	- 317	- 203	- 114	- 56.2
Revenues in the Fresh Juice Systems segment	**14,608**	**13,905**	**+ 703**	**+ 5.1**

The *Fresh Juice Systems* segment recorded revenue growth of 5.1% in the first nine months of the 2023 financial year. Revenues generated in connection with fruit juicers and their spare parts and service business fell by 14.1%. The main reason for this was the lower sales volumes in the German, Scandinavian, French and British markets. On the other hand, the development of revenues in Austria was encouraging. Fruit (oranges), on the other hand, recorded strong revenue growth of 21.4%, while revenues from bottling systems rose by 7.1%. The reason for this was the pleasing development in the core regions of Germany and Austria, which are served by the Group's own sales teams.

Other segments

	01/01 to 09/30/2023 EUR´000	01/01 to 09/30/2022 EUR´000	Change EUR´000	%
Spirits business of the Turkish Group company	4,273	4,143	+ 130	+ 3.1
Tourism, event and web shop business	829	755	+ 74	+ 9.8
Other and internal revenues	- 209	- 20	- 189	>- 100.0
Revenues in the Other segment	**4,893**	**4,878**	**+ 15**	**+ 0.3**

The spirits business in the national market of Turkey, which is included in the *Other segments*, was able to build on the strong level of the prior-year period and further increase its revenues by 3.1%. The Berentzen Group's tourism, events and web shop business, which is also included in the *Other segments* and was temporarily affected by the coronavirus pandemic in the same period of the previous year, also showed a clearly positive revenue performance in the first nine months of the financial year with an increase of 9.8%.

Consolidated profit

Price increases across numerous product categories led to higher revenues and largely compensated for the increased procurement prices. However, an overall lower sales volume led to a reduction in the Group's gross profit by EUR 2.7 million. With an increase of EUR 0.7 million in operating expenses - characterised in particular by personnel expenses - and at the same time an increase of EUR 1.6 million in other operating income, the adjusted consolidated operating profit (consolidated EBIT) in the first nine months of the 2023 financial year fell by 26.5% year-on-year to EUR 5.0 million (EUR 6.8 million). With depreciation and amortisation expenses almost unchanged, the adjusted consolidated EBITDA based on the above-mentioned consolidated EBIT amounted to EUR 11.2 million (EUR 13.1 million).

(1.3) Cash flows and financial position

Cash flows

	01/01 to 09/30/2023 EUR´000	01/01 to 09/30/2022 EUR´000	Change EUR´000
Operating cash flow	+ 5,948	+ 10,304	- 4,356
Cash flow from operating activities	- 19,296	- 5,179	- 14,117
Cash flow from investing activities	- 5,822	- 5,211	- 611
Cash flow from financing activities	+ 6,764	- 10,505	+ 17,269
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	**- 5,315**	**+ 7,109**	**- 12,424**

Compared to the total funding of the Berentzen Group presented in the Annual Report for the 2022 financial year, there was one notable deviation in the interim reporting period: In July 2023, the Berentzen Group exercised an option agreed in the syndicated loan agreement to increase the funding volume and, in the course of this, took out a further facility in the amount of EUR 9.9 million that matures on 31 December 2026.

The operating cash flow, which is based on the consolidated profit adjusted for non-cash expenses, fell to EUR 5.9 million (EUR 10.3 million) in the first nine months of the 2023 financial year. This was due to the lower net profit for the period, which is an important part of internal financing, as well as higher payments for income taxes.

In the first nine months of the 2023 business year, the cash flow from operating activities shows a net cash outflow of EUR 19.3 million (EUR 5.2 million). In contrast to the operating cash flow, it also includes cash movements in working capital, which led to a cash outflow of EUR 25.2 million (EUR 15.5 million). The change in trade working capital - i.e. the balance of cash movements in inventories, receivables including factoring, alcohol tax liabilities and trade payables - resulted in a net cash outflow of EUR 19.7 million (EUR 19.6 million). This includes the negative effect of the seasonal reduction in alcohol tax liabilities, which always recurs during the year; it amounted to EUR 8.1 million (EUR 4.8 million) as of September 30, 2023.

The Group's investing activities - especially for investments in property, plant and equipment - led to a total cash outflow of EUR 5.8 million (EUR 5.2 million), again mainly for investments in empty containers and crates in the *Non-alcoholic Beverages* segment.

Financing activities resulted in a net cash inflow of EUR 6.8 million (net cash outflow of EUR 10.5 million). This is mainly due to the aforementioned payment from the increase option agreed in the syndicated loan agreement in the amount of EUR 9.9 million, whereas in the same period of the previous year the repayment of a loan call led to a cash outflow in the amount of EUR 7.5 million. In addition, the cash outflow resulted from the dividend payment of EUR 2.1 million (EUR 2.1 million) and the repayment of lease liabilities in accordance with IFRS 16 of EUR 1.0 million (EUR 0.9 million).

Overall, the cash and cash equivalents at the end of the interim reporting period were EUR -5.3 million (EUR 7.1 million). As at September 30, 2022, EUR 4.6 million of these funds were receivables from customer settlement accounts held with banks and used for the settlement of two factoring agreements. As at September 30, 2023, however, these amounted to almost EUR 0.0 million.

Financial position

		09/30/2023	09/30/2022	Change
Equity ratio	%	33.6	37.3	- 3.6 PP [1]
Dynamic gearing ratio	Ratio	1.28	- 0.24	+ 1.52

[1] PP = percentage points.

At the end of the third quarter of 2023, the equity ratio was 33.6% (37.3%) below the level of the same quarter of the previous year. This development is based on a decrease in Shareholders' equity of EUR 4.0 million, which was offset by an increase in total assets of EUR 3.1 million. The increase in assets and liabilities is due, among other things, to the increase in the value of non-current assets - especially property, plant and equipment - totalling EUR 1.2 million as well as current assets totalling EUR 1.9 million.

Due to the resulting increase in net debt and a slight decline in consolidated EBITDA in the past 12 months, the dynamic gearing ratio increased to 1.28 (-0.24) compared to the same period of the previous year.

The key management indicators with regard to the Group's asset and capital structure as well as its ability to service its debt are changed as at September 30, 2023 compared to the corresponding reporting date of the previous year, in particular due to the price-inflation-related increase in net working capital, but are nevertheless solid.

(2) Events after the reporting date

No significant events occurred after the end of the reporting period that could have more than an insignificant influence on the future course of business and the development of the Berentzen Group's financial position and financial performance.

(3) Report on risks and opportunities

The material risks grouped into categories that could have a material adverse effect on the business activities and the financial performance, cash flows and financial position of the Group, the most significant opportunities and the structure of the risk management system are presented in the Berentzen Group's Annual Report for the 2022 financial year.

In the first nine months of the 2023 financial year, there have been no significant changes in the risks and opportunities of the Group's expected development in the remaining three months of the 2023 financial year compared to those described in the annual report for the 2022 financial year. This includes the overall assessment of risks and opportunities made there.

(4) Outlook

On October 16, 2023, the Berentzen Group published an ad hoc announcement on the preliminary figures for the third quarter of the 2023 financial year and updated the forecast for the development of the Financial performance in the course of this.

Anticipated development of consolidated revenues and consolidated operating profit

	2022 EURm	Forecast for the 2023 financial year in 2022 forecast report EURm	Adjustments during the 2023 financial year EURm	Forecast for the financial year 2023 Q3/2023 EURm
Consolidated revenues	174.2	185.0 to 195.0	unchanged	182.0 to 190.0
Consolidated EBIT	8.3	7.0 to 9.0	unchanged	7.0 to 8.0
Consolidated EBITDA	16.7	15.6 to 17.6	unchanged	15.3 to 16.3

The range for consolidated revenues for the 2023 financial year forecast in the 2022 Annual Report was reduced from previously EUR 185.0 to EUR 195.0 million to now EUR 182.0 to EUR 190.0 million. The reason for this was a decline in revenues and sales volume in the third quarter of the 2023 business year as a result of the current consumer restraint and the assessment based on this that a comprehensive recovery of consumer behaviour is not to be expected in the remaining months.

Due to the simultaneously persistently high cost burdens, the key earnings figures will also fall short of expectations. As a result, the Berentzen Group now expects an adjusted consolidated operating profit (consolidated EBIT) in the range of EUR 7.0 to 8.0 million. The adjusted consolidated operating profit before depreciation and amortisation (consolidated EBITDA) based on this is forecast to be in the range of EUR 15.3 million to EUR 16.3 million.

As a result of updating the forecast for the development of the financial performance, the following key figures were also adjusted.

Anticipated development of cash flows

	2022 EURm	Forecast for the 2023 financial year in 2022 forecast report EURm	Adjustments during the 2023 financial year EURm	Forecast for the 2023 financial year Q3/2023 EURm
Operating cash flow	12.3	11.7 to 13.5	Q2: 10.1 to 11.8	9.2 to 10.2

Anticipated development of financial position

	2022	Forecast for the 2023 financial year in 2022 forecast report	Adjustments during the 2023 financial year	Forecast for the 2023 financial year Q3/2023
Equity ratio	34.2 %	32.2 % to 37.2 %	unchanged	30.0 % to 33.0 %
Dynamic gearing ratio	- 0.58	0.19 to 0.29	Q2: 0.48 to 0.58	0.55 to 0.65

Anticipated development of the segments

	2022 EURm	Forecast for the 2023 financial year in 2022 forecast report EURm	Adjustments during the 2023 financial year EURm	Forecast for the 2023 financial year Q3/2023 EURm
Contribution margin after marketing budgets				
Segment				
Spirits	31.3	32.0 to 35.4	unchanged	unchanged
Non-alcoholic Beverages	22.9	24.9 to 27.5	Q2: 23.4 to 25.8	21.8 to 24.1
Fresh juice systems	6.2	6.3 to 7.0	unchanged	unchanged
Other segments	4.4	3.1 to 3.4	Q2: 3.9 to 4.3	4.4 to 4.8

The forecasts are based on an essentially unchanged Group structure compared to the 2022 financial year and are also dependent on the general economic conditions and industry-specific environment. The risks and opportunities contained in the Annual Report for the 2022 financial year and described in the Report on risks and opportunities, as well as risks and opportunities that were not identifiable at the time this Interim Report was prepared, may also have an influence on the forecast.

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Current 2023 financial calendar

November 27 to 29, 2023	Deutsches Eigenkapitalforum 2023

Last updated on October 24, 2023. The financial calendar is provided for information purposes only and will be regularly updated. It is subject to change.

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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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