BERENTZEN-GRUPPE

Thirst for life

Group Half-yearly Financial Report 2020






Berentzen vivaris CITROCASA PERFORMING FRESHNESS PABST & RICHARZ

Key Figures

Key figures of the Berentzen Group

		HY 1 2020 or 06/30/2020	HY 1 2019 or 06/30/2019	Change 2020 / 2019
Consolidated revenues excl. alcohol tax	EURm	73.5	79.2	- 7.2 %
Spirits segment	EURm	42.8	42.6 [1]	+ 0.5 %
Non-alcoholic Beverages segment	EURm	22.7	25.3	- 10.1 %
Fresh Juice Systems segment	EURm	7.4	9.9	- 25.1 %
Other segments	EURm	0.5	1.4 [1]	- 64.8 %
Total operating performance	EURm	74.2	80.5	- 7.8 %
Contribution margin after marketing budgets	EURm	28.1	31.2	- 10.1 %
Consolidated EBITDA	EURm	6.4	9.0	- 28.8 %
Consolidated EBITDA margin	%	8.8	11.4	- 2.6 PP [2]
Consolidated EBIT	EURm	2.1	5.0	- 59.0 %
Consolidated EBIT margin	%	2.8	6.3	- 3.5 PP [2]
Consolidated profit	EURm	0.1	2.8	- 94.7 %
Operating cash flow	EURm	3.2	5.9 [5]	- 45.2 %
Cash flow from investing activities	EURm	- 2.9	- 2.6	- 12.0 %
Free cash flow [3]	EURm	- 9.6	- 5.0	- 93.7 %
Consolidated equity ratio	%	36.3	32.4 [4]	+ 3.9 PP [2]
Employees	Number	498	495	+ 0.6 %

[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.

[4] 12/31/2019.

[5] Previous-year value has been adjusted to take account of the new definition of the indicator.

Key figures for the Berentzen common share

		HY 1 2020 or 06/30/2020	HY 1 2019 or 06/30/2019	Change 2020 / 2019
Berentzen common share (ISIN DE0005201602, WKN 520160) share price / XETRA	EUR / share	6.24	6.26	- 0.3 %
Market capitalisation	EURm	58.6	58.8	- 0.3 %
Dividend / Berentzen common share	EUR / share	0.28 [1]	0.28	0.0 %

[1] Dividend was paid out on July 5, 2020 (previous year: May 23, 2019).

Content

BERENTZEN-GRUPPE
Thirst for life

A. Letter to shareholders

Ladies and Gentlemen, dear Shareholders,

A unique six months have drawn to a close. The coronavirus pandemic has created challenges for society, politics and businesses alike, and already changed the world around us in a way that was previously unthinkable – and this situation is not expected to change anytime soon.

These extraordinary times have also guided our communications with you, our shareholders. The unprecedented events we are seeing led us to withdraw our original forecast for the 2020 financial year on the very same day we published our Annual Report. Our annual general meeting took place later than planned and was held completely virtually. The investor conferences and road shows planned to take place in person were replaced by digital forms of communication. And finally we decided to release our key business figures for the first half of 2020 ahead of schedule – namely around three weeks ago – owing to the fast pace at which they are changing. At the same time we opted to prepare a new forecast, despite the ongoing uncertainties caused by the pandemic and how it will further impact our business activities. For us, it was very important to be able to give you some specific guidance concerning the next few months.

Let’s start by taking some time to reflect on the year to date. As at June 30, 2020, the consolidated revenues of the Berentzen Group amounted to EUR 73.5 million, 7.2 % lower than in the first half of 2019, generating a positive consolidated operating profit (consolidated EBIT) of EUR 2.1 million compared with EUR 5.0 million in the previous-year period. Numerous measures led to considerably lower overheads, but these were not able to fully compensate for the reduction in the consolidated gross profit of EUR 4.3 million. For the first time in years, our gross profit margin also declined on account of negative product and segment mix effects. The massive restrictions placed on our social lives and their impacts on consumer behaviour have thus had a significant impact on our business activities. Given the effects of the coronavirus pandemic on the consumer environment, however, we can safely say that we came through the first half of 2020 relatively unscathed, even though we would obviously have liked to have felt even less of an impact.

In our *Spirits* segment, we recorded a slight increase in revenues of 0.5 %, retaining the level of revenues achieved in the previous-year comparison period, although sales of products generating high gross profits in the core *Berentzen* and *Puschkin* brands declined considerably. Products from these two brands are primarily enjoyed in social situations and when celebrating in gatherings. As a result of the coronavirus pandemic, only a very limited number of such occasions have taken place in the last few months. Meanwhile, sales of our private label products rose significantly compared with the first half of the previous year. This success was due primarily to our premium and medium concepts – products with complex recipes and features simultaneously associated with higher added value that in this respect embody the core idea of our product strategy. Our *Non-alcoholic Beverages* segment, on the other hand, was hit severely by the temporary closure of restaurants, with revenues in this area falling by around 10 %. In this context, the franchise business in particular saw a significant decline in sales, whereas sales of our own brands rose slightly. This development reinforces our resolve to develop into a national brand manufacturer in this segment as well, and reduce our dependence on third parties. In the last six months, a key driver of our success has been our *Mio Mio* brand. Despite restrictions on consumption, for example through the closure of universities, sales of the products distributed under this brand rose by 16 % from an already high level compared with the previous-year comparison period. Our *Fresh Juice Systems* segment was hit most severely by the coronavirus pandemic, with revenues falling by around 25 %. This development was mainly due to the at times almost complete standstill in equipment purchases, including our fruit presses, in these challenging times, both in the food retail trade and in hotels and restaurants. Against this background, sales of juicers, which generate high gross profits, fell by around 42 % compared with the equivalent period last year. However, sales of devices were already starting to pick up again at the end of the first six months of the year. This confirms our expectations that freshness and health will again become important topics for customers and consumers, perhaps even gaining in importance.

On the whole, thanks in particular to the countermeasures we have taken, we have managed to remain profitable. These measures included reducing the amount of work outsourced to external service providers, limiting business travel, cutting back on marketing activities and temporarily reducing working hours in areas of the company that have been severely affected, especially in Sales. To continue to preserve the sufficient reserves of liquidity we have available, we have also reduced our scope of investment for the second half of 2020.

We also forecast a positive consolidated operating profit (EBIT) for the year as a whole. On the basis of our business figures for the first half of the year, which have now been published, and the validation of different scenario analyses, which we have been carrying out since the onset of the pandemic simulating possible impacts on our business activities, we drew up our new forecast for the 2020 financial year on July 22, 2020. We now expect to achieve consolidated revenues in the range of EUR 153.0 million to EUR 160.0 million, a consolidated EBIT between EUR 4.0 million and EUR 6.0 million and a consolidated EBITDA between EUR 13.0 million and EUR 15.0 million. This forecast is based on the assumption that consumer behaviour will slowly and gradually recover in our key markets over the coming months, but still reflects our assumption that social situations with celebrations and festivities will not return to the scope and scale we are accustomed to for the rest of the year.

We would like to thank you for your continued loyalty to us in these challenging times. We firmly believe that the coronavirus crisis will eventually pass and that we will see an even bigger zest for social life than before. These are precisely the kind of moments our beverages are made for. We will be there to quench this thirst for life, and would be delighted to have your continued support along the way.

All the best,

Oliver Schwegmann — Executive Board member

Ralf Brühöfner — Executive Board member

B. Interim group management report

(1) Underlying principles of the corporate group

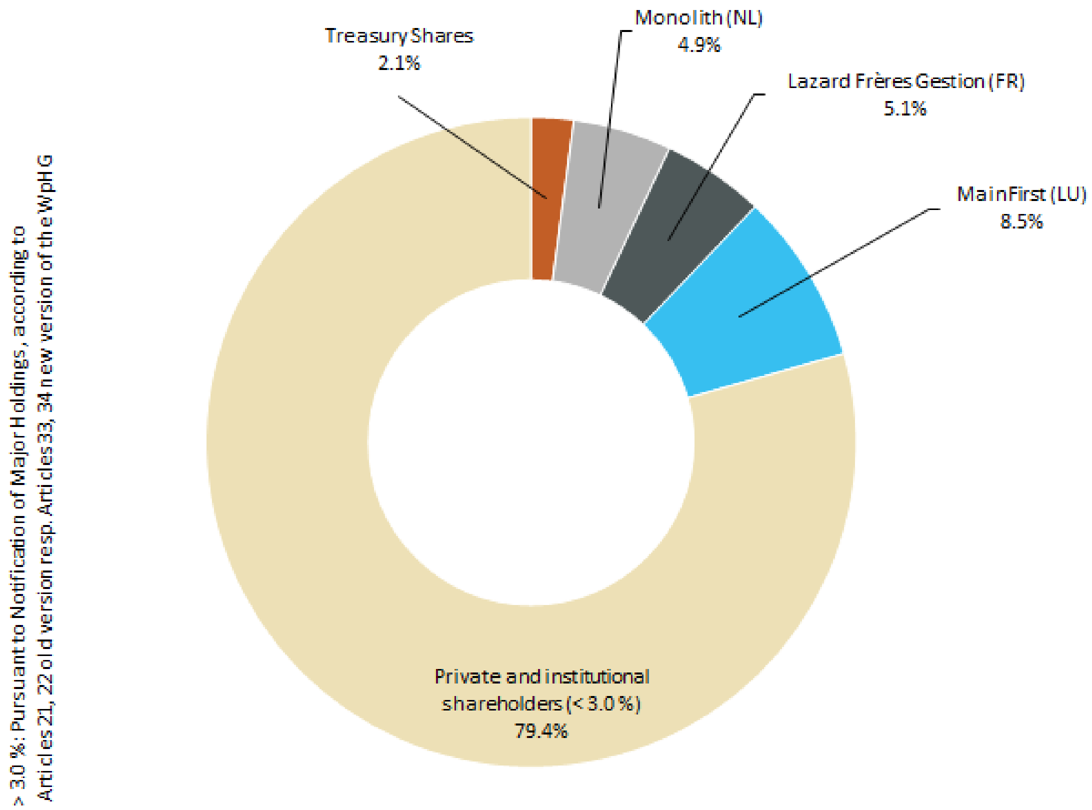
The Berentzen Group is one of the leading beverage groups in Germany and simultaneously one of the country's oldest producers of spirits with a history going back over 250 years. Berentzen-Gruppe Aktiengesellschaft based in Haselünne, Germany, is the ultimate parent of the Berentzen Group, which consists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

The business activities of the Berentzen Group are divided into the segments: *Spirits*, *Non-alcoholic Beverages*, *Fresh Juice Systems* and *Other Segments*. For a detailed description of the Group's business activities and how they are allocated to the different segments, please refer to the Berentzen-Gruppe Aktiengesellschaft's 2019 Annual Report, Combined Management Report Section (1), "Underlying principles of the corporate group". Since the beginning of the 2020 financial year, the composition of the segments *Spirits* and *Other Segments* described in the Annual Report has changed owing to a new organisational structure. The foreign business with branded spirits is now no longer part of *Other Segments,* but has been consolidated with the branded dealer and private-label product business to form the export and private-label products sales unit and is now recorded under the *Spirits* segment.

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

Shareholder structure

(At August 10, 2020)



(2) Economic report

(2.1) General economic and industry-specific framework conditions

General economic conditions

Developments in the global economy in the first half of 2020 have been shaped by the impacts of the coronavirus pandemic. As announced by the German Institute for Economic Research e.V. (DIW Berlin), the global lockdown in the first quarter of 2020 caused global production to fall by 15.3 %. As most measures taken to contain the coronavirus took place in the second quarter of 2020, DIW expects an even larger global economic slump in this period. The International Monetary Fund (IMF) shares this assessment. According to its World Economic Outlook Update from June 2020, economic output fell to its lowest point in the second quarter.

The coronavirus pandemic is also hitting the Germany economy hard. As the German Federal Statistical Office announced in May, gross domestic product (GDP) adjusted for seasonal, price and calendar reasons was 2.2 % lower in the first quarter of 2020 than the figure for the previous quarter. There was a particularly strong decline in investments in equipment as well as consumer spending, which can be attributed to restrictions linked to the coronavirus pandemic. With most measures taken to contain the virus taking place in the second quarter of 2020, the German economy experienced an even stronger economic slowdown in this period, recording a decline of 12.2 % compared with the previous quarter according to DIW.

Developments on the drinks market

According to figures from the German Federal Statistical Office, the change in consumer prices in Germany was between + 0.6 % and + 1.7 % overall in the first six months of 2020 compared with the equivalent months in the previous year, with prices in the “Alcoholic, beverages and tobacco” category, a key category for the Berentzen Group, rising at an above-average rate. The inflation rates in this area were between 1.8 % and 3.9 % over the equivalent period last year. Price also rose at an above-average rate in the “Food and non-alcoholic beverages” category, with inflation in this area fluctuating between 2.4 % and 4.6 %.

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 were ordered to close completely as of March 22, 2020, with the exception of takeaway and delivery services. According to the German Federal Statistical Office, this resulted in revenues in the German hospitality industry falling by 45.4 % in March and by 75.8 % in April, both compared with the equivalent month in the previous year. With the restaurant industry gradually opening back up again in May, revenues in this area rose by 44.9 % compared with the previous month of April. The hospitality industry continues to be heavily impacted by the coronavirus pandemic, however, as strict measures are in place and some areas remain closed until further notice. In particular, areas in which drinks are consumed such as nightclubs are affected by these ongoing closures. Recording a decline of 64.0 %, revenues in the German hospitality sector in May 2020 are therefore still considerably lower than those in the equivalent month in the previous year. According to a survey by the German Hotel and Restaurant Association (DEHOGA), companies in the German hospitality sector also expect a drop in revenues in June, by an average of 61 %.

Figures published by market research company Information Resources GmbH (IRI) show that domestic sales of spirits in the first half of the current year amounted to 340.9 million 0.7-litre bottles (321.7 million 0.7-litre bottles), an increase of 6.0 % compared with the level recorded in the same period last year. At the same time, revenues in this sales channel also rose by around 7.0 % from EUR 2.65 billion to EUR 2.83 billion. 122.0 million 0.7-litre bottles (114.1 million 0.7-litre bottles) of private-label brands were sold through this channel between January and June 2020, while the share of total revenues increased from EUR 0.66 billion to EUR 0.70 billion at the same time.

Market research company IRI observed a slight decline in retail sales of non-alcoholic beverages in the first half of 2020 of 1.5 % to 11.1 billion litres (11.2 billion litres), with the decline in sales of waters disproportionately high at 3.6 % compared with the first half of 2019. The opposite development was seen in the area of sports and energy drinks as well as the area of soft drinks, which achieved sales growth of 3.4 % and 2.0 %, respectively. On the other hand, in the area of iced tea, to which mate beverages marketed under the *Mio Mio* brand are allocated, sales remained virtually constant.

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 temporary closure of hotels and restaurants, the strict hygiene measures that have been applied upon their 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

The aforementioned impacts of the coronavirus pandemic on the development of the economy have also had a strong impact on the Berentzen Group's business performance. As a result of this in particular, in the first half of the 2020 financial year, the consolidated revenues of the Berentzen Group fell to EUR 73.5 million (EUR 79.2 million), the adjusted consolidated operating result declined to EUR 2.1 million (EUR 5.0 million) and the adjusted consolidated operating result before amortisation and depreciation likewise fell to EUR 6.4 million (EUR 9.0 million). Taking account of a special effect (non-recurring item) of EUR 1.4 million, expenses arising from the financial result and result from participating interests of EUR 0.7 million (EUR 0.7 million) and positive effect from income taxes of EUR 0.2 million (expense of EUR 1.2 million), the Berentzen Group generated a consolidated net profit of EUR 0.1 million (EUR 2.8 million) over the first six months of the 2020 financial year.

(2.2.2) Business performance – significant developments and events

Effects of the coronavirus pandemic

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 investments in the direct and indirect sales channels restaurants and food retailers being put on hold. 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 *Non-alcoholic Beverages* segment. In the *Spirits* segment, the inability to get together and celebrate at Easter and on the May bank holidays, and the cancellation of all types of celebrations and festivities – all of which are important consumption occasions – impacted the sales performance of such branded products in particular, which tend to be consumed on social occasions.

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 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 after 2020

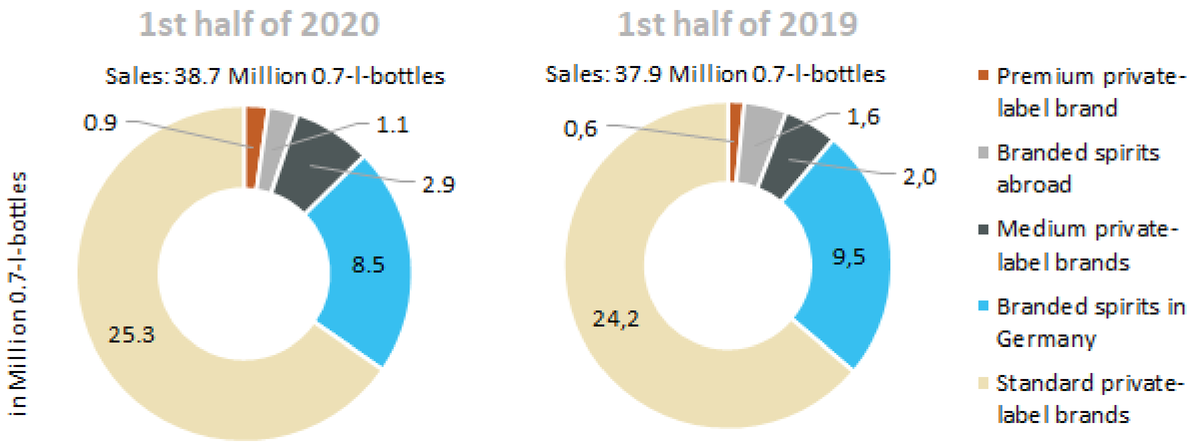
In an ad hoc annoucement released on June 22, 2020, the Berentzen Group reported the decision from a previous client, an international beverages group, to discontinue their long-standing collaboration regarding the filling of their non-alcoholic branded broducts after 2020. Viewed separately, this will result in an approx. EUR 12.0 million 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.

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:



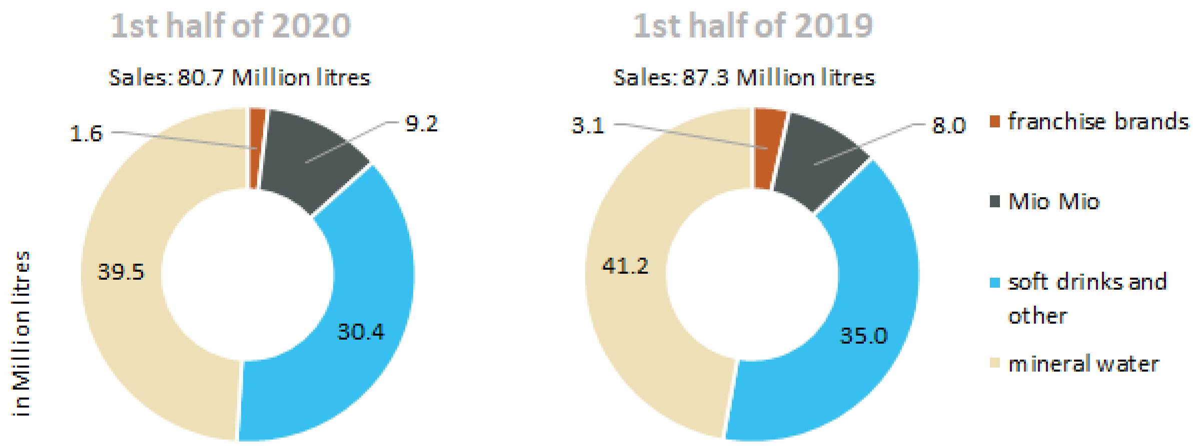
In the first six months of the 2020 financial year, sales of spirits in the Berentzen Group increased by 2.1 % to 38.7 million 0.7-litre bottles (37.9 million 0.7-litre bottles). The Berentzen Group recorded sales of 9.6 million 0.7-litre bottles (11.1 million 0.7-litre bottles) with branded spirits in Germany and abroad in the first half of the financial year.

The sales volume of the domestic business with branded spirits returned a decline of 9.6 % as at June 30, 2020. The cancellation of numerous consumption occasions, such as festivals and private celebrations, due to measures decided by the federal and state governments in March 2020 to contain the coronavirus had a considerable impact on the sales performance of these products. The joint sales volume for the core brands *Berentzen* and *Puschkin*, which are predominantly consumed in social situations, was 7.8 % below the level of the previous-year period. These two umbrella brands developed differently, however. While sales of the products sold under the umbrella brand *Berentzen* suffered a decline of 12.8 % in the first six months of the 2020 financial year, sales of spirits under the umbrella brand *Puschkin* remained virtually constant compared with the equivalent period in the previous year. The business with other spirits brands, specifically with what are known as classic spirits, was considerably down compared with the equivalent period last year, with sales falling by 12.3 %.

The sales volume in the international branded spirits business decreased by 33.8 % compared with the equivalent period last year. With the coronavirus pandemic creating a difficult environment for the export business, sales fell – to varying degrees – in all material international markets. Owing to the fact that the tourism business came to an almost complete standstill in some markets – e.g. in Turkey – in the second quarter of the 2020 financial year, the associated sales volume fell considerably. Accordingly, sales through the duty-free sales channel in particular also fell significantly.

With a sales volume of 29.1 million 0.7-litre bottles (26.8 million 0.7-litre bottles), performance in the spirits business involving branded dealer and private-label products was up 8.4 % on the previous-year level. Sales in this area benefitted in particular from the greater price sensitivity of consumers as a result of the coronavirus crisis. The share of traditionally lower-priced standard products was reduced further in favour of higher-quality concepts for promotional and listed products. Sales rose sharply in the business involving premium and medium product concepts, with increases of 58.3 % (premium) and 44.4 % (medium). In particular, the resulting positive product mix effect led – together with a lower customer sales budget – to an above-average growth in revenues in the business involving branded spirits and private-label products of 9.5 % compared with the previous year.

Non-alcoholic Beverages



The sales volume of mineral water products and soft drinks in the *Non-alcoholic Beverages* segment decreased by 7.5 % to 80.7 million litres (87.3 million litres) in the first six months of the 2020 financial year. Despite the external influences 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 the first half of 2019, with sales growth amounting to 16.0 %. Sales of mineral waters fell by 4.1 % in comparison to the equivalent period last year, with sales of own mineral water brands only declining slightly and the business with contract bottling for mineral waters declining considerably. The sales volume in the business with lemonades and other non-alcoholic beverages declined by 13.3 %, with the contract bottling business in this product category falling significantly, whereas proprietary brands recorded a slight increase. Owing in particular to the closure of restaurants over the past few months due to the coronavirus pandemic, a significant decline in sales of 47.5 % was seen by the franchise business with branded beverages from the Sinalco corporate group.

Fresh Juice Systems

		01/01 to 06/30/2020	01/01 to 06/30/2019	Change	%
Fruit juicers	Items	727	1,251	- 524	- 41.9
Bottling systems	In thous. items	7,437	9,321	- 1,884	- 20.2
Fruit	In thous. kilos	3,350	3,935	- 585	- 14.9

Over the first six months of the current 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 of fruit presses decreased by 41.9 %, as investments 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 performed very well – primarily thanks to major orders in the first quarter of the financial year. There were reductions of 14.9 % in fruit (oranges) sold and of 20.2 % in bottling systems.

General statement on the sales volume performance

The first half of 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. Despite declining sales in the business with branded spirits in Germany and abroad, the pleasing sales performance in the branded dealer and private-label product business resulted in a slight increase in revenues in the *Spirits* segment overall. As *Other Segments* predominantly consist of the tourism and events business of the Berentzen Group, as well as the business with spirits in Turkey – both of which have been severely impacted by the coronavirus pandemic – their contribution to revenues also declined considerably.

Sourcing

In terms of purchased goods and services, the sourcing of raw materials and the cost of procuring the individual system components in the *Fresh Juice Systems* segment represent a major part of the total cost of the production of spirits and non-alcoholic beverages. The underlying conditions varied with the cost prices for raw materials remaining stable to a great extent. Notable exceptions were the increase in purchase costs for the key raw material neutral alcohol in the *Spirits* segment and the system components fruit (oranges) in the *Fresh Juice Systems* segment.

(2.2.3) Financial performance

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

	01/01 to 06/30/2020		01/01 to 06/30/2019		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Consolidated revenues	**73,498**	**99.1**	**79,239**	**98.5**	**- 5,741**	**- 7.2**
Change in inventories	679	0.9	1,239	1.5	- 560	- 45.2
Total operating performance	**74,177**	**100.0**	**80,478**	**100.0**	**- 6,301**	**- 7.8**
Purchased goods and services	41,058	55.4	43,036	53.5	- 1,978	- 4.6
Consolidated gross profit	**33,119**	**44.6**	**37,442**	**46.5**	**- 4,323**	**- 11.5**
Other operating income	1,471	2.0	1,646	2.0	- 175	- 10.6
Operating expenses	32,532	43.9	34,073	42.3	- 1,541	- 4.5
Consolidated operating profit (EBIT)	**2,058**	**2.8**	**5,015**	**6.2**	**- 2,957**	**- 59.0**
Exceptional effects	- 1,377	- 1.9	- 357	- 0.4	- 1,020	> + 100.0
Financial result and result from participating interests	- 720	- 1.0	- 681	- 0.8	- 39	+ 5.7
Consolidated profit before taxes	**- 39**	**- 0.1**	**3,977**	**4.9**	**- 4,016**	**> - 100.0**
Income taxes	- 188	- 0.3	1,187	1.5	- 1,375	> - 100.0
Consolidated profit	**149**	**0.2**	**2,790**	**3.5**	**- 2,641**	**- 94.7**

Consolidated revenues and total operating performance

The consolidated revenues of the Berentzen Group amounted to EUR 73.5 million (EUR 79.2 million) in the first half of the 2020 financial year, while the consolidated revenues including alcohol tax amounted to EUR 171.7 million (EUR 174.0 million). Including the change in inventories amounting to EUR 0.7 million (EUR 1.2 million), the total operating performance amounted to EUR 74.2 million (EUR 80.5 million).

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

	01/01 to 06/30/2020	01/01 to 06/30/2019	Change	
	EUR'000	EUR'000	EUR'000	%
Spirits segment	42,832	42,622 [1)]	+ 210	+ 0.5
Non-alcoholic Beverages segment	22,737	25,293	- 2,556	- 10.1
Fresh Juice Systems segment	7,437	9,927	- 2,490	- 25.1
Other segments	492	1,397 [1)]	- 905	- 64.8
Consolidated revenues excluding alcohol tax	**73,498**	**79,239**	**- 5,741**	**- 7.2**
Alcohol tax	98,209	94,773	+ 3,436	+ 3.6
Consolidated revenues including alcohol tax	**171,707**	**174,012**	**- 2,305**	**- 1.3**

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

Purchased goods and services and consolidated gross profit

Given the Group's lower total operating performance, purchased goods and services decreased to EUR 41.1 million (EUR 43.0 million) in absolute terms in the first half of the 2020 financial year, whereas the ratio of purchased goods and services to revenues increased to 55.4 % (53.5 %). For further information on this, please refer to the comments on sourcing in section (2.2.2).

As a result of the gross profit margin declining by 1.9 percentage points – primarily on account of negative product and segment mix effects – and the total operating performance falling by EUR 6.3 million in parallel, the consolidated gross profit fell by EUR 4.3 million.

Other operating income

The total of other operating income decreased to EUR 1.5 million (EUR 1.6 million) in the first half of the 2020 financial year. Alongside income from the reversal and derecognition of provisions and liabilities of EUR 0.4 million (EUR 0.7 million), this figure essentially includes cost and other reimbursements from business partners in connection with licence and sales agreements of EUR 0.3 million (EUR 0.4 million).

Operating expenses

Operating expenses fell to EUR 32.5 million (EUR 34.1 million). The ratio of operating expenses to revenues rose slightly to 43.9 % (42.3 %). Despite numerous countermeasures applied, it was not naturally possible to fully adjust, in the short term, the operating expenses to account for the reduction in the total operating performance compared with the first half of the previous year.

Personnel expenses, however, were reduced significantly by EUR 0.8 million to EUR 12.4 million, and the ratio of personnel expenses to revenues therefore increased only slightly to 16.7 % (16.3 %). The reduction in personnel expenses is primarily attributable to savings from reduced working hours, a lower number of full-time equivalent staff in the sales division and lower provisions for long-term variable remuneration. The corporate group had 498 (495) employees as at the June 30, 2020 reporting date and an average of 413 (417) full-time equivalents in the first half of the 2020 financial year. Accordingly, the headcount as at the June 30, 2020 reporting date increased in comparison to June 30, 2019, whereas the average number of full-time equivalents was lower over the first half of the 2020 financial year than in the comparative period.

Scheduled amortisation and depreciation increased to EUR 4.4 million (EUR 4.0 million) in the first half of the 2020 financial year on an increased investment volume amounting to EUR 2.9 million (EUR 2.7 million) by the end of that period. This development is attributable to the significantly higher proportion of investments involving assets with useful lives of less than five years – in this context, primarily empty bottle containers and crates – over the last three financial years.

Other operating expenses fell by EUR 1.1 million to EUR 15.8 million (EUR 16.9 million). Transport and selling costs fell to EUR 7.6 million (EUR 8.3 million), attributable primarily to the lower volume of business in the *Non-alcoholic Beverages* segment. The expenditure on marketing and trade advertising, at the current EUR 1.6 million, also fell below the level of the equivalent period last year (EUR 2.8 million), whereas maintenance expenses remained largely constant at EUR 1.6 million (EUR 1.5 million). At EUR 5.0 million (EUR 4.3 million), other overheads increased in total compared with the first half of the 2019 financial year.

Special effects (non-recurring items)

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

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

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

Special effects (non-recurring items) in the first half of the 2019 financial year

In connection with two sets of civil proceedings filed with a view to claiming damages, further expenses of EUR 0.4 million were recorded as a special effect (non-recurring item) for consultancy fees, whether anticipated or already incurred. The proceedings were instituted by a US distributor acting on behalf of the subsidiary Citrocasa GmbH (formerly T M P Technic-Marketing-Products GMBH; its registered office remaining in Linz, Austria) and were filed in the US in August 2018 and February 2019, respectively. The proceedings were concluded in November 2019; further details can be found on pages 191 et seq. of the 2019 Annual Report.

Financial result and result from participating interests

The financial result and result from participating interests was kept constant year-on-year, resulting in a net expense of EUR 0.7 million (EUR 0.7 million).

Income taxes

In relation to the first half of the 2020 financial year, the Group incurred a positive earnings effect from income taxes of EUR 0.2 million (expense of EUR 1.2 million). The total includes expenses of EUR 0.2 million (EUR 1.1 million) from German trade tax and corporate income tax and comparable foreign income taxes. The measurement of deferred taxes in accordance with IAS 34 in conjunction with IAS 12 gave rise to aggregate income of EUR 0.4 million (expense of EUR 0.1 million), resulting mainly from decreases in deferred tax liabilities on temporary measurement differences of non-current assets.

Consolidated profit

The adjusted consolidated operating result or EBIT recorded in the first half of the 2020 financial year decreased by 59.0 % to EUR 2.1 million (EUR 5.0 million) compared with the equivalent period last year. This was attributable to the lower volume of business as well as to the lower gross profit margin due to the considerable reduction in earnings contributions across all segments and the less favourable segment mix compared with the equivalent period last year. Consequently, consolidated gross profit fell by EUR 4.3 million. The countermeasures initiated in connection with the coronavirus pandemic led to a reduction in operating expenses, in particular for personnel and marketing. The EUR 1.5 million reduction in operating expenses only partly offset the negative development in gross profit mentioned above, however.

Taking into account a special effect (non-recurring item) amounting to EUR 1.4 million (EUR 0.4 million) and a stable financial result and result from participating interests, consolidated profit fell to EUR 0.1 million (EUR 2.8 million) as a result.

Financing structure

The overall funding of the Berentzen Group as presented in the Annual Report for the 2019 financial year remains essentially unchanged at the end of the first half of the 2020 financial year, as shown in the table below:

(2.2.4) Cash flows

		Financing line 06/30/2020			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)]	Loan amount	0.0	0.1	0.1	0.1	0.1	0.2
Factoring	Line, limited	0.0	55.0	55.0	0.0	55.0	55.0
Central settlement and factoring	Line, unlimited [1)]	0.0	7.8	7.8	0.0	9.2	9.2
Working capital loans	Line, limited [2)]	0.0	0.8	0.8	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 (half) financial year.

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

The funding framework as of June 30, 2020 deviated from that in place at December 31, 2019 only with regard to the drawdown of factoring lines and the volume of funding from credit agreements with providers of working capital, excluding the syndicated loan agreement. In addition, the working capital line available to the two foreign group companies decreased by EUR 0.1 million to EUR 0.8 million (EUR 0.9 million) on account of exchange rate fluctuations.

Abridged Consolidated Cash Flow Statement for the period from January 1 to June 30, 2020

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

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

	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000	Change EUR'000
Operating cash flow	3,227	5,885 [1]	- 2,658
Cash flow from operating activities	- 6,727	- 2,397	- 4,330
Cash flow from investing activities	- 2,859	- 2,553	- 306
Cash flow from financing activities	- 645	- 2,623	+ 1,978
Change in cash and cash equivalents	**- 10,231**	**- 7,573**	**- 2,658**
Cash and cash equivalents at the start of the period	**22,010**	**15,459**	**+ 6,551**
Cash and cash equivalents at the end of the period	**11,779**	**7,886**	**+ 3,893**

[1] Previous-year value has been adjusted to take account of the new definition of the indicator.

Operating cash flow and cash flow from operating activities

In the first half of the 2020 financial year, the operating cash flow fell to EUR 3.2 million (EUR 5.9 million). 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 0.9 million less than the level of the previous year. The payment balances in connection with income taxes and the financial result also form part of the operating cash flow. In the first half of 2020, the related payments again exceeded their expenses recognised in the accounting records by EUR 2.8 million; as a result, these were therefore EUR 1.6 million higher than in the comparative period (EUR 1.2 million).

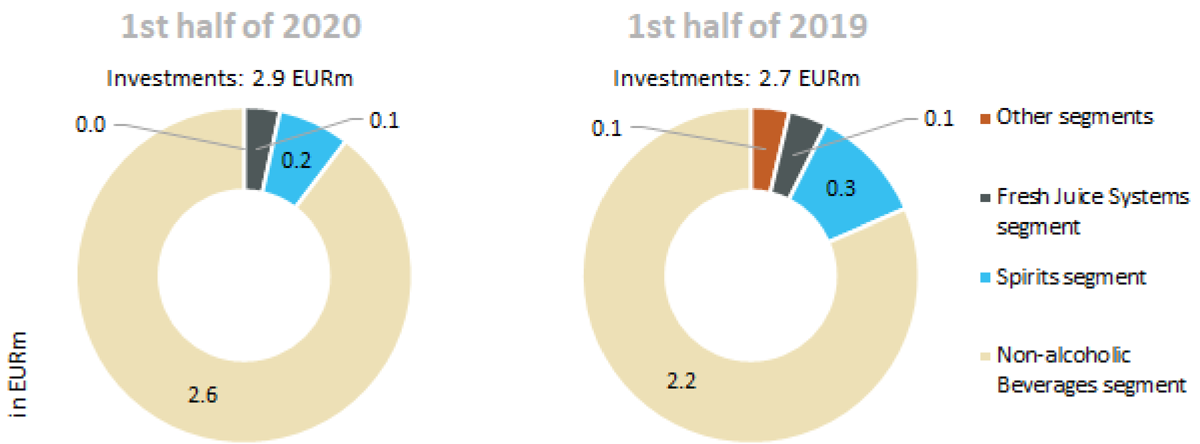
The cash flow from operating activities showed on balance a net cash outflow of EUR 6.7 million (EUR 2.4 million) over the first six months of the 2020 financial year. Compared with the operating cash flow, it also encompasses changes in working capital, which led to a cash outflow of EUR 10.0 million (EUR 8.3 million). The material factors influencing this development are presented below.

The change in what is known as trade working capital (the balance from movements in inventories, receivables including factoring arrangements, liabilities arising from alcohol tax and trade payables) on balance gave rise to a cash outflow of EUR 9.2 million (EUR 8.4 million). This outflow is attributable specifically to the effect that constantly recurs throughout the year arising from the seasonal reduction in alcohol tax liabilities; as of the June 30, 2020 reporting date, this figure amounted to EUR 10.2 million (EUR 10.0 million).

This was opposed by a cash inflow from a reduction in other assets amounting to EUR 4.4 million (EUR 3.7 million). Furthermore, the change in other liability items as well as other non-cash effects gave rise to a total cash outflow of EUR 5.1 million (EUR 3.4 million).

Cash flow from investing activities

The investing activities of the corporate group led to a net cash outflow of EUR 2.9 million (EUR 2.6 million). The investments in property, plant and equipment and intangible assets totalled EUR 2.9 million (EUR 2.7 million), set against proceeds of EUR 0.1 million (EUR 0.2 million) received on the disposal of non-current assets. In this context, the cash outflow was once again essentially attributable to investments in empty bottle containers and crates in the *Non-alcoholic Beverages* segment.



Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 0.6 million (EUR 2.6 million), which essentially resulted from the repayment of lease liabilities pursuant to IFRS 16. In the previous year, financing activities also gave rise to a cash outflow of EUR 2.6 million in connection with the dividend payment for the 2018 financial year. In the 2020 financial year, the dividend for the 2019 financial year was only distributed in the second half of the year owing to the postponement of the annual general meeting to July 2, 2020.

Cash and cash equivalents

All in all, cash and cash equivalents totalled EUR 11.8 million (EUR 7.9 million) in the middle of the 2020 financial year, of which EUR 8.6 million (EUR 5.0 million) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements. In the previous year, drawdowns of short-term credit lines and financial instruments to be disclosed as such amounted to EUR 0.2 million at June 30.

(2.2.5) Financial position

	06/30/2020		12/31/2019		Change
	EUR'000	%	EUR'000	%	EUR'000
Assets					
Non-current assets	57,708	43.1	59,720	39.4	- 2,012
Current assets	76,250	56.9	91,910	60.6	- 15,660
	133,958	**100.0**	**151,630**	**100.0**	**- 17,672**
Shareholders' equity and liabilities					
Shareholders' equity	48,597	36.3	49,200	32.4	- 603
Non-current liabilities	18,459	13.8	19,489	12.9	- 1,030
Current liabilities	66,902	49.9	82,941	54.7	- 16,039
	133,958	**100.0**	**151,630**	**100.0**	**- 17,672**

Assets

Total assets decreased to EUR 134.0 million (EUR 151.6 million) compared with December 31, 2019.

Non-current assets

EUR 57.7 million (EUR 59.7 million) of consolidated assets have been invested in non-current assets. Although non-current assets fell slightly in absolute terms, the ratio to total assets has now increased to 43.1 % (39.4 %). In this context, the property, plant and equipment contained in this item decreased by a total of EUR 1.8 million on account of depreciation of EUR 3.1 million, impairments of EUR 1.3 million and a comparatively lower investment volume of EUR 2.7 million. Intangible assets likewise decreased slightly by EUR 0.5 million.

The coverage of non-current assets by shareholders' equity and non-current debt capital rose slightly to 116.2 % (115.0 %).

Current assets

Current assets declined to EUR 76.3 million (EUR 91.9 million), with trade receivables accounting for only 14.8 % (16.1 %) of the total. At present, the Berentzen Group has two factoring agreements in place with a net funding framework of EUR 55.0 million together with a factoring line with no formal limit under three further central settlement and factoring agreements. Gross receivables of EUR 48.0 million (EUR 65.2 million) had been sold at June 30, 2020 on this basis. The volume of receivables still recognised decreased to EUR 11.3 million (EUR 14.8 million).

At EUR 41.9 million (EUR 40.6 million), the stock of inventories increased slightly.

The material items contained in other current assets retentions arising from factoring transactions of EUR 6.8 million (EUR 10.6 million). This declined in line with the lower volume of gross receivables sold as of June 30, 2020.

The cash and cash equivalents of EUR 11.8 million (EUR 22.7 million) declined mainly due to the net cash outflow totalling EUR 10.2 million shown in the abridged Consolidated Cash Flow Statement.

Shareholders' equity and liabilities

Shareholders' equity

Shareholders' equity decreased slightly to EUR 48.6 million (EUR 49.2 million) in the first half of the 2020 financial year based on consolidated comprehensive income amounting to EUR -0.6 million (EUR 2.7 million).

Non-current liabilities

EUR 18.5 million (EUR 19.5 million) was available to the corporate group in the form of non-current liabilities. This item essentially comprises non-current financial liabilities of EUR 8.1 million (EUR 7.9 million) and pension provisions of EUR 8.6 million (EUR 9.3 million). Non-current liabilities accounted for 21.6 % (19.0 %) of total consolidated liabilities at June 30, 2020.

Current liabilities

Current liabilities decreased to EUR 66.9 million (EUR 82.9 million) or 49.9 % (54.7 %) of total consolidated assets. Of this figure, EUR 1.7 million (EUR 2.3 million) was attributable to the item “current financial liabilities”.

Alcohol tax liabilities amounted to EUR 33.4 million (EUR 43.6 million). The decline of EUR 10.2 million compared with December 31, 2019 in alcohol tax liabilities arising from revenues in *Spirits* and *Other Segments* in Germany results mainly from the traditionally stronger business activities towards the end of each financial year compared with the middle of the financial year for seasonal reasons.

At EUR 9.1 million (EUR 10.2 million), trade payables were EUR 1.2 million lower than at year-end 2019 due to scheduling and period-end reasons. Other current liabilities including current provisions fell to EUR 22.8 million (EUR 26.8 million).

As at the June 30, 2020 reporting date, the Berentzen Group did not have any net formal overindebtedness linked to interest rates. The dynamic gearing ratio was consequently calculated with a reverse sign (minus instead of plus), and amounted to -0.13 (0.08).

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

The first half of the 2020 financial year was characterised by unprecedented operational and financial challenges owing to the coronavirus pandemic. The measures decided by the federal and state governments – such as closing restaurants, social distancing and banning events – had a material adverse effect on consumer demand for the range of products offered by the Berentzen Group. Consequently, the Group's three main earnings indicators fell considerably short of the original expectations. Given that the Berentzen Group has taken numerous measures and made changes to work processes for coronavirus prevention purposes, the economic position of the corporate group can be considered satisfactory against the backdrop of robust financing and a positive financial performance.

While consolidated revenues fell by 7.2 % to EUR 73.5 million (EUR 79.2 million), the earnings ratios also demonstrated a declining trend. As a result of a EUR 4.3 million reduction in gross profit, combined with overheads that could not be fully eliminated in the short term, the Berentzen Group closed the first half of the 2020 financial year with an adjusted consolidated operating result (consolidated EBIT) of EUR 2.1 million (EUR 5.0 million) and an adjusted consolidated operating result before depreciation and amortisation (consolidated EBITDA) of EUR 6.4 million (EUR 9.0 million), while consolidated net profit fell to EUR 0.1 million (EUR 2.8 million).

Although the business performance varied between the segments, performance in all segments was impacted by the effects of the coronavirus pandemic. While the *Spirits* segment recorded revenue growth of 0.5 %, slightly above the level of the equivalent period last year, despite the difficult market environment, revenues in the *Non-alcoholic Beverages* segment fell by 10.1 %. The *Fresh Juice Systems* segment, the segment which has so far been hit most severely by the coronavirus pandemic, experienced a fall in revenue of 25.1 % compared with the equivalent period last year.

The cash flows and financial position remained sturdy. The funding of the corporate group remains secure especially in light of the overall funding described, and the corporate group continues to enjoy a very good liquidity base to fund its commercial operations and its medium-term growth strategy. For example, the dynamic gearing ratio shows that the Berentzen Group did not have any net formal indebtedness linked to interest rates (June 30, 2020: -0.13; June 30, 2019: 0.08). As a consequence of the negative development of the consolidated financial performance, consolidated equity decreased slightly by EUR 0.6 million; taking account of a EUR 17.7 million decline in total consolidated assets to EUR 134.0 million, the equity ratio rose in comparison to December 31, 2019 to 36.3 % (32.4 %).

(3) Report on risks and opportunities

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

The Berentzen Group’s risk management system is geared towards promptly identifying, assessing and mitigating risk by means of appropriate early identification and hedging measures. The structure of the risk management system is described in detail in the Report on opportunities and risks contained in the Berentzen Group Annual Report for the 2019 financial year.

In the first half of the 2020 financial year, the opportunities and risks of the projected development of the Group have changed for the remaining six months of the 2020 financial year compared with those described in the Annual Report for the 2019 financial year, primarily due to the coronavirus pandemic. For example, the probability of the risks summarised in the categories “financial risk” and in particular “external risk” occurring has increased as a result. In addition, the termination of a long-term contract bottling partnership in the *Non-alcoholic Beverages* segment in June 2020 led to a risk in the category “performance-related risk”. Taking into account countermeasures to be taken, however, the termination of this contract bottling business will not have a material impact on the future earnings performance. From a medium-term perspective, the probability of individual risks occurring and the level of these risks also increased, but this did not result in changes to the risk categories within the risk matrix presented in the 2019 Annual Report. This includes the overall assessment of opportunities and risks made in the report. Consequently, there are no risks classified as high risk within the scope of the risk management system. In the opinion of the Management, the Berentzen Group's risk exposure has thus remained unchanged overall compared with the position described in the Berentzen Group Annual Report for the 2019 financial year, and continues to be manageable from today's perspective.

(4) Forecast report

On March 26, 2020, the Berentzen Group published an ad hoc announcement withdrawing the forecast it had made in its 2019 Annual Report for the 2020 financial year.

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.

On the basis of the business figures published in this half-yearly financial report 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, the Berentzen Group is now publishing, as stated in an ad hoc announcement dated July 22, 2020, an updated forecast on its financial position, cash flows and financial performance.

The Forecast report for the Berentzen Group takes account of the relevant facts and events known at the time of preparation of the interim consolidated half-yearly financial statements which might have an impact on the corporate group's future business performance. The forecasts made herein on the basis of the current version of the integrated corporate plan for the Berentzen Group for the 2020 financial year, and taking into account the business performance in the first half of the 2020 financial year, are built around the organic development of the corporate group excluding significant non-recurring (special) effects and changes arising from possible company acquisitions; where such events need to be incorporated at the time of preparation of the present Forecast report, this is stated accordingly. Given how difficult it is to predict how the coronavirus pandemic will develop further as well as the economic impacts, there are still uncertainties when it comes to planning.

(4.1) General economic and industry-specific framework conditions

General economic environment

Developments in the global economy will continue to be shaped by the impacts of the coronavirus pandemic in the further course of the 2020 financial year. As a result, in its World Economic Outlook Update dated July 2020, the International Monetary Fund (IMF) lowered its forecast for global economic growth anticipated for 2020, which was already lowered in April, by another 1.9 percentage points to -4.9 %. According to the IMF, economic activity fell to its lowest point in the second quarter of this year, but the global economy will recover only slowly from the consequences of the pandemic. The pandemic is expected to have disproportionate consequences for the eurozone, with growth of -10.2 % expected. The German Institute for Economic Research e.V. (DIW Berlin) shares the assessment of the IMF on global economic growth and also anticipates growth of -4.9 % for 2020. For the eurozone, on the other hand, the DIW expects a less strong decline of 9.7 %.

The decline in economic growth due to the coronavirus pandemic is expected to be more severe in the German economy than in the global economy. For 2020, the IMF is currently predicting an economic decline of 7.8 %, thus lowering its expectations by 0.8 percentage points in comparison to April. The DIW's forecast is more pessimistic, with a 9.4 % reduction in gross domestic product expected.

Developments on the drinks market

The anticipated development of the global and, in particular, national economy as described above will likewise have an impact on the different sales markets of all segments in the Berentzen Group.

The Berentzen Group is of the view that the German hospitality industry, which is a key sales channel for the spirits and non-alcoholic beverages of the Berentzen Group, will recover slowly over the coming months, but continue to be heavily impacted by the coronavirus pandemic owing to the strict measures in place and the fact that some areas such as clubs are not permitted to open until further notice. As a result, performance in the hospitality industry in the remaining months of the 2020 financial year is expected to decline considerably compared with the previous year.

The Berentzen Group forecasts that domestic retail sales of spirits will remain slightly above the level observed in the previous year on the whole, but expects the individual product categories to perform differently. For example, the Berentzen Group expects a positive development for its aperitifs and premium spirits, but has a less optimistic outlook when it comes to its business with classic spirits such as Korn and Weinbrand. Moreover, categories such as 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.

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

As far as the Berentzen Group is aware, there are practically no all-round, reliable market data available for the *Fresh Juice Systems* segment, meaning that it makes use of the market development of fresh drinks such as not-from-concentrate juices, freshly squeezed fruit juices and also smoothies – which are also in line with the trend of several years' standing towards increased dietary awareness – as a leading indicator. This trend is currently still being overshadowed by the impacts of the coronavirus pandemic, however, resulting in the expectations concerning the *Fresh Juice Systems* segment being lowered compared with the forecast made in the 2019 Annual Report for the 2020 financial year. 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 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.

(4.2) Anticipated development of financial performance

Anticipated development of the segments

	2019 EURm	Forecast for the 2020 financial year in 2019 forecast report EURm	Forecast for the 2020 financial year Q2/ 2020 EURm
Contribution margin after marketing budgets			
Segment			
Spirits	31.6	30.6 to 33.9	28.5 to 31.5
Non-alcoholic Beverages	23.5	22.9 to 25.3	22.0 to 24.0
Fresh Juice Systems	6.9	7.0 to 7.7	4.5 to 5.0
Other segments	1.4	1.7 to 1.9	0.8 to 1.0

The anticipated development of the individual segment results (contribution margin after marketing budgets) as shown in the above table is based in particular on the information gained from the internal planning and forecasting processes, which reflect the respective business performance achieved up in the first seven months of the 2020 financial year as well as the estimates for the period remaining until the end of the 2020 financial year. With the forecast published in the 2019 Annual Report having been withdrawn on March 26, 2020, as explained above, a new forecast is now being issued on the development of the contribution margin after marketing budgets for all segments.

On the basis of the change in the organisational structure at the beginning of the financial year described in section (1) "Underlying principles of the corporate group", segment earnings in the *Spirits* segment of between EUR 28.5 million and EUR 31.5 million are anticipated (EUR 31.6 million). Although revenues in the segment grew slightly in the first half of the year, segment earnings were down compared with the equivalent period last year. This was due to the change in the product mix caused primarily by the coronavirus pandemic. For example, the business with private-label brands performed very positively on the whole, whereas the high-margin business with the core *Berentzen* and *Puschkin* brands suffered in particular from the impacts of the crisis, with sales declining overall. With the market environment only expected to recover slowly and gradually, similar developments are anticipated for the second half of the 2020 financial year. The Berentzen Group is expected to continue to benefit from the increased focus on premium products in the private-label business. As the volume of business traditionally tends to increase at the end of the year, contribution margins are expected to be higher in the second half of the 2020 financial year than in the first half, albeit these will still fall below the level of the previous year. As a countermeasure against the impacts of the coronavirus pandemic, spending on marketing and trade advertising – predominantly in the business with the core brands – will be reduced considerably compared with the 2019 financial year.

For the *Non-alcoholic Beverages* segment, the Berentzen Group now expects to achieve segment earnings ranging between EUR 22.0 million and EUR 24.0 million (EUR 23.5 million). In the first half of the 2020 financial year, business via the restaurants sales channel declined considerably, primarily due to the closure of restaurants in connection with the coronavirus pandemic. This had a particular impact on the franchise business with beverages from the *Sinalco* brand, as well as on all other product categories sold via this channel. While the Berentzen Group continues to assess the development of the hospitality industry with caution owing to the protective measures that have been taken, it forecasts a slight recovery in the second half of the financial year. In addition, the volume of business from the *Mio Mio* product line is expected to grow further and thus have a positive impact on the success of the segment. As part of the Group-wide countermeasures taken, spending on marketing and trade advertising in the *Non-alcoholic Beverages* segment will fall significantly short of the previous-year level.

In the first half of the 2020 financial year, the *Fresh Juice Systems* segment was the segment hit most severely by the effects of the coronavirus pandemic within the Berentzen Group. As a result of this, numerous measures – particularly those aimed at reducing costs and boosting sales – have been and are planned to be implemented. Based on the development of the contribution margins only slightly improving in the remaining months of the 2020 financial year compared with the first half of the year, and the marketing budget almost halving over the year as a whole, the Berentzen Group anticipates segment earnings ranging from EUR 4.5 million to EUR 5.0 million (EUR 6.9 million). In the medium term, the market environment is expected to recover significantly, with the Berentzen Group expecting to be in a very good position thanks to its existing technologies and innovations currently under development.

Since the beginning of the 2020 financial year, *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. These two segments were hit very severely by the impacts of the coronavirus pandemic in the first half of the 2020 financial year, resulting in expected segment earnings of between EUR 0.8 million and EUR 1.0 million (EUR 1.4 million), considerably below the level seen in the previous year. This is based on the assumption that the development of the contribution margins will decline while marketing expenses will remain stable at a low level.

Anticipated development of consolidated revenues and consolidated operating profit

	2019 EURm	Forecast for the 2020 financial year in 2019 forecast report EURm	Forecast for the 2020 financial year Q2/ 2020 EURm
Consolidated revenues	167.4	167.9 to 176.7	153.0 to 160.0
Consolidated operating profit (consolidated EBIT)	9.8	9.8 to 10.8	4.0 to 6.0
Consolidated operating profit before depreciation and amortisation (consolidated EBITDA)	18.4	18.5 to 20.5	13.0 to 15.0

In light of the development of the individual segments presented above, the Berentzen Group now anticipates consolidated revenues for the 2020 financial year of between EUR 153.0 million and EUR 160.0 million, with the *Non-alcoholic Beverages* and *Fresh Juice Systems* segments primarily responsible for this declining trend. On the basis of the resulting decline in the volume of business and the less favourable product and segment mix, the Berentzen Group forecasts a significant reduction in gross profit that cannot be fully compensated for by savings on overheads. The Berentzen Group therefore now anticipates an adjusted consolidated operating result (consolidated EBIT) ranging between EUR 4.0 million and EUR 6.0 million. For the consolidated EBITDA, which is based on the consolidated EBIT, a range of between EUR 13.0 million and EUR 15.0 million is expected, which represents a smaller decline than that seen for the adjusted consolidated EBIT. This is due to the slight increase in depreciation and amortisation expected.

(4.3) Anticipated development of cash flows and financial position

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

Anticipated development of cash flows

	2019 EURm	Forecast for the 2020 financial year in 2019 forecast report EURm	Forecast for the 2020 financial year Q2/ 2020 EURm
Operating cash flow	12.0	14.1 to 16.3	8.0 to 9.0

With regard to the anticipated development of the operating cash flow, the Berentzen Group now expects a range of between EUR 8.0 million and EUR 9.0 million (EUR 12.0 million). This will be attributable to the value of the consolidated profit adjusted for amortisation, depreciation and impairment losses, which is expected to be considerably down on the previous-year level.

Anticipated development of financial position

	2019	Forecast for the 2020 financial year in 2019 forecast report	Forecast for the 2020 financial year Q2/ 2020
Equity ratio	32.4 %	32.9 % to 37.9 %	30.0 % to 34.0 %
Dynamic gearing ratio	- 0.68	- 0.51 to - 0.41	0.25 to 0.35

In line with the earnings development forecast presented above, the Berentzen Group expects consolidated equity to develop largely stably in absolute terms. The equity ratio, the level of which also depends on the balance sheet, which is subject to reporting-date effects, is expected to be in the range of between 30.0 % and 34.0 % (32.4 %).

In light of the changing accounting parameters, the Berentzen Group expects a dynamic gearing ratio of somewhere between 0.25 and 0.35 (-0.68) at the end of the 2020 financial year. The ability of the Berentzen Group to service its debts going forward reflected in this indicator will therefore remain sound. The expected figure, now preceded by a plus instead of a minus sign, shows that the non-current and current financial liabilities are expected to exceed the cash and cash equivalents and therefore that there is a low level of net formal overindebtedness.

Based on the current status of the integrated corporate forecast for the 2020 financial year, the funding structure 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.

C. Consolidated half-yearly financial statements

Consolidated Statement of Financial Position at June 30, 2020

	06/30/2020 EUR'000	12/31/2019 EUR'000
ASSETS		
Non-current assets		
Intangible assets	11,118	11,631
Property, plant and equipment	43,531	45,352
Investment property	723	730
Rights-of-use assets	1,620	1,299
Other financial assets	716	708
Total non-current assets	**57,708**	**59,720**
Current assets		
Inventories	41,879	40,556
Current trade receivables	11,253	14,799
Current income tax assets	1,910	83
Cash and cash equivalents	11,779	22,698
Other current financial and non-financial assets	9,429	13,774
Total current assets	**76,250**	**91,910**
TOTAL ASSETS	**133,958**	**151,630**

	06/30/2020 EUR'000	12/31/2019 EUR'000
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	24,424	24,424
Additional paid-in capital	6,821	6,821
Retained earnings	17,352	17,955
Total shareholders' equity	**48,597**	**49,200**
Non-current liabilities		
Non-current provisions	8,917	9,853
Non-current financial liabilities	8,116	7,858
Deferred tax liabilities	1,426	1,778
Total non-current liabilities	**18,459**	**19,489**
Current liabilities		
Alcohol tax liabilities	33,365	43,601
Current provisions	99	257
Current income tax liabilities	822	1,467
Current financial liabilities	1,665	2,340
Trade payables and other liabilities	30,951	35,276
Total current liabilities	**66,902**	**82,941**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**133,958**	**151,630**

Consolidated Statement of Comprehensive Income for the period from January 1 to June 30, 2020

	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000
Revenues	73,498	79,239
Change in inventories	679	1,239
Other operating income	1,471	1,646
Purchased goods and services	41,058	43,036
Personnel expenses	12,368	13,140
Amortisation and depreciation of assets	4,378	4,025
Impairments of assets	1,377	0
Other operating expenses	15,786	17,265
Financial income	55	72
Financial expenses	775	753
Earnings before income taxes	**- 39**	**3,977**
Income taxes	- 188	1,187
Consolidated profit	**149**	**2,790**
Currency translation differences	- 995	- 45
Items to be reclassified to the income statement at a later date	**- 995**	**- 45**
Revaluation of defined benefit obligations	344	0
Deferred taxes on revaluation of defined benefit obligations	- 101	0
Items not to be reclassified to the income statement at a later date	**243**	**0**
Other comprehensive income	**- 752**	**- 45**
Consolidated comprehensive income	**- 603**	**2,745**
Earnings per share after profit attributable to shareholders (in euros per share)		
Basic / diluted earnings per common share	0.016	0.297

Consolidated Statement of Changes in Shareholders' Equity for the period from January 1 to June 30, 2020

	Subscribed capital EUR'000	Additional paid-in capital EUR'000	Retained earnings EUR'000	Total share-holders' equity EUR'000
Total at 01/01/2019	**24,424**	**6,821**	**16,164**	**47,409**
Consolidated profit			2,790	2,790
Other comprehensive income			- 45	- 45
Consolidated comprehensive income			2,745	2,745
Dividends paid			- 2,630	- 2,630
Total at 06/30/2019	**24,424**	**6,821**	**16,279**	**47,524**
Total at 01/01/2020	**24,424**	**6,821**	**17,955**	**49,200**
Consolidated profit			149	149
Other comprehensive income			- 752	- 752
Consolidated comprehensive income			- 603	- 603
Total at 06/30/2020	**24,424**	**6,821**	**17,352**	**48,597**

Abridged Consolidated Cash Flow Statement for the period from January 1 to June 30, 2020

	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000
Cash flow from operating activities	- 6,727	- 2,397
Cash flow from investing activities	- 2,859	- 2,553
Cash flow from financing activities	- 645	- 2,623
Change in cash and cash equivalents	- 10,231	- 7,573
Cash and cash equivalents at the start of the period	22,010	15,459
Cash and cash equivalents at the end of the period	11,779	7,886

Abridged notes to the consolidated financial statements

(1) Policies and methods

(1.1) Information about the Company

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

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

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

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

Principal accounting policies

The present consolidated half-yearly financial statements at June 30, 2020 were prepared in accordance with Section 117 No. 2 of the German Securities Trading Act (WpHG) in conjunction with Section 115 WpHG and in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee as applicable in the European Union (EU) for interim financial reporting. In particular, IAS 34 “Interim Financial Reporting” was applied; in addition, German Accounting Standard No. 16 (GAS 16) “Half-Year Financial Reporting” was observed.

With the following exception, the recognition and measurement methods applied in the consolidated half-yearly financial statements are essentially the same as those applied in the last consolidated financial statements at the end of the 2019 financial year:

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

A detailed description of the principal accounting policies and the recognition and measurement methods applied is provided in the consolidated financial statements at December 31, 2019, which forms the basis for the present consolidated half-yearly financial statements.

The consolidated half-yearly financial statements at June 30, 2020 and the interim group management report for the first half of the 2020 financial year were subjected to neither a voluntary review nor an audit in accordance with Section 317 HGB and should be read in conjunction with the consolidated financial statements at December 31, 2019 and the combined management report of the Berentzen Group and of Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year.

The Executive Board approved the present consolidated half-yearly financial statements for the period from January 1 to June 30, 2020 and the interim Group management report for the first half of the 2020 financial year for publication on August 11, 2020.

(1.3) Effects of the coronavirus pandemic

The coronavirus pandemic severely impacted the business performance of the Berentzen Group in the first half of 2020.

The Berentzen Group recorded a material fall in revenues compared with the equivalent half-year period in 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 Interim Group Management Report, in particular in Section (2.2.2) "Business performance – significant developments and events".

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

In this context, it is worth pointing out the review of the need to carry out impairment tests on the cash-generating units of the Berentzen Group, as a result of which an impairment loss amounting to TEUR 1,377 was recognised in the *Non-alcoholic Beverages* segment in the first quarter of the 2020 financial year. Further information can be found in Note (3.3).

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

(1.4) New and amended IFRS standards

No significant new or amended IFRS standards were applied for the first time in the 2020 financial year.

(1.5) Consolidated group

The consolidated group is unchanged compared with the consolidated financial statements at December 31, 2019.

(1.6) Assumptions and estimates

When preparing the consolidated half-yearly financial statements in accordance with IAS 34, the Executive Board is required to apply assessments and estimates, and make assumptions, that have an impact on the application of accounting principles in the corporate group and the disclosure of assets and liabilities, and income and expenses. The actual amounts may deviate from these estimates. The results for the reporting period ending June 30, 2020 do not necessarily allow any conclusions to be drawn regarding the development of future results.

With the following exception, the methods applied when making assumptions and estimations are unchanged compared with the consolidated financial statements at December 31, 2019:

Regarding the estimate of the liability arising from deposits / deposit provisions for the *Non-alcoholic Beverages* segment, there is a higher turnover rate for returnable containers than at the reporting date of December 31, 2019 for seasonal reasons. Consequently, the liability is EUR 90 thousand (June 30, 2019: EUR 151 thousand) lower than under the calculation method applied at the reporting date of December 31, 2019.

(1.7) Economic and seasonal factors

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

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

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

(2.1) Non-current assets

Investments

A total of TEUR 2,928 (first half of 2019: TEUR 2,703) was invested in intangible assets and property, plant and equipment in the first half of the 2020 financial year.

Obligations to purchase property, plant and equipment

Furthermore, there were obligations at June 30, 2020 to purchase property, plant and equipment of TEUR 340 (December 31, 2019: TEUR 0).

(2.2) Current trade receivables

Transfers of financial assets

As part of its external funding, the Berentzen Group also utilises factoring lines. The total available financing amount on the basis of two factoring agreements is TEUR 55,000 (December 31, 2019: TEUR 55,000). The Group can also access a formally unlimited factoring line based on three additional centralised settlement and factoring agreements which stipulate no maximum commitment; instead, the possible drawdown is limited only by the available amount of saleable receivables.

At June 30, 2020, trade receivables amounting to TEUR 47,969 (December 31, 2019: TEUR 65,228) had been sold and assigned to the respective factoring companies. Because almost all of the risks and rewards incident to ownership of the financial assets were transferred to the factor, the trade receivables sold were completely derecognised in accordance with IFRS 9.3.2.6 a). The late payment risk remaining with the Berentzen Group at the time of derecognition was recognised as an asset representing a continuing involvement of TEUR 170 at June 30, 2020 (December 31, 2019: TEUR 221). A liability of the same amount was recognised at the same time.

The factor retained collateral amounting to TEUR 6,818 (December 31, 2019: TEUR 10,617) to secure any deductions from the face value of receivables. This item is carried out under Other current assets.

(2.3) Equity

Profit utilisation / dividend

In accordance with the German Stock Corporation Act, 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 around TEUR 13,171 for the 2019 financial year (previous year: EUR 10,422 thousand) presented in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft to pay a dividend of EUR 0.28 (previous year: EUR 0.28) per share of common stock qualifying for dividends for the 2019 financial year and to carry forward the remaining amount to new account. In consideration of the treasury stock not qualifying for dividends in accordance with Section 71b AktG held by the Company on the day of the annual general meeting, this corresponds to a total dividend payout of around TEUR 2,630 (previous year: TEUR 2,630) and an amount of around TEUR 10,540 (previous year: TEUR 7,791) carried forward to new account.

(2.4) Non-current provisions

	06/30/2020 EUR'000	12/31/2019 EUR'000
Pension provisions	8,578	9,263
Other non-current provisions	339	590
	8,917	**9,853**

Pension provisions

	06/30/2020 EUR'000	12/31/2019 EUR'000
Pension provisions	8,578	9,263
	8,578	**9,263**

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

Pursuant to IAS 19, the provisions for pension and similar obligations are calculated in accordance with the projected unit credit method for defined benefit plans. The figures are determined on the basis of actuarial reports. The parameters for the rate of increase in future compensation and imputed rate of increase on the pension obligation were retained unchanged in the first six months of the 2020 financial year compared with December 31, 2019. The actuarial interest rate changed to 0.6 % p.a. (December 31, 2019: 0.7 % p.a.). The following table shows an analysis of the defined benefit obligation (DBO) at June 30, 2020:

	06/30/2020 EUR'000	12/31/2019 EUR'000
DBO at the start of the financial year	9,263	9,542
Interest expenses on the DBO	33	100
Revaluations		
Actuarial gains / losses due to change in demographic assumptions	0	0
Actuarial gains / losses due to change in financial assumptions	76	285
Actuarial gains / losses due to change in experience-based adjustments	- 420	151
Pension benefits paid	- 374	- 815
DBO at the end of the first half / financial year	**8,578**	**9,263**

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

	01/01 to 06/30/2020 EUR '000	01/01 to 06/30/2019 EUR '000
Interest expenses on the DBO	33	50
Expenses recognised in the Consolidated Statement of Comprehensive Income	**33**	**50**
Actuarial gains (-) / losses (+)	- 344	0
Expenses / income recognised in other comprehensive income	**- 344**	**0**
Total pension expenses	**- 311**	**50**

Other long-term provisions and accruals

	06/30/2020 EUR'000	12/31/2019 EUR'000
Service anniversary awards	212	212
Performance-dependent components	127	378
	339	**590**

Please refer to Note (4.7) "Related party disclosures" in the 2019 Annual Report of Berentzen-Gruppe Aktiengesellschaft for a detailed explanation of the performance-dependent components of Executive Board compensation.

(2.5) Alcohol tax liabilities

	06/30/2020 EUR'000	12/31/2019 EUR'000
Alcohol tax liabilities	33,365	43,601
	33,365	**43,601**

The amount disclosed at June 30, 2020 pertains to the domestic alcohol tax reported for the months of May and June 2020. The amount disclosed at December 31, 2019 contains the domestic alcohol tax reported for the months of November and December 2019 which, under the provisions of the German Alcohol Tax Act, fell due for payment in January and February of 2020 respectively.

(2.6) Current financial liabilities

	06/30/2020 EUR'000	12/31/2019 EUR'000
Lease liabilities	836	750
Liabilities due to non-consolidated affiliated companies	540	521
Continuing involvement	170	221
Liabilities to banks	109	839
Interest liability from continuing involvement	7	9
Liabilities from derivatives	3	0
	1,665	**2,340**

The liabilities due to banks of TEUR 109 (December 31, 2019: TEUR 839) are essentially the current account liabilities of a foreign subsidiary.

(2.7) 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. For certain financial instruments assigned to the category of “at fair value through profit or loss”, such as shares in affiliated companies, equity investments, and cooperative shares, amortised cost constitutes the best estimate of fair value.

The fair value of the liabilities from the syndicated loan agreement approximates the recognised value due to part of the interest being charged at variable rates on the basis of reference interest rates. The fair values of current financial liabilities, such as liabilities due to non-consolidated affiliated companies, are equal to their respective carrying amounts because they have short-term residual maturities and the effects of discounting are immaterial. The market value of derivative financial instruments (foreign exchange futures) is determined by application of the present-value method. End-of-day interest rates are applied for this purpose, and ECB reference rates are applied for the last day of the month. The fair value is attributable to Level 2 of the fair value hierarchy of IFRS 13. On balance, the fair value valuation of these items resulted in a negative earnings effect amounting to TEUR 3 (first half of 2019: no effect on earnings). Trade payables and Other liabilities generally have shorter terms. The figures disclosed approximate the fair values.

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

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

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

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

Carrying amounts and fair values by category of financial instrument

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

	Category per IFRS 9	06/30/2020 Carrying amount EUR'000	06/30/2020 Fair value EUR'000	12/31/2019 Carrying amount EUR'000	12/31/2019 Fair value EUR'000
Assets					
Cash and cash equivalents	AC [1]	11,779	11,779	22,698	22,698
Trade receivables	AC	11,253	11,253	14,799	14,799
Other financial assets					
Equity instruments	FVPL [2]	503	503	448	448
Other financial assets	AC	8,946	8,946	13,162	13,162
Liabilities					
Liabilities to banks	AC	7,345	7,345	8,074	8,074
Trade payables	AC	9,059	9,059	10,247	10,247
Liabilities from derivatives		3	3	0	0
Other financial liabilities	AC	14,338	14,338	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 essentially generated with reference to a point in time from the sale of goods in various geographical regions and within various product groups.

	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000
Spirits segment	42,832	42,622 [1)]
Non-alcoholic Beverages segment	22,737	25,293
Fresh Juice Systems segment	7,437	9,927
Other segments	492	1,397 [1)]
Revenues	**73,498**	**79,239**

[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) Other operating income

	01/01 to 06/30/ 2020 EUR'000	01/01 to 06/30/2019 EUR'000
Reversal of liabilities (accruals)	388	694
Cost allocations / cost reimbursements	317	396
Miscellaneous other operating income	766	556
	1,471	**1,646**

(3.3) Impairments of assets

	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000
Impairments of assets	1,377	0
	1,377	**0**

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 at March 31, 2020, as a result of which an impairment loss amounting to TEUR 1,377 (first half of 2019: TEUR 0) 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 2020, another ad hoc impairment test was carried out for the *Non-alcoholic Beverages* CGU at June 30, 2020. This did not result in any further impairments or reversals, however.

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 TEUR 26,874 at March 31, 2020 (TEUR 35,355 at June 30, 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), 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 (June 30, 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 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 (TEUR 38), land and buildings (TEUR 496), technical equipment and machinery (TEUR 399) and other operating and office equipment (TEUR 444).

(3.4) Other operating expenses

	01/01 to 06/30/ 2020 EUR'000	01/01 to 06/30/2019 EUR'000
Other selling costs	7,556	8,338
Marketing, including advertising	1,607	2,809
Maintenance	1,584	1,467
Miscellaneous other operating expenses	5,039	4,651
	15,786	**17,265**

(3.5) Income taxes

	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000
Current income taxes	246	1,108
Deferred income taxes	- 434	79
	- 188	**1,187**

(4) Other explanatory notes

(4.1) Abridged Cash Flow Statement

The cash flows are explained together with the abridged Consolidated Cash Flow Statement in the Interim Group Management Report in Section 2.2.4 Economic report, Cash flows on pages 17 f. of these consolidated half-yearly financial statements. The abridged Consolidated Cash Flow Statement is shown separately on page 30 of these consolidated half-yearly financial statements.

(4.2) Segment report

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

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

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

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

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

Segment report for the period from January 1 to June 30, 2019

	01/01 to 06/30/2019					
	Spirits [1] EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments [1] EUR'000	Elimination of inter-segment income/ expenses EUR'000	Total EUR'000
Revenues with third parties	**42,622**	**25,293**	**9,927**	**1,397**		**79,239**
Intersegment revenues	148	16	6	16	- 186	
Total revenues	**42,770**	**25,309**	**9,933**	**1,413**	**- 186**	**79,239**
Purchased goods and services (product-related only)	- 23,739	- 10,618	- 5,106	- 718	186	- 39,995
Other direct costs	- 2,236	- 2,529	- 625	- 38		- 5,428
Marketing, including advertising	- 1,602	- 796	- 148	- 36		- 2,582
Contribution margin after marketing budgets	**15,193**	**11,366**	**4,054**	**621**		**31,234**
Other operating income						1,646
Purchased goods and services / change in inventories (if not included in contribution margin)						- 1,802
Personnel expenses						- 13,140
Amortisation and depreciation of assets						- 4,025
Miscellaneous other operating expenses						- 8,898
Consolidated operating profit, EBIT						**5,015**
Exceptional effects			- 357			- 357
Financial income						72
Financial expenses						- 753
Consolidated profit before income taxes						**3,977**
Income taxes						- 1,187
Consolidated profit						**2,790**

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

(4.3) Contingent liabilities

	06/30/2020 EUR'000	12/31/2019 EUR'000
Liabilities from guarantees	872	872
Other contingent liabilities	330	335
	1,202	**1,207**

Furthermore, there are liability undertakings of TEUR 776 (December 31, 2019: TEUR 776) under customs absolute maximum-liability guarantees. The current spirits tax liabilities secured by such guarantees amounted to TEUR 33,365 at June 30, 2020 (December 31, 2019: TEUR 43,601).

(4.4) Litigation

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

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

(4.5) Related Party disclosures

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

Related persons

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

Executive Board

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

Type of compensation	01/01 to 06/30/2020 EUR'000	01/01 to 06/30/2019 EUR'000
Short-term benefits	446	464
Other long-term benefits	- 125	127
	321	**591**

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.

Post-employment benefits of TEUR 20 (first half of 2019: TEUR 52) were granted to former managing directors of group companies to which Berentzen-Gruppe Aktiengesellschaft is the legal successor, and their surviving dependents, in the first half of the 2020 financial year.

As calculated in accordance with IAS 19, the present value of accrued pension obligations for this group of persons amounted to TEUR 380 at June 30, 2020 (December 31, 2019: TEUR 744).

Supervisory Board

Short-term benefits within the meaning of IAS 24.17 in the total amount of TEUR 94 (first half of 2019: TEUR 114) were granted to the members of the Supervisory Board in their function as members of the Supervisory Board.

The employee representatives on the Supervisory Board received short-term benefits in the total amount of TEUR 49 (first half of 2019: TEUR 67) in the first half of the financial year for their activity outside their function as members of the Supervisory Board.

Additional related party disclosures

The outstanding balances due to or from related parties at the end of the first half of the financial year at June 30, 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 June 30, 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 first half of the 2020 financial year.

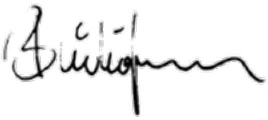
(4.6) Events after the reporting date

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

Haselünne, August 11, 2020

Berentzen-Gruppe Aktiengesellschaft

The Executive Board



Oliver Schwegmann

Executive Board member

Ralf Brühöfner

Executive Board member

D. Declarations and Other Information

Declaration by the legal representatives

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

Haselünne, August 11, 2020

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann	Ralf Brühöfner
Executive Board member	Executive Board member

Company information

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Current 2020 financial calendar

August 18, 2020	Metzler MicroCap Days – virtual
September 21 and 22, 2020	Berenberg and Goldman Sachs: Ninth German Corporate Conference – virtual
October 22, 2020	Publication of the Q3/2020 Interim Report
November 17 and 18, 2020	German Equity Forum – virtual

At August 11, 2020. 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 associated with risks and uncertainties, which are mentioned and explained in particular – but not exclusively – in the report on risks and opportunities as part of the management report as well as in the Annual Report of the Berentzen Group for the 2019 financial year and/or in the report on risks and opportunities, as well as in the outlook of this report. To this extent, events and results which actually occur may deviate substantially from the forward-looking statements, be it positively or negatively. Many uncertainties and the resulting risks are due to circumstances that are outside the control or influence of Berentzen-Gruppe Aktiengesellschaft and cannot be assessed with certainty. These include changing market conditions and their economic development and impact, changes in the financial markets and in exchange rates, the behaviour of other market participants and competitors as well as statutory changes or political decisions taken by administrative or government 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 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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