BERENTZEN-GRUPPE

Thirst for life

Annual Report 2022

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Key figures

Key figures of the Berentzen-Gruppe

		2022 or 12/31/2022	2021 or 12/31/2021	Change 2022/2021	
Consolidated revenues excl. spirits tax	EURm	174.2	146.1	+ 28.1	+ 19.2%
Spirits segment	EURm	104.0	92.7	+ 11.3	+ 12.2%
Non-alcoholic Beverages segment	EURm	44.6	35.3	+ 9.3	+ 26.3%
Fresh Juice Systems segment	EURm	18.8	15.4	+ 3.5	+ 22.5%
Other segments	EURm	6.8	2.7	+ 4.0	> + 100.0%
Total operating performance	EURm	178.9	146.4	+ 32.5	+ 22.2%
Contribution margin after marketing budgets	EURm	64.8	58.3	+ 6.4	+ 11.0%
Consolidated EBITDA [1]	EURm	16.7	15.4	+ 1.3	+ 8.4%
Consolidated EBITDA margin	%	9.3	10.5		- 1.2 PP [2]
Consolidated EBIT [1]	EURm	8.3	6.7	+ 1.6	+ 24.2%
Consolidated EBIT margin	%	4.7	4.6		+ 0.1 PP [2]
Consolidated profit	EURm	2.1	3.7	- 1.6	- 42.6%
Operating cash flow	EURm	12.3	12.6	- 0.3	- 2.2%
Cash flow from investing activities	EURm	- 9.0	- 7.3	- 1.7	- 23.5%
Free cash flow [3]	EURm	- 4.1	4.3	- 8.4	> - 100.0%
Consolidated equity ratio	%	34.2	34.4		- 0.2 PP [2]
Employees	Total	495	489	+ 6	+ 1.2%

[1] Adjusted for exceptional effects as well as the gain or loss from the net monetary position in accordance with IAS 29.

[2] PP = percentage points.

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

Key figures for the Berentzen common share

		2022 or 12/31/2022	2021 or 12/31/2021	Change 2022/2021
Berentzen common share (ISIN DE0005201602, WKN 520160) share price / XETRA	EUR / share	5.74	6.34	- 9.5%
Market capitalisation	EURm	53.9	59.6	- 9.5%
Dividend / Berentzen common share	EUR / share	0.22 [1]	0.22	+/- 0.0%
Dividend yield	%	3.8	3.5	+ 0.3 PP [2]
Payout Ratio	%	98	56	+ 42 PP [2]

[1] Proposal for the 2022 financial year.

[2] PP = percentage points.

Inhalt

A. To our stakeholders

(1) Letter to our stakeholders

Dear Berentzen Group stakeholders,

Last year, we were all finally able to experience real togetherness and community again in our personal and professional lives, as the pandemic finally eased. At the same time, we found ourselves faced with a new event – unexpectedly as with the coronavirus – that has had a dramatic impact on the lives of every individual, as well as on the economy and society as a whole: The vicious Russian war of aggression against Ukraine, which continues today. These two major developments of the past year were reflected in the business activity of the Berentzen Group in 2022.

In particular, the removal of coronavirus-based restrictions on social life led to our being able in 2022 to regain the business volume of three years ago in the pre-pandemic period, and even grow beyond it. All segments without exception contributed to this gratifying development – a remarkable fact that deserves notice.

The positive growth of our business activity steadily picked up speed at first in the course of the 2022 financial year. This caused us to raise our original business forecast twice during the financial year, most recently in October. We were able to attain all our updated forecast ranges in the Group's three main key success criteria.

Specifically, our corporate group achieved consolidated revenues of EUR 174.2 million (2021: EUR 146.1 million) – growth of 19.2 percent over the previous year. Compared to the last pre-pandemic year 2019, we increased our consolidated revenues by EUR 6.8 million. At the time, these revenues still included about EUR 12.0 million from a contract bottling business that has since been discontinued. Excluding these revenues pertaining to the *Non-alcoholic Beverages* segment, our consolidated revenues in the past year were consequently nearly EUR 19.0 million higher than the already very profitable 2019 financial year. Therefore, we can confidently sum up the situation today by saying that we are back on our growth track. In this way, we also underscore that the revenue successes of the past year were attributable predominantly to increased sales volumes due to higher demand. Only a relatively minor portion of the revenue growth was connected to product price increases.

Our consolidated EBIT in the 2022 financial year, at EUR 8.3 million, was also significantly higher than the previous year's comparison value of EUR 6.7 million. This represents a gratifying 24.2 percent rate of increase. Despite this positive development, this figure still fell short of the profitable pre-crisis level of EUR 9.8 million in the 2019 financial year. The backdrop for this more recent development is the second dramatic event of the past financial year that we mentioned at the start, the Russian war against Ukraine.

Due to the war, we were confronted with increased costs in the double-digit millions for energy, purchased goods and services, and raw materials. Its negative impact expanded rapidly over the course of the year. In addition, the more fragile supply chains for some purchased goods and raw materials resulted in efficiency losses in production, with corresponding negative impacts on unit costs.

Despite the growth in consolidated EBIT, our consolidated profit of EUR 2.1 million remained below that of the 2021 financial year (EUR 3.7 million). Besides higher tax and interest expenses, this is due mainly to two factors: First, given the steadily increasing average cost of capital over the course of the year and higher price burdens for energy and for purchased goods and services, we performed specific impairment tests in the *Non-alcoholic Beverages* segment, which ultimately led to a special effect (non-recurring items) in the 2022 financial year in the amount of EUR 1.3 million. Second, we subjected the separate financial statements of our fully-consolidated group company headquartered in Turkey to hyperinflation accounting for the first time. The expense component generated by this assessment, which is not attributable to operating activity, reduced our consolidated profit by EUR 1.2 million.

Thus, even though our consolidated profit in the 2022 financial year was lower than in the previous year, we along with the Supervisory Board decided to recommend to the upcoming Annual General Meeting a renewal of the EUR 0.22 dividend per share. This represents a payout ratio of nearly 100 percent. It is very important to us that you, our esteemed shareholders, enjoy a reasonable share of our successful general growth in the 2022 financial year. Moreover, we would like to express in this way our confidence that the Berentzen Group is in solid condition and on a successful path.

Despite the business challenges, we further advanced our commitment to environmental, social and governance (ESG) issues again in the past financial year, making great progress toward achieving the targets we defined as part of our sustainability strategy. As a representative example of the many activities that we undertook in this connection, we would like to cite the construction of photovoltaic facilities at two of our production facilities last autumn. We are pleased, particularly in these times when sustainable use of resources has become ever more important, that we are able in this way to make a contribution to a more climate-friendly future while at the same time reducing our energy costs. With the construction of the photovoltaic facilities, we cover about 18 percent and 16 percent respectively of our electricity needs at the two affected locations, after making a seven-digit investment. Additional projects in connection with power generation and energy saving will be implemented in 2023, again with substantial investments. Our sustainability efforts were recognised in the 2022 financial year: The Berentzen Group was again awarded a gold medal in the internationally renowned EcoVadis Sustainability Ratings, signifying that for the second time we are among the top five percent of all companies rated by EcoVadis worldwide.

In closing, let us now take a look at the current 2023 financial year. This year again, we focus our business activities on the Berentzen Group's strategic key topics, which we have communicated many times in the past: The liqueurs of the *Berentzen* and *Puschkin* brands, the exclusive premium brands among our dealer brand spirits, the *Mio Mio* soft drinks brand and the fresh juice systems of the *Citrocasa* brand. These key topics formed the basis for the marked revenue growth of the 2022 financial year, and these same topics promise the greatest potential for profitable growth in our corporate group for the future as well. Of course, we anticipate higher burdens on the cost side once again in the 2023 financial year. For one thing, the cost increases that occurred gradually in the past year will now have a full-year impact for the first time. For another, we expect further cost increases from various quarters. Against this backdrop, one of our most important tasks this year will be to restore and build on the earnings quality of our brands and products. On the basis of further growth in volume and value for our key topics, for the 2023 financial year we again expect a significant increase in our consolidated revenues to EUR 185.0 to 195.0 million. Given the dampening cost effects mentioned, and also due to additional investments in substantial growth, we expect our consolidated EBITDA to fall in the EUR 15.6 to 17.6 million range and our consolidated EBIT in the EUR 7.0 to 9.0 million range.

Although we are very pleased with the positive growth of our consolidated revenues, our top priority after the explosion in costs in the sourcing markets is to recover as quickly as possible and expand our profit margins. Please be assured that our focus is on increasing our profitability further. In this respect, the 2023 financial year will be a year of transition, with the first step being to return to our old margin quality and then to improve it significantly in the second step. We are convinced that we will manage this with our clearly defined strategic key topics. We would be happy to see you continue with us on this path, and in closing, we extend our heartfelt thanks for the trust you have placed in us. We know that our success is tightly bound up with your commitment, and we will continue to work hard going forward to represent your interests in the best possible way and to create sustainable value for you.

Your Executive Board

Oliver Schwegmann Ralf Brühöfner

(2) Report of the Supervisory Board

Ladies and gentlemen,

The following report provides information on the activities of the Supervisory Board in the 2022 financial year pursuant to Section 171 (2) of the German Stock Corporation Act (AktG).

Again this year, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft and its committees performed the duties incumbent upon them by law, the Company's Articles of Association and its rules of procedure, and continuously supervised and advised the Executive Board as it managed the Company and the corporate group. The supervision and advice also covered questions of sustainability. These bodies were satisfied at all times of the legality, advisability and regularity of the work of the Executive Board. The Supervisory Board was involved in all decisions of fundamental importance for the Berentzen Group.

Cooperation between the Executive Board and Supervisory Board

The Executive Board kept the Supervisory Board and its committees informed promptly and comprehensively about all issues relevant to the Berentzen Group on a regular basis over the course of the 2022 financial year. In particular, this covered reporting on the strategy, the planning, the business performance as well as on the risk position, risk management, financial reporting and the financial reporting process, the effectiveness of the internal control system, as well as the risk management system and the internal audit system, the audit of the financial statements, the compliance function and numerous current topics of significance for the Berentzen Group. Deviations in the Company's performance from the business plan were explained case by case to the Supervisory Board. Furthermore, the Supervisory Board discussed material transactions with the Executive Board and provided advice on significant individual measures on the basis of relevant regular reports by the Executive Board and during individual meetings.

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

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

Meetings and main topics of deliberation of the Supervisory Board

A total of five meetings of the full assembly of the Supervisory Board were held in the 2022 financial year, including one extraordinary meeting. Three meetings were held in person and two as video conferences. Further resolutions were adopted outside of meetings.

The business development – including financial performance, cash flows and financial position of the corporate group – was the subject of the four ordinary meetings of the Supervisory Board. At the start of this financial year, the effects of the ongoing worldwide coronavirus pandemic on the corporate group and its business performance since 2020 were still a topic of major importance. Then, however, as a result of the war in Ukraine – or more intensely and rapidly due to it – the challenges and effects of disrupted supply chains and huge rises in the cost of materials and energy increasingly came to the fore in this respect, already as at the spring of 2022.

The aforementioned challenges and effects also led to the call for an extraordinary meeting of the Supervisory Board, which was held on January 26, 2022. At this meeting, the Supervisory Board accordingly considered new planning premises and an update of the Berentzen Group's business plan for the 2022 financial year.

On February 10, 2022, the Supervisory Board adopted in written form a resolution on corporate governance reporting at the Berentzen Group in the 2021 financial year, including the Group Declaration on Corporate Governance and the Declaration on Corporate Governance of Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year, as well as on an update of the annual Declaration on the German Corporate Governance Code previously issued in December 2021 by the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 161 German Stock Corporation Act (AktG). Another resolution provided consent to the Executive Board's decision to hold the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft in 2022 as a virtual General Meeting.

At its meeting on March 22, 2022, the Supervisory Board discussed the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2021 and the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year. In line with the final result of its own review, the Supervisory Board did not raise any objections and concurred with the audit findings of the independent auditor. Following the recommendations of the Finance and Audit Committee in each case, the Supervisory Board subsequently approved the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft; the financial statements were thus adopted. The separate Sustainability Report of the Berentzen Group for the year 2021, prepared on a voluntary basis, was likewise discussed by the full assembly. Furthermore, the Supervisory Board passed the agenda for the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft in 2022, together with proposed resolutions, and in this context it granted the approvals necessary under legislation related to the coronavirus pandemic in order to hold the Annual General Meeting as a virtual event and to utilise the facilitations permitted for carrying it out. The resolutions proposed to the Annual General Meeting included among other things the proposal by the Supervisory Board based in each case on a recommendation of the Finance and Audit Committee for the appointment of the independent auditor of the separate and consolidated financial statements for the 2022 financial year and its proposal to the Annual General Meeting concerning the utilisation of the distributable profit for the 2021 financial year of Berentzen-Gruppe Aktiengesellschaft, with which the Supervisory Board in turn concurred with the proposal by the Executive Board to the Annual General Meeting on the utilisation of profit following its review of the same.

Further deliberations and resolutions of the Supervisory Board at this meeting, which were based in each case on the expressed recommendations of the Personnel Committee, were related to approval by the Supervisory Board of the Compensation Report of Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year according to Section 162

AktG as well as findings and determinations to be made according to the currently valid compensation system for the members of the Executive Board with regard to their compensation for the 2021 financial year and for the previous multiyear performance period that ended with that year.

The main topic of deliberations of the Supervisory Board at its meeting on May 18, 2022 was the business development, including financial performance, cash flows and financial position of the corporate group.

By way of a further written resolution of July 11, 2022, the Supervisory Board provided its consent to the early renewal and other amendments to two factoring agreements of Berentzen-Gruppe Aktiengesellschaft and one of its subsidiaries.

A central subject of deliberations of the Supervisory Board at its meeting held on September 15, 2022, was the future corporate strategy of the Berentzen Group. The discussions also related to the topics of corporate governance, specifically the amendments of the German Corporate Governance Code (DCGK) made in its revised version of April 28, 2022, the Act to Introduce Virtual Annual General Meetings of Stock Corporations passed in July 2022, the self-assessment of the effectiveness of the Supervisory Board and its committees (efficiency test), the training and development of its members and in connection with the compensation report of Berentzen-Gruppe Aktiengesellschaft under Section 162 AktG for the 2022 financial year, in regard to which the Supervisory Board passed the resolution to subject this report to a voluntary substantive audit by the independent auditor. The compensation report will be submitted to the ordinary Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft in 2022 for approval.

At its meeting held on December 8, 2022, the Supervisory Board's discussions centred on the comprehensive business plan, also including sustainability goals, submitted by the Executive Board for the 2023 financial year, which was then approved. Further deliberations and resolutions were made according to the currently valid compensation system for the members of the Executive Board regarding the findings related to their compensation for the 2023 financial year and for the subsequent multiyear performance period beginning with this year, after the Personnel Committee previously expressed recommendations to the Supervisory Board to this effect in its meeting held on the same day. On recommendation of the Nomination Committee to this effect, the Supervisory Board further passed a resolution relating to the selection of candidates and the process for filling a Supervisory Board seat that becomes vacant. In addition to specific aspects of compliance, topics of corporate governance were once again on the agenda, including amended rules of procedure for the members of the Executive Board and the members of the Supervisory Board, which were passed accordingly by the Supervisory Board, and a deliberation and resolution on specific contents of the (Group) Declaration on Corporate Governance of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year. In addition, as part of its regular annual deliberations on the subject of the diversity plans for the composition of the Executive Board and the Supervisory Board, the Supervisory Board adopted a resolution on the results achieved in the 2022 financial year with regard to the goals defined in the diversity plans and also adopted another update of these two diversity plans and of the competence profile for the members of the Supervisory Board. Moreover, the Supervisory Board also decided to issue the annual Declaration on the German Corporate Governance Code issued by the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 161 AktG.

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

As in the previous year, the Supervisory Board had two committees in the 2022 financial year to help it carry out its tasks efficiently and to increase their effectiveness. In order to prepare and supplement its tasks, the Supervisory Board set up a Personnel/Nomination Committee, which will act as a standing committee. In addition, an already existing audit committee, called the Finance and Audit Committee, was established in accordance with provisions under stock corporation law that are now structured as obligatory in this respect. Certain decision-making powers of the Supervisory Board have been delegated to the committees within the legally permitted framework. The chairmen of the committees reported to the full assembly of the Supervisory Board on the work in the committees.

Personnel Committee

The following tasks in particular have been delegated to the Personnel Committee: preparation of the relevant resolutions of the Supervisory Board and the submission of recommendations to the Supervisory Board regarding the appointment and dismissal of members of the Executive Board and the specification, implementation and review of the compensation system for Executive Board members, the proposed resolutions approving the compensation system for Executive Board members to be submitted to the Annual General Meeting, the adoption of a resolution on the compensation of Supervisory Board members and on the approval of the Compensation Report, and other resolutions of the Supervisory Board in matters relating to the Executive Board. The Personnel Committee is also responsible for adopting the resolution on the conclusion, amendment and termination of employment contracts with the members of the Executive Board. The responsibility of the Personnel Committee does not extend to resolutions regarding the setting of the total compensation payable to an individual member of the Executive Board or regarding the reduction of compensation and benefits of members of the Executive Board; resolutions on such matters are solely the responsibility of the Supervisory Board.

The Personnel Committee met for a total of two times in the 2022 financial year, each time in person.

At its meeting on March 22, 2022, in the presence of and on the basis of the detailed explanations of the audit partners from the independent auditor who are responsible for the audit, the Personnel Committee discussed the Compensation Report of Berentzen Gruppe-Aktiengesellschaft for the 2021 financial year in accordance with Section 162 AktG, which had been subjected to a formal audit and additionally to a voluntary substantive audit. A further subject of deliberations and resolutions at this meeting were the findings and determinations to be made according to the currently valid compensation system for the members of the Executive Board with regard to their compensation for the 2021 financial year and for the previous multiyear performance period that ended with that year.

Corresponding findings with regard to the compensation of the members of the Executive Board for the 2023 financial year and for the subsequent multiyear performance period beginning with this year were the subject of deliberations and resolutions of the Personnel Committee at its meeting on December 8, 2022.

Based on these preparatory deliberations, the Personnel Committee then passed on to the Supervisory Board its respective recommendations on the aforementioned subjects of its meetings in the 2022 financial year, for the Board's deliberation and resolution.

Nomination Committee

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

The Nomination Committee held one meeting in the 2022 financial year, which was in person.

The subject matter of this meeting on December 8, 2022 were deliberations and resolutions on the selection of candidates and the process for filling a seat that becomes vacant in the course of a by-election of shareholder representatives to the Supervisory Board. The Nomination Committee finally provided a recommendation to the Supervisory Board for its deliberation and resolution. Ms. Dagmar Bottenbruch had previously resigned from her mandate as member of the Supervisory Board with effect at the close of the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft in 2023.

Finance and Audit Committee

The Finance and Audit Committee similarly continued its work and held five meetings in the 2022 financial year, two of them in person and three as video conferences. In particular, it has been tasked with supervising the financial reporting process, the effectiveness of the internal control system, which also covers sustainability-related objectives, the risk management system, which includes the compliance management system and the internal audit system, and the audit of the financial statements.

Outside of the meetings, the Chairman of the Finance and Audit Committee, in some cases accompanied by the Chairman of the Supervisory Board as an additional committee member, held additional talks with the member of the Executive Board responsible for the portfolio, the respective company heads of department and/or the responsible audit partners from the independent auditor of the financial statements, with the latter in particular to confer regularly on the progress of the financial statement audit; they reported on these talks at the following meeting of the Supervisory Board in each case.

At its meeting held on March 22, 2022, the Finance and Audit Committee addressed, in the presence of the responsible audit partners from the independent auditor of the financial statements, the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2021, the combined management report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year and the financial statements of three material operating companies within the Group at December 31, 2021. The Finance and Audit Committee also considered the issues of reviewing the accounting records and monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and the compliance function. The Supervisory Board also handled the topics of monitoring the independence of the independent auditor and the additional services rendered by the independent auditor and the performance of the audit of the financial statements, including an assessment of its quality, and furthermore the focal points of the audit and the key audit matters. The responsible audit partners from the independent auditor and the Executive Board had previously reported extensively while answering the questions posed by the members of the committee present. The Finance and Audit Committee subsequently made a recommendation to the Supervisory Board for the approval of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft. A further resolution related to the Supervisory Board proposal to the Annual General Meeting on the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year. Following deliberations on the related proposal submitted by the Executive Board, the Finance and Audit Committee made a recommendation to the Supervisory Board to follow this proposal in its own proposal. Furthermore, the Sustainability Report of the Berentzen Group for the year 2021, prepared on a voluntary basis, was furthermore the subject matter of preparatory discussion in the Committee; this report is not subject to any external review regarding its content.

With regard to the audit of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year, the discussions related to the selection of the independent auditor, the independence and the additional services rendered by the same as well as the issuing of the audit engagement and the agreement with the independent auditor on the fees payable. The Finance and Audit Committee concluded by issuing a recommendation to the Supervisory Board as to its proposal to the Annual General Meeting regarding the election of the independent auditor for the separate and consolidated financial statements for the 2021 financial year, the independent auditor for any possible audit review of the condensed financial statements and the interim management report in the 2022 financial year (Group Half-yearly Financial Report) and the independent auditor for any possible audit review of additional financial information over the course of the 2022 financial year and the 2023 financial year up to the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft in 2023. In this context, the Finance and Audit Committee made its declaration to the Supervisory Board pursuant to Art. 16 para. 2 Regulation (EU) No. 537/2014, stating that its recommendation was free of any unreasonable influence exerted by third parties and that no unacceptable contractual terms had been imposed on it by third parties under which the options of the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft with regard to the selection of a certain independent auditor or a certain audit firm for the performance of the audit of the financial statements were limited to certain categories or lists of independent auditors or audit firms.

At its meetings of May 2, August 9 and October 24, 2022, the Finance and Audit Committee dealt with the audit of interim financial information, namely the Interim Report Q1 / 2022, the Group Half-yearly Report 2022 and the Interim Report Q3 / 2022 of Berentzen-Gruppe Aktiengesellschaft.

An additional subject of the consultations at the meeting on August 9, 2022 were specific aspects in connection with the internal audit function.

At its meeting held on October 24, 2022, the Finance and Audit Committee after appropriate deliberations passed a resolution on determining the focal points for the audit of the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2022 and the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year, and also to evaluate the quality of this financial statement audit as a further aspect of its supervision. In addition to this, the deliberations and resolutions of the Finance and Audit Committee once again related to the issuing of the audit engagement and the agreement with the independent auditor on the fees payable.

The deliberations and resolutions at the meeting of the Finance and Audit Committee held on December 8, 2022, which was held in the presence of the responsible audit partners from the independent auditor, again related to issues of relevance to the financial statements and the audit in the context of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022 and the management reporting for the 2022 financial year, specifically the monitoring of the independence of the independent auditor and the performance of the audit of the financial statements. In the context of the latter, the Finance and Audit Committee discussed the estimation of the audit risk, the audit strategy and the audit plan with the independent auditor and asked the independent auditor to report on the audit of the separate financial statements and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year, which were already in progress at this time. Additionally, the Finance and Audit Committee on this occasion dealt once again with the determination of the audit focuses and with the key audit matters as provisionally defined to date with the independent auditor.

Furthermore, the regular annual adoption of guidelines for the (preliminary) approval and a case-by-case (preliminary) approval of non-prohibited non-audit services provided by the independent auditor of Berentzen-Gruppe Aktiengesellschaft for the following financial year, as required by Regulation (EU) No. 537/2014, were handled at this meeting. Finally, the Finance and Audit Committee further addressed specific aspects of compliance and the focus of activities and audit areas of the Berentzen Group's internal audit function in the 2022 financial year.

Dialogue with investors

The Chairman of the Supervisory Board had a talk with an investor on the subject of Supervisory Board-specific topics within reasonable limits in financial year 2022 and informed the Supervisory Board about the content of the conversation. Beyond that, however, no investors made use of the fundamental readiness to have such conversations in this financial year.

Corporate governance

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

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

More information on this can be found in the (Group) Declaration on Corporate Governance of Berentzen-Gruppe Aktiengesellschaft, which is available to the public on Berentzen-Gruppe Aktiengesellschaft's website at www.berentzen-gruppe.de/en/investors/public-limited-company.

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

The Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft issued their most recent joint annual Declaration on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation

Act (AktG) in December 2022. This declaration has been made permanently available to the public on the Company's corporate website at www.berentzen-gruppe.de/en/investors/public-limited-company.

Further aspects and topics relating to corporate governance

The Supervisory Board, the Personnel Committee and the Finance and Audit Committee further dealt with a number of other aspects and topics relating to Corporate Governance in the 2022 financial year.

These topics included not only the compensation paid in accordance with the currently valid compensation system for members of the Executive Board, but also a review and update, performed particularly in light of changed regulatory requirements, of the rules of procedure for the Executive Board and Supervisory Board, of the diversity plans for the composition of the Executive Board and Supervisory Board and of the competence profile for the members of the Supervisory Board, which already encompassed expertise on the sustainability questions relevant to the Group. The diversity plans were reviewed with regard to their content and with regard to the results achieved in this respect in the 2022 financial year. As part of this process, new time periods and time frames were specified for achieving the aspects and targets set out in the same.

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

Report on attendance at meetings by members of the Supervisory Board

The following overview contains details of attendance by each individual member of the Supervisory Board at the meeting of the Supervisory Board and its committees over the 2022 financial year.

Individualised information on the attendance of meetings by the members of the Supervisory Board and the committees Attendence / Meetings	**Supervisory Board [1)]**		**Personnel Committee [2)]**		**Nomination Committee [3)]**		**Finance and Audit Committee [4)]**	
Member	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Uwe Bergheim Chairman of the Supervisory Board	5/5	100.0	2/2	100.0	1/1	100.0	5/5	100.0
Frank Schübel Deputy chairman of the Supervisory Board	5/5	100.0	2/2	100.0	1/1	100.0	5/5	100.0
Dagmar Bottenbruch	5/5	100.0	2/2	100.0	1/1	100.0	-	-
Heike Brandt	5/5	100.0	2/2	100.0	-	-	-	-
Bernhard Düing	5/5	100.0	-	-	-	-	5/5	100.0
Hendrik H. van der Lof	5/5	100.0	-	-	-	-	5/5	100.0
Percentage of meetings attended Supervisory Board/Committees		**100.0**		**100.0**		**100.0**		**100.0**

[1) 2) 3) 4)] All members of the Supervisory Board and its committees were members of these throughout the financial year 2022.

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

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

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

With regard to the training and development necessary for fulfilling their supervisory and advisory tasks, the members of the Supervisory Board obtain information on a regular basis from sources within and outside the Company on significant developments, such as the strategic alignment and the business activities of the corporate group, relevant changes in the legal framework or accounting and auditing principles. The Company supports them in these activities by providing the relevant information in the form of reports and other documents, organising dialogue even beyond legal requirements with the executives responsible for specialist areas, and assuming the costs of external training and development measures relating to the Company’s activities and the Supervisory Board’s duties within the scope of the reimbursement of expenses in accordance with the Articles of Association.

A focus point of measures for the training and development of members of the Supervisory Board in the 2022 financial year were topics in the areas of corporate governance, sustainability, law and financial reporting, particularly in the context of the German Corporate Governance Code revised in light of the Act on Strengthening Financial Market Integrity (FISG) as amended on April 28, 2022, which took effect in the previous year. Moreover, all members of the Supervisory Board attended a repeating workshop by a renowned outside consultant on legal framework conditions and aspects of supervisory board activities.

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

No conflicts of interest on the part of the Supervisory Board members in connection with their activities as members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft as defined in the German Corporate Governance Code occurred in the 2022 financial year.

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

On the basis of a corresponding recommendation of the Finance and Audit Committee, the Supervisory Board had proposed to the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft held on May 18, 2022 to elect PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, as the independent auditor of the separate and consolidated financial statements for the 2022 financial year. The audit firm had previously submitted a declaration of independence pursuant to the applicable provisions of European law and German professional law and according to Article 6 (2) (a) of Regulation (EU) No. 537/2014. Following their appointment by the Annual General Meeting, the Finance and Audit Committee engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with the audit of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022 and the combined Management Report of the Berentzen Group (corporate group) and of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year.

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

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

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

The separate financial statements and the management report, which is combined with the Group Management Report, prepared in accordance with the provisions of German commercial law applicable to corporations and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as well as the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) and the Group Management Report of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year combined with the management report were audited together with the books of account by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in accordance with Section 317 HGB and Regulation (EU) No. 537/2014; an unqualified audit opinion was issued in each case. In the opinion of the independent auditor, there were no material weaknesses in the internal control system and risk management system with regard to the financial reporting process. As part of the audit, the independent auditor also examined the risk early warning system and declared that the Executive Board had taken the measures required pursuant to Section 91 (2) of the German Stock Corporation Act (AktG) in a suitable form, including but not limited to setting up a monitoring system, and that such monitoring system is suitable in all material respects to identify developments with sufficient reliability at an early stage that are likely to jeopardise the continued existence of the Company. The independent auditor furthermore confirmed being independent of Berentzen-Gruppe Aktiengesellschaft and/or the group company it audited, in accordance with the provisions of European law and German commercial and professional law. The independent auditor furthermore declared that it had not rendered any prohibited non-audit services pursuant to Article 5 (1) of Regulation (EU) No. 537/2014. Accordingly, there were no grounds for exclusion or bias relating to the auditor during the audits.

At its meeting on March 21, 2023, the Finance and Audit Committee discussed in detail the following documents and matters pertaining to the financial statements, in the presence of and on the basis of the detailed explanations of the audit partners from the independent auditor who are responsible for the audit, and then in the presence of and with the explanation of the Executive Board as well: the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022 and the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year prepared by the Executive Board and in addition the written reports submitted by the independent auditor on its audit, material issues relating to the financial statements and the audit including the key audit matters and the Executive Board proposal on the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year. At this meeting, the responsible audit partners from the independent auditor also reported on the services rendered by the independent auditor in addition to the audit of the financial statements. The Finance and Audit Committee subsequently submitted a recommendation to the Supervisory Board to approve the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022 and to follow the Executive Board proposal for the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year in its own proposal to the Annual General Meeting. Furthermore, after having previously dealt with the selection and independence of the independent auditor and the additional services provided by it, the Finance and Audit Committee resolved to send a recommendation to the Supervisory Board for proposal to the Annual General Meeting regarding the selection of the independent auditor for the separate and consolidated financial statements for the 2022 financial year.

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

Following the final result of its reviews, the Supervisory Board does not raise any objections to the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022, to the combined Management Report of the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year, or to the results of the audit of these statements and of this report by the independent auditor. The Supervisory Board believes that the combined Management Report meets the statutory requirements; the Supervisory Board agrees with the Executive Board in its assessment of the situation of Berentzen-Gruppe Aktiengesellschaft and the corporate group and the statements on the further development of the corporate group and the Company made in the combined Management Report.

At this meeting held on March 21, 2023, the Supervisory Board approved the separate financial statements and the consolidated financial statements of as at December 31, 2022 in accordance with the recommendation of the Finance and Audit Committee. This means that the financial statements of Berentzen-Gruppe Aktiengesellschaft have thereby been adopted. The Supervisory Board proposal to the Annual General Meeting on the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year was reviewed taking account of shareholder interests and the business objectives and was subsequently given the approval of the Supervisory Board; the Supervisory Board further concurred with this proposal in its own proposal to the Annual General Meeting in this respect, thus likewise following a recommendation by the Finance and Audit Committee.

In response to another reasoned recommendation by the Finance and Audit Committee, the Supervisory Board passed at its meeting on March 21, 2023 its proposal for resolution by the Annual General Meeting on the election of the independent auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year. This proposal was based on the declaration by the Finance and Audit Committee pursuant to Art. 16 para. 2 Regulation (EU) No. 537/2014 that its recommendation was free of any unreasonable influence by third parties and that no contractual terms as defined in Art. 16 (6) of Regulation (EU) No. 537/2014 had been imposed on it restricting the options of the Annual General Meeting.

Compensation Report, Audit

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft jointly prepared the Compensation Report of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year in accordance with Section 162 AktG.

The independent auditor of the consolidated and separate financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, has duly subjected this Compensation Report to a formal audit on the basis of the statutory provisions of the German Stock Corporation Act (AktG) and beyond that to a voluntary review of its content on the basis of a corresponding commission from the Supervisory Board, and has issued an unqualified audit opinion with respect to it.

The Personnel Committee discussed this Compensation Report in detail at its meeting on March 21, 2023 in the presence of and on the basis of the detailed explanations of the audit partners from the independent auditor who are responsible for the audit. The Personnel Committee concluded by recommending to the Supervisory Board in turn that it approve the Compensation Report of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year.

The Chairman of the Committee reported to the Supervisory Board on its deliberations at its meeting on the same day. At this meeting, the Supervisory Board itself examined and discussed the Compensation Report presented in due time to its members.

According to the final result of its examinations, the Supervisory Board has no objections to raise against the Compensation Report of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year and the result of its audit by the independent auditor.

At its meeting on March 21, 2023, the Supervisory Board in turn approved the Compensation Report for the 2022 financial year in accordance with the recommendation of the Personnel Committee.

Executive Board and Supervisory Board – Personnel matters

There were no changes in the composition of the Executive Board and the Supervisory Board in the 2022 financial year:

Thanks

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

Haselünne, March 21, 2023

Berentzen-Gruppe Aktiengesellschaft

For the Supervisory Board

Uwe Bergheim

Chairman of the Supervisory Board

B. Combined management report

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

(1) Basic information about the Group

(1.1) Corporate business model

Organisation and basic information

With a history going back over 260 years, the Berentzen Group is one of the oldest producers of spirits in Germany. Berentzen-Gruppe Aktiengesellschaft based in Haselünne, Germany, is the ultimate parent of the Berentzen Group, which consists of more than 20 domestic and international subsidiaries as well as the parent company. The corporate group generated revenues of EUR 174.2 million (EUR 146.1 million) in the 2022 financial year and had 495 (489) employees at seven locations in three countries as at the reporting date of December 31, 2021.

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

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

Business activities

The business activities of the Berentzen Group essentially comprise the production and distribution of spirits and non-alcoholic beverages and the development and distribution of fresh juice systems. The business activities are divided into the following segments accordingly: *Spirits*, *Non-alcoholic Beverages* and *Fresh Juice Systems*. The marketing, distribution and sale of spirits are grouped together in the Domestic Branded Spirits and the Export and Private-Label Brands sales units within the *Spirits* segment. The marketing, distribution and sale of non-alcoholic beverages are combined in the *Non-alcoholic Beverages* segment. Depending on the system component, the development, marketing, distribution and sale of fruit presses, oranges and filling containers are grouped together in the *Fresh Juice Systems* segment. *Other Segments* essentially covers the tourism, events and webshop business of the Berentzen Group as well as the Spirits business in Turkey, managed by a local Group company.

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

Brands, products and markets

Its long-established spirits brands and attractive private label products make the Berentzen Group a competent partner for the retail and hospitality trades. The spirits portfolio comprises internationally-known brands such as *Berentzen* and *Puschkin*, traditional German spirits such as *Strothmann*, *Doornkaat* and *Bommerlunder* and premium brands such as *Tres Países*.

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

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

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

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

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

The core regions of Austria and Germany, which are looked after by internal sales teams, as well as the markets of France, the USA, the United Kingdom, Scandinavia and Eastern Europe, are the main sales areas for the products of the *Fresh Juice Systems* segment. Worldwide distribution of equipment outside of Austria and Germany is handled by local distributors in almost fifty countries. The main distribution channels are the food retailing sector, the out-of-home market, and the on-trade channel.

Industry-specific legal framework

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

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

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

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

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

(1.2) Management system

Principles of internal management

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

Prior to the start of each financial year, the Executive Board draws up a detailed corporate plan for the following financial year together with a medium-term corporate plan. The internal management system is overseen centrally by the Controlling department of Berentzen-Gruppe Aktiengesellschaft, which reports directly to the Executive Board member responsible for the function. The Controlling department prepares detailed monthly reports containing information relevant for management as well as a wide range of other data, including income statements for the individual segments, which are made available to the Supervisory Board, the Executive Board and the relevant managers at the next level down. Furthermore, a management reporting system has been implemented for the management of the corporate group that constantly makes available wide-ranging information on the sales, price and revenue development in variable combinations and at various aggregation levels. There are also other instruments in place to help manage the liquidity and capital allocation of the corporate group as well as a specified, standard process flow for investments. Targeted returns are defined in the sense of a return on investment (ROI) for investments in excess of a specific size. The Berentzen Group has to date not employed any non-financial performance indicators to manage the corporate group.

Financial performance indicators

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

Building on this, management is performed at corporate level on the basis of the normalised consolidated earnings or consolidated EBIT (earnings before interest and taxes) adjusted for non-recurring items and the adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, amortisation) as well as the consolidated revenues. The normalised consolidated EBIT reflects the consolidated profit before income or expenses from income taxes, the net financial and investment income, and non-recurring effects; when calculating the normalised consolidated EBITDA, depreciation and amortisation on property, plant and equipment, intangible assets and rights of use from leased assets are added in addition. Non-recurring items are eliminated with a view to focusing on the evaluation and presentation of the operating performance and profitability of the corporate group, thus making it easier to compare results between the financial reporting periods. Non-recurring items reflect the impact of one-off or unusual transactions that are unique expense or income items or not recurring regularly in this form or amount. The gain or loss from the net monetary position in accordance with IAS 29 is likewise included in the adjustments. This was done for the first time in the 2022 financial year in connection with the hyperinflation in Turkey.

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

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

Cash flow indicators

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

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

Financial position indicators

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

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

The dynamic gearing ratio provides information on the period theoretically needed in order to repay net financial liabilities using profits. Consequently, the ratio is also suitable for indicating the Berentzen Group's debt servicing ability. The performance indicator is calculated as the ratio of total current and non-current financial liabilities adjusted for cash and cash equivalents to consolidated EBITDA recorded over the past 12 months. If this ratio is negative, it shows that, as at the date on which it was calculated, the total of cash and cash equivalents exceeds the amount of financial liabilities and therefore that there is no net formal overindebtedness.

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

(1.3) Research and development

In order to keep the product range attractive for consumers and exploit potential consumption levels, the Group's inhouse Research and Development department worked on enhancing the quality and flavour of existing spirits products and developing innovative new products in 2022. In the 2022 financial year, 206 (226) recipes for spirits were developed and examined in the area of brands and private-label brands.

In the *Non-alcoholic Beverages* segment, three recipes were optimised within the existing product line under the proprietary *Kräuterbraut* brand in the 2022 financial year. In addition, new products were worked on in the "isotonic sports drink" and "flavoured water with functional additive" product segments. Development activities also focused on a product launch under the *Mio Mio* brand that will take place in the first quarter of 2023. A total of 67 new recipes were developed for the *Non-alcoholic Beverages* segment and evaluated in market research tests.

Research and development activities in the *Fresh Juice Systems* segment focused on the one hand on the development of a new pomegranate fruit press, which will be available in the first quarter of 2023 and will inherit the patented functions of the current generation machinery, in particular with regard to hygiene efficiency. They also focused on the development of a completely new fruit press generation for the food retail market. This is expected to be market-ready in the 2024 financial year.

The direct expenses for research and development and quality assurance amounted to EUR 1.6 million in the 2022 financial year (EUR 1.6 million).

(2) Economic report

(2.1) General economic and industry-specific framework conditions

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

General economic conditions

The global economy continued to expand in 2022, but growth has weakened since the start of the year. Growth of 2.8% (6.2%) is anticipated, as the ifo Institute announced in December 2022. According to information in the "World Economic Outlook Update" of January 2023, the International Monetary Fund (IMF) expects higher growth of 3.4% (6.2%) for 2022. Global economic activity was strained by the war between Russia and Ukraine as well as by the coronavirus pandemic. The effects of the pandemic have certainly diminished in most countries, and yet persistent waves of infection continue to have a negative impact, particularly in China. In addition, commodity prices – particularly energy prices – have risen sharply. The commodity price index published by the Hamburg Institute of International Economics (HWWI) was between 24.3% and 148.6% higher in 2022 on a euro basis than in the corresponding month of the previous year. To curb inflationary pressure, monetary policy was tightened, and the European Central Bank (ECB) decided to raise interest rates. Signs of a weakened global economy were apparent in emerging markets as well as industrialised nations. For instance, the IMF expects growth of 3.9% (6.7%) in emerging markets in 2022 and 2.7% (5.4%) in industrialised nations. Economic output in the Eurozone, projected at 3.5% (5.3%), is expected to be higher than for the industrialised nations as a whole.

The difficult general global economic conditions – such as the persistent coronavirus pandemic, supply bottlenecks, rising prices and the war in Ukraine – also impacted the German economy negatively in 2022. Nonetheless, economic output rose, even if its growth was slower compared to the previous year. According to the Federal Statistical Office, GDP in Germany – adjusted for price, seasonal effects and calendar effects – was 1.9% (2.6%) higher than in the previous year.

Developments on the drinks market

According to figures from the Federal Statistical Office, consumer prices rose by an annual average of 7.9% in 2022 compared with 2021 (+3.1%). The main reason for the marked rise in the inflation rate was above all the extreme price increases for energy products and food since the start of the war in Ukraine. The entire year was characterised by exceptional effects due to crises and war, such as supply bottlenecks and sharp price increases on upstream levels of the supply chain, even if the price increases were not fully passed on to consumers. Prices in “food and non-alcoholic beverages”, which is an important category for the Berentzen Group, rose at a disproportionate rate, increasing by an annual average of 12.8% (+3.1%). By contrast, prices in the “alcoholic beverages and tobacco” category rose at a below-average rate, increasing by an annual average of 5.0% (+2.6%).

According to the Federal Statistical Office, sales in the German retail trade were down by 0.6% in 2022 (up by 0.7%) compared to the previous year on an inflation-adjusted basis. Retail revenues in the “food, beverages and tobacco” category, an important category for the Berentzen Group, fell disproportionately by 4.6% (-1.1%). According to figures released by Eurostat, the statistical office of the European Union (EU), retail sales and revenue volumes in the “food, luxury foods, beverages and tobacco” category decreased by 2.8% in the Eurozone and by 2.4% in the EU in 2022 compared with 2021 (up 0.9% and also 0.9, respectively).

In addition to the food retail trade, the German hospitality industry is another, albeit not as important, distribution channel for the spirits and non-alcoholic beverages of the Berentzen Group. In this economic sector, several coronavirus safety measures had a negative impact in the first few months of 2022 – as in the previous year. The measures in effect in the reporting period were significantly lessened or were in effect for a shorter time compared to the previous year. At the start of 2022, strict requirements and entrance restrictions were in place in restaurants, while clubs and discotheques were closed. With the Three-Step Plan approved by the federal and state governments in February 2022, there were increasing steps toward re-opening starting in March. For instance, clubs and discotheques could open again, but strict entrance restrictions and requirements remained in force. Finally, at the beginning of April, an amended infectious diseases protection law largely brought an end to the measures. Only basic protection remained in place. By contrast, in the previous year restaurants were closed from the start of the year onward, except for takeaway and delivery services, and could only begin to re-open gradually again in May 2021 in most German federal states. This reopening was subject to strict measures, however, especially at the beginning. In addition, tighter entrance restrictions were applied for restaurants starting in December, and many patrons refrained from going out to restaurants due to sharply rising numbers of infections. Accordingly, revenues in the German gastronomy sector rose sharply in 2022 compared to the previous year, according to the German Federal Statistical Office: the cumulative rise in revenue was 38.7%. The strong growth is particularly attributable to the first half of the year. For example, revenues from food and drink establishments from January to May were considerably higher than those in the same month of the previous year, with a cumulative rise in revenues of 89.7%. Growth ebbed starting in June, ranging between 7.5% and 27.0% compared to the same month in the previous year. In the "Beverage Service" sector, which covers bars, pubs and discotheques, there was an even higher revenue rise of 62.8%. However, revenues in this sector remained distinctly lower than the level before the start of the pandemic; revenue fell by 31.4% compared to 2019.

Figures published by the market research company Information Resources GmbH (IRI) show that domestic sales of spirits in 2022 amounted to 745.4 million 0.7-litre bottles (747.9 million 0.7-litre bottles), thus at about the same level as the previous year. At the same time, revenues in this sales channel remained nearly constant at EUR 6.43 billion (EUR 6.42 billion). At 33.1% (33.5%), the share of private-label brands in total German sales declined slightly, amounting to 247.1 million 0.7-litre bottles (250.4 million 0.7-litre bottles), while revenues from these brands rose modestly from EUR 1.42 billion to EUR 1.44 billion. In the German food retail trade and drugstores, the sales volume of spirits decreased slightly by 0.8% year on year to 638.8 million 0.7-litre bottles (643.6 million 0.7 litre bottles). At EUR 5.29 billion (EUR 5.30 billion), revenues remained at the previous-year level.

Market research company IRI observed a rise in retail sales of non-alcoholic beverages in 2022 of 2.8%, from 22.7 billion litres to 23.3 billion litres, while revenues also increased by 5.7%. Sales of waters increased at the above-average rate of 4.3%, and revenue growth was likewise above-average at 7.3%. Sales of soft drinks also rose, albeit less dramatically, by 0.5%, while revenues increased by 6.0%. The development in the area of iced tea, to which mate beverages marketed under the *Mio Mio* brand are allocated, was virtually the same. This area recorded only 0.1% sales volume growth and 1.1% revenue growth. There was a markedly positive development in the category of sports and energy drinks, which observed sales growth of 6.7% and revenue growth of 13.7%.

A projection published in February 2023 by Verband Deutscher Mineralbrunnen e.V. (VDM), a German mineral water industry association, also showed an increase in sales in the area of waters. According to the VDM, sales of mineral and medicinal waters and non-alcoholic mineral spring beverages from German springs rose by 6.6% to 13.3 billion litres (12.5 billion litres) in 2022. Within this total, 10.1 billion litres (9.5 billion litres) related to sales of mineral and medicinal waters, while mineral spring beverages accounted for 3.2 billion litres (3.0 billion litres). According to VDM, this positive development is attributable particularly to increased health consciousness among the public and to the comparatively warm summer and fall.

As far as the Berentzen Group is aware, to all intents and purposes there are no all-round, reliable market data available for the *Fresh Juice Systems* segment. The corporate group estimates that existing and future consumer demand for fresh foodstuffs, especially fresh drinks like not-from-concentrate juices, freshly squeezed juices and smoothies, is a key indicator for the development of this segment. The trends ongoing for several years now of increased dietary awareness and the impact on health and well-being are further influencing consumer behaviour. Values and product characteristics like freshness, organic and regional provenance as well as traceability in the production process are increasingly important factors for end customers. Besides the positive momentum from the trend toward higher food consciousness, the war in Ukraine on the other hand had a negative effect on the business environment in the *Fresh Juice Systems* segment and partly worked against the recovery expected in 2022, especially in the restaurant sector, due to the relaxation of coronavirus safety measures. The high inflation connected to the war resulted in greater price sensitivity on the part of consumers.

(2.2) Business performance and economic position

(2.2.1) Overview of business performance and operating results

In a competitive environment that was impacted by the effects of the war between Russia and Ukraine and generally difficult framework conditions, the Berentzen Group achieved consolidated revenues of EUR 174.2 million (EUR 146.1 million); its adjusted consolidated earnings (consolidated EBIT) increased to EUR 8.3 million (EUR 6.7 million) and its adjusted consolidated earnings before depreciation and amortisation (consolidated EBITDA) likewise increased to EUR 16.7 million (EUR 15.4 million). Taking account of negative exceptional effects (non-recurring items) of EUR 1.3 million (previous year: no exceptional effects (no non-recurring items)), expenses arising from the financial result and the result from equity interests of EUR 1.7 million (EUR 1.4 million), income taxes of EUR 2.1 million (EUR 1.6 million) and expenses arising from the gain or loss on the net monetary position in accordance with IAS 29 determined for the first time in the 2022 financial year of EUR 1.2 million, the Berentzen Group generated a consolidated net profit of EUR 2.1 million (EUR 3.7 million).

The results for the financial year are based largely on the significant developments and events described in section (2.2.3) and the development of financial performance summarised under section (2.2.4).

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

The following report covers the most important financial performance indicators of the Berentzen Group applied for internal management purposes in the 2022 financial year. The Group's actual performance is compared with the forecast performance by contrasting the forecasts communicated in the past financial year with the actual performance figures. Symbols are used to illustrate the extent to which the most recent forecast in each case was met, with ✓✓ indicating that the forecast was surpassed, ✓ indicating that the forecast was met, and × indicating that the forecast was not met.


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Financial performance

In a market environment characterised by the beneficial factor of less restrictive anti-coronavirus measures, but also by the adverse factor of the repercussions of the war between Russia and Ukraine, achieving the Group's earnings targets was challenging in the 2022 financial year. The business performance of the individual segments was mixed.

Performance of the segments

	Forecast for the 2022 financial year in the 2021 forecast report EURm	Adjustments made during the 2022 financial year EURm	Actual business performance 2022 EURm	
Contribution margin after marketing budgets				
Segment				
Spirits	29.8 to 32.9		31.3	✓
Non-alcoholic Beverages	23.3 to 25.7	Q2: 25.0 to 27.5 Q3: 23.3 to 25.7	22.9	×
Fresh Juice Systems	5.7 to 6.3		6.2	✓
Other segments	1.2 to 1.5	Q2: 2.3 to 2.6 Q3: 3.5 to 3.8	4.4	✓✓

The original forecasts of segment earnings (contribution margin after marketing budgets) for the 2022 financial year communicated in the Management Report for the 2021 financial year and the forecast adjustment communicated in the course of the present year were surpassed in one case, met in two cases, and not met in one case.

Unless otherwise noted, the comparative statements made below always refer to the assumptions underlying the updated forecasts communicated in October 2022.

In the *Spirits* segment, the forecast earnings range of EUR 29.8 million to EUR 32.9 million was met by actual segment earnings of EUR 31.3 million. Although the contribution margin amount was slightly higher on the whole, the positive effect on the segment earnings indicator was somewhat lessened by the higher amount of funds allocated to marketing budgets and customer sales budgets. Despite significantly higher sales volumes, the contribution margin value in the business with focus brands — particularly *Berentzen* and *Puschkin* — fell short of the high expectations overall, in the context of huge price increases for materials. The forecast contribution margins for other branded products, especially the traditional *Strothmann*-brand spirits, and export sales of branded spirits were surpassed on the whole. The development of the contribution margins generated on sales of private-label brands, including both premium and medium private-label products, as well as standard private-label products, was in line with expectations.

In the *Non-alcoholic Beverages* segment, both the original forecast and the adjusted forecast of EUR 23.3 million to EUR 25.7 million were missed by segment earnings of EUR 22.9 million. The contribution margin amount on which the corrected forecast was based was not met and the decrease in the amount of funds allocated to marketing budgets compared to the forecast assumptions was not enough to offset this development. Although contribution margin growth was achieved compared to the previous year in the business with own brands and franchise brands, this was not sufficient to reach the target contribution margins in these product categories.

The segment earnings of EUR 6.2 million achieved in the *Fresh Juice Systems* segment were at the upper end of the forecast range of EUR 5.7 million to EUR 6.3 million communicated in the Management Report 2021 due to the fact that the increase in the contribution margin was generally in line with the expectations. Whereas the contribution margin amount generated on sales of fruit presses and the corresponding spare parts and service as one of the system components was slightly lower than expected, the contribution margin targets for the system components of bottling systems and fruit were surpassed by a wide margin. Although the amount of funds allocated to marketing and trade advertising was less than expected, the positive effect of this development on segment earnings was minor by reason of the low amount involved.

The segment earnings of EUR 4.4 million achieved in the *Other segments* surpassed both the initial forecast range and the updated forecast ranges communicated in the second and third quarters. This positive development can be attributed to the significantly higher contribution margin generated on sales of spirits in Turkey compared to the corresponding plan assumptions. This organisational unit benefited particularly from the recovery of tourism in that country. The low amount of funds allocated to marketing and trade advertising was according to plan and therefore it had neither a positive nor a negative effect on the overall development of segment earnings.

Development of consolidated revenues and consolidated operating result

	Forecast for the 2022 financial year in the 2021 forecast report EURm	Adjustments made during the 2022 financial year EURm	Actual business performance 2022 EURm	
Consolidated revenues	154.0 to 162.0	Q2: 158.0 to 165.0 Q3: 172.0 to 177.0	174.2	✓
Consolidated operating earnings (consolidated EBIT)	5.0 to 8.0	Q2: 6.0 to 8.0 Q3: 7.8 to 8.8	8.3	✓
Consolidated operating earnings before depreciation and amortisation (consolidated EBITDA)	14.0 to 17.0	Q2: 15.0 to 17.0 Q3: 16.1 to 17.1	16.7	✓

The consolidated revenues of EUR 174.2 million generated in the 2022 financial year met or exceeded both the original forecast range and the twice-corrected forecast ranges, the latest one being EUR 172.0 million to EUR 177.0 million. The significant revenue growth was driven by the positive performance of the segments *Spirits*, *Fresh Juice Systems*, *Non-alcoholic Beverages*, and *Other*.

Based on the changes in the individual segment earnings and consolidated revenues described above, the adjusted consolidated operating result (consolidated EBIT) and the adjusted consolidated operating result before depreciation and amortisation (consolidated EBITDA) met the adjusted forecasts. The consolidated EBIT of EUR 8.3 million and the consolidated EBITDA of EUR 16.7 million met the respective adjusted forecasts for the 2022 financial year.

Cash flows and financial position

The Group’s cash flows and financial position remained sound. There were no discrepancies between the relevant key indicators applied for internal management purposes and the latest corresponding forecasts.

Development of cash flows

	Forecast for the 2022 financial year in the 2021 forecast report EURm	Adjustments made during the 2022 financial year EURm	Actual business performance 2022 EURm	
Operating cash flow	11.0 to 13.0		12.3	✓

A forecast range of EUR 11.0 million to EUR 13.0 million had been communicated for operating cash flow, which essentially excludes changes in working capital so as to show the effects of operating profitability on cash flows. With a value of EUR 12.3 million, this target was achieved. Please refer to section (2.2.5) Financial position for additional information on this subject.

Development of financial position

	Forecast for the 2022 financial year in the 2021 forecast report	Adjustments made during the 2022 financial year	Actual business performance 12/31/2022	
Equity ratio	34.0% to 39.0%		34.2%	✓
Dynamic gearing ratio	< 0.00		- 0.58	✓

The equity ratio as at December 31, 2022 was 34.2%, little changed in the previous year and thus at the lower end of the forecast range of 34.0% to 39.0%. This development is mainly attributable to the EUR 1.3 million increase in shareholders' equity accompanied by the EUR 4.2 million or 2.9% increase in total assets.

The dynamic gearing ratio as at December 31, 2022 was - 0.58, in line with the earnings forecast. The negative sign indicates that cash and cash equivalents exceed non-current and current financial liabilities. Thus, the Berentzen Group is not formally over-indebted and it remains well able to service its debts.

(2.2.3) Business performance – significant developments and events

Effects of the coronavirus pandemic

The coronavirus pandemic has remained a significant event in the financial year, in line with expectations. Some of the measures taken by federal and state governments to contain the coronavirus continued to have an adverse impact on economic activity in Germany, albeit with declining intensity as the year went on, to the point that some have been largely lifted. The measures include entrance restrictions and regulations imposed on food and drink establishments, extensive social distancing measures and strict rules for events. The Three Step Plan resolved by the federal and state governments in February 2022 led to initial steps toward re-opening, starting in March. Finally, at the beginning of April, an amended infectious diseases protection law largely brought an end to the measures. Only basic protection, including a mask requirement in certain areas, remains in effect.

The coronavirus pandemic has also impacted the sourcing market, resulting on the one hand in a shortage of materials – particularly raw materials and intermediate products – and on the other in supply bottlenecks. Although the effects of the coronavirus pandemic have weakened overall, persistent waves of infection continue to impair economic activity, particularly in China.

All segments of the Berentzen Group continue to experience the effects of the coronavirus pandemic. The business with non-alcoholic beverages and branded spirits was impacted in particular by the entrance restrictions and regulations governing bars and restaurants in the first quarter, which above all affected the *Non-alcoholic Beverages* segment. In the *Spirits* segment, the cancellation of celebrations also impacted sales performance, in particular of those branded products that tend to be consumed on social occasions. In the *Fresh Juice Systems* segment, the pandemic continued to have a negative impact on the sale of fruit presses, owing to a suspension of investments in the direct and indirect sales channels restaurants and food retailers.

The war between Russia and Ukraine

On February 24, 2022, Russia launched an invasion of Ukraine, causing Ukrainian President Volodymyr Zelenskyy to declare a state of war and martial law across the country. Russia's war of aggression has ground on since then with increasing hardship and destruction. Millions of people have fled Ukraine since the war began. In response to Russia's war of aggression, NATO and EU member states have imposed extensive sanctions on Russia. The potential loss of revenues for the Berentzen Group as a direct result of the conflict is very low. Thus, in the entire 2022 financial year, only around 0.2% (0.2%) of consolidated revenues were generated in total in Russia and Ukraine. On the other hand, more significant impacts were felt in the sourcing market, as the war has further aggravated the existing supply bottlenecks. As a result, prices for energy and materials have soared. A modest improvement in the price situation has begun to emerge since the fourth quarter, but prices remain high. The Berentzen Group does not currently expect a rapid recovery in the various supply chains, particularly for procurement of grain alcohols and glass. The possible impacts on the Berentzen Group’s financial performance are analysed continuously, with countermeasures taken where necessary.

General economic conditions and impairment testing for the Non-alcoholic Beverages segment

In the 2022 financial year, there were steep price increases and high inflation rates in commodities markets and difficult conditions on financial markets, including higher (market) interest rates. As a result, among other things, the basic interest rate under IDW S1, published for valuation purposes by the Institute of Public Auditors in Germany (IDW), rose by nearly two percentage points in the 2022 financial year. In addition, the non-alcoholic beverages market has shown a particular vulnerability to the rise in energy prices. This development made it necessary to conduct an ad hoc impairment test for the *Non-alcoholic Beverages* segment or cash-generating unit as at June 30, 2022, September 30, 2022 and December 31, 2022. Consideration was given to the interest rate change in the respective discount rate applied – the weighted average cost of capital (WACC). Based on the results of the impairment tests conducted as at June 30 and September 30, there was no need to recognise impairments or reversals of earlier impairments. However, based on the result of the impairment test conducted as at December 31, an impairment loss of EUR 1.3 million was recognised.

(2.2.4) Financial performance

The following table summarises the development of the Group's financial performance. Individual items in the Consolidated Statement of Comprehensive Income have been adjusted for income- and expense-related exceptional effects (non-recurring items) in line with the definition of the normalised consolidated EBIT used to manage the Group. Likewise not included in the normalised consolidated EBIT is the "Gain or loss from the net monetary position per IAS 29", which was calculated for the first time as at June 30, 2022 and is related to the hyperinflationary economy in Turkey.

	2022		2021		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Consolidated revenues	**174,216**	**97.4**	**146,109**	**99.8**	**+ 28,107**	**+ 19.2**
Change in inventories	4,696	2.6	336	0.2	+ 4,360	> + 100.0
Total operating performance	**178,912**	**100.0**	**146,445**	**100.0**	**+ 32,467**	**+ 22.2**
Purchased goods and services	99,652	55.7	77,988	53.3	+ 21,664	+ 27.8
Consolidated gross profit	**79,260**	**44.3**	**68,457**	**46.7**	**+ 10,803**	**+ 15.8**
Other operating income	4,747	2.7	3,798	2.6	+ 949	+ 25.0
Personnel expenses	28,803	16.1	26,753	18.3	+ 2,050	+ 7.7
Depreciation and amortisation of assets	8,318	4.6	8,649	5.9	- 331	- 3.8
Other operating expenses	38,550	21.5	30,142	20.6	+ 8,408	+ 27.9
Operating expenses	75,671	42.3	65,544	44.8	+ 10,127	+ 15.5
Consolidated operating profit (EBIT)	**8,337**	**4.7**	**6,711**	**4.6**	**+ 1,626**	**+ 24.2**
Gain or loss from the net monetary position in accordance with IAS 29	- 1,195	- 0.7	0	0.0	- 1,195	> - 100.0
Exceptional effects	- 1,299	- 0.7	0	0.0	- 1,299	> - 100.0
Financial result and result from equity interests	- 1,671	- 0.9	- 1,410	- 1.0	- 261	- 18.5
Consolidated profit before taxes	**4,171**	**2.3**	**5,301**	**3.6**	**- 1,130**	**- 21.3**
Income tax expenses	2,070	1.2	1,639	1.1	+ 431	+ 26.3
Consolidated profit	**2,101**	**1.2**	**3,662**	**2.5**	**- 1,561**	**- 42.6**

Consolidated revenues and total operating performance

The consolidated revenues of the Berentzen Group excluding alcohol tax amounted to EUR 174.2 million in the 2022 financial year (EUR 146.1 million), while the consolidated revenues including alcohol tax amounted to EUR 368.2 million (EUR 328.8 million). Including the changes in inventory of EUR 4.7 million (EUR 0.3 million), the total operating performance came to EUR 178.9 million (EUR 146.4 million).

	2022 EUR'000	2021 EUR'000
Revenues excluding alcohol tax		
Spirits segment	103,976	92,657
Non-alcoholic Beverages segment	44,649	35,346
Fresh Juice Systems segment	18,816	15,363
Other segments	6,775	2,743
Consolidated revenues excluding alcohol tax [1)]	**174,216**	**146,109**
Alcohol tax	193,947	182,669
Consolidated revenues including alcohol tax	**368,163**	**328,778**

1) Please refer to the comments on sector risks in section (3.2) of the Risk and Opportunities Report for information on the development of the share of consolidated revenues generated with the corporate group's most important trading partners.

Development of revenues in the individual segments

A major factor influencing business performance is the development of revenues in the various product groups and categories, even though diverse mix effects mean that there is no strictly linear link to the development of consolidated gross profit and earnings indicators. The customer sales budgets were included to allow for a reconciliation with the product group-specific revenues in the *Spirits* and *Non-alcoholic Beverages* segments with the revenues presented in the Segment Report. The customer sales budgets are subsidies deducted directly from revenues in accordance with IFRS 15, which can be allocated to the respective customers, but not to the products, product groups or business categories presented below.

Spirits

	2022	2021	Change	
	EUR'000	EUR'000	EUR'000	%
Berentzen	15,432	13,155	+ 2,277	+ 17.3
Puschkin	7,585	6,604	+ 981	+ 14.9
Other	791	999	- 208	- 20.8
Focus brands	23,808	20,758	+ 3,050	+ 14.7
Other brands	10,695	9,153	+ 1,542	+ 16.8
Customer sales budget	- 2,212	- 2,235	+ 23	+ 1.0
Branded spirits in Germany	**32,291**	**27,676**	**+ 4,615**	**+ 16.7**
Branded spirits abroad	6,683	5,928	+ 755	+ 12.7
Premium/medium private-label brands	23,700	21,801	+ 1,899	+ 8.7
Standard private-label brands	43,036	38,743	+ 4,293	+ 11.1
Customer sales budget	- 1,363	- 1,182	- 181	- 15,3
Export and private-label brands	**72,056**	**65,290**	**+ 6,766**	**+ 10.4**
Other and internal revenues	- 371	- 309	- 62	- 20,1
Revenues in the Spirits segment	**103,976**	**92,657**	**+ 11,319**	**+ 12.2**

Compared to the previous year, the revenues generated in the *Spirits* segment in the 2022 financial year exhibited a clearly positive development of 12.2%, reaching EUR 104.0 million (EUR 92.7 million) in total. The Berentzen Group generated revenues of EUR 32.3 million on sales of domestic branded spirits (EUR 27.7 million) and revenues of EUR 72.1 million (EUR 65.3 million) on sales of branded spirits in markets outside of Germany and on sales of private-label brands (collectively: export and private-label brands) in the past financial year.

The revenues generated on sales of domestic branded products increased markedly by a total of 16.7% as at December 31, 2022, particularly as a result of the much less restrictive measures imposed to curb the spread of the coronavirus compared to the previous year, although numerous consumption occasions such as Carnival and private celebrations were cancelled or could only be held with restrictions in the early months of the 2022 financial year. The revenues generated on sales of focus brands rose by 14.7% over the previous year, particularly due to the strong performance of the two focus brands *Berentzen* and *Puschkin*. The revenues generated on sales of *Berentzen* products increased by 17.3% and those of *Puschkin* products by 14.9% in the 2022 financial year. By contrast, the revenues generated on sales of the other focus brands (*Tres Países*, *Norden Dry Gin* and *Goldkehlchen*), while comparatively low in absolute terms, declined markedly by 20.8%. The revenues generated on sales of the other spirits brands, particularly the “classic” spirits (*Strothmann*, *Bommerlunder*, etc.), were 16.8% higher. The revenue deductions for the customer sales budgets granted to promote domestic sales of the Group’s branded products amounted to EUR 2.2 million, unchanged from the previous year (EUR 2.2 million).

The revenues generated on sales of export and private-label brands amounted to EUR 72.1 million in the 2022 financial year, that being 10.4% higher than in the previous year (EUR 65.3 million). Positive growth was achieved in all product categories. Revenues on sales of the premium and medium product concepts, which are the Group’s strategic focus, increased markedly by 8.7%, while revenues on sales of the lower-margin standard products increased even more, by 11.1%. Moreover, revenue growth of 12.7% was achieved on export sales of branded spirits, especially the focus brands *Berentzen* and *Puschkin* in the Benelux countries. The customer sales budgets of EUR 1.4 million granted to customers to promote sales of export and private-label brands were higher than in the previous year (EUR 1.2 million).

The revenues generated in the category of Other and internal revenues within the *Spirits* segment amounted to EUR -0.4 million (EUR -0.3 million).


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Non-alcoholic Beverages

	2022	2021	Change	
	EUR'000	EUR'000	EUR'000	%
Mio Mio	16,838	13.576	+ 3,262	+ 24.0
Kräuterbraut	171	153	+ 18	+ 11.8
Focus brands	17.009	13.729	+ 3,280	+ 23.9
Emsland / St. Ansgari	9,449	9.078	+ 371	+ 4.1
Märkisch / Grüneberger	8,047	6.982	+ 1,065	+ 15.3
Regional brands	17,496	16.060	+ 1,436	+ 8.9
Other brands	3,130	2,848	+ 282	+ 9.9
Branded products	**37,635**	**32,637**	**+ 4,998**	**+ 15.3**
Franchise business	11,158	2,671	+ 8,487	> + 100.0
Contract bottling business	1,399	3,804	- 2,405	- 63.2
Other business	**12,557**	**6,475**	**+ 6,082**	**+ 93.9**
Customer sales budgets	- 5,979	- 4.085	- 1.894	- 46.4
Other and internal revenues	436	319	+ 117	+ 36.7
Revenues in the Non-alcoholic Beverages segment	**44,649**	**35,346**	**+ 9,303**	**+ 26.3**

In the *Non-alcoholic Beverages* segment, the revenues generated on sales of mineral waters and soft drinks increased substantially by 26.3% to EUR 44.6 million in the 2022 financial year (EUR 35.3 million). Revenues on sales of branded products also registered strong growth of EUR 5.0 million or 15.3%, particularly thanks to a 24.0% increase in sales of the beverages distributed under the Group's *Mio Mio* brand, which belong to the product category of focus brands; the main causes of the growth proved to be the newly introduced product varieties *Mio Mio Orange + Caffeine* and *Mio Mio Lemon + Caffeine*, the development of the business in food and drink establishments and the better tapping of regions of Germany little penetrated to date. Revenue growth in the product category of regional brands, which particularly includes the brands *Emsland Quelle*, *Emsland Sonne*, *Märkisch Kristall*, *St. Ansgari* and *Grüneberg Quelle*, was likewise positive, with revenues rising by 8.9% to EUR 17.5 million. Comparable revenue growth of 9.9% was achieved in the category of Other brands, in which sales of *Vivaris Sport*-brand products generate the lion's share of revenues.

The franchise business recovered very well from the previous year, with revenue growth of EUR 8.5 million, which is considerably higher than 100%. This growth was particularly driven by revenues from cooperation projects with prominent artists in the amount of EUR 7.2 million, which have only been generated since February 2022. These revenues are presented within the franchise business. Positive revenue growth was also generated on sales of the branded beverages of the *Sinalco* Group due to the fact that sales in the comparison period had been much more affected by the closure of eating establishments to combat the coronavirus pandemic.

The revenues generated on contract bottling orders fell by EUR 2.4 million or 63.2% for the sole reason that a years-long bottling contract for *Pepsi*-brand products was terminated at the end of the first quarter of 2021.

The customer sales budgets allocated to the *Non-alcoholic Beverages* segment rose by 46.4% from the previous year. This increase is attributable in part to the above-mentioned cooperation projects with prominent artists, which were done for the first time in the 2022 financial year.

Other and internal revenues amounted to EUR 0.4 million (EUR 0.3 million).

Fresh Juice Systems

	2022 EUR'000	2021 EUR'000	Change EUR'000	%
Fruit presses	6,419	5,025	+ 1,394	+ 27.7
Fruit	8,030	7,030	+ 1,000	+ 14.2
Bottling systems	4,641	3,582	+ 1,059	+ 29.6
Other and internal revenues	- 274	- 274	+/- 0	+ 0.0
Revenues in the Fresh Juice Systems segment	**18,816**	**15,363**	**+ 3,453**	**+ 22.5**

The *Fresh Juice Systems* segment achieved considerable revenue growth of 22.5% in the 2022 financial year. The revenues generated in connection with fruit presses, spare parts, and service rose significantly by 27.7%, driven especially by strong growth in the regions of the United States, the United Kingdom and Eastern Europe. Revenues on sales of fruit increased by 14.2% and revenues on sales of bottling systems increased even more, by 29.6%. These gains were achieved in the core regions of Germany and Austria, which are served by the Group's own sales teams, and were driven by the recovery from the effects of the coronavirus pandemic.

Other and internal revenues amounted to EUR -0.3 million (EUR -0.3 million).

Other segments

	2022 EUR'000	2021 EUR'000	Change EUR'000	%
Spirits business in the Turkish Group company	5,769	2,053	+ 3,716	> + 100.0
Tourism, events and webshop business	1,059	810	+ 249	+ 30.7
Other and internal revenues	- 53	- 120	+ 67	+ 55.8
Revenues in the Other segment	**6,775**	**2,743**	**+ 4,032**	**> + 100.0**

The spirits business in Turkey, which is included in the *Other segment*, continued to perform well, with revenues rising impressively by more than 100%. The tourism market environment in Turkey improved considerably in the 2022 financial year, after having still been affected intermittently by the effects of the coronavirus pandemic in the previous year.

Also included in the *Other segments* is the Berentzen Group's tourism, events and webshop business, which had likewise been heavily affected by the coronavirus pandemic in the past. The revenues generated in this business exhibited a clearly positive development in the 2022 financial year, gaining 30.7% to a level last seen in 2019, the last financial year before the outbreak of the pandemic.

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

Overall assessment of revenue performance

The anti-coronavirus measures imposed by the German federal and state governments became less restrictive over the course of the 2022 financial year and were finally lifted for the most part. In this environment, the Berentzen Group's sales recovered across the board. At the Group level, consolidated revenues rose by 19.2% to EUR 174.2 million. All segments of the Berentzen Group generated growth, albeit to varying degrees. In the *Spirits* segment, revenue growth was achieved in all product categories, at growth rates ranging from 9% to 17%. Revenues increased considerably in the Non-alcoholic Beverages segment thanks to dynamic growth in sales of the focus brand *Mio Mio* and a recovery of revenues in the franchise business, particularly due to the cooperation projects conducted with prominent artists for the first time in the 2022 financial year. The revenues generated in the *Fresh Juice Systems* segment were likewise well above the level of the previous year. The strongest growth in relative terms was achieved in the *Other segments*.

Purchased goods and services and consolidated gross profit

In line with the considerably higher total operating performance, the amount of purchased goods and services increased disproportionately to EUR 99.7 million (EUR 78.0 million). The ratio of purchased goods and services to total operating performance rose accordingly to 55.7% (53.3%).

The raw materials and goods purchased by the Berentzen Group for the production of spirits and non-alcoholic beverages are mainly concentrated in the categories of alcohol (including grain alcohol, rectified spirit, whiskey and rum), flavourings (basic substances and aromas) and sugar, as well as packaging (mainly glass and cardboard). In the *Fresh Juice Systems* segment, procurement costs are incurred for the system components of fruit presses, fruit (oranges) and bottling equipment.

A large part of the raw materials needed for the production of spirits and non-alcoholic beverages and the fruit (oranges) traded in the *Fresh Juice Systems* segment are agricultural products, the availability and prices of which are largely dependent on the respective harvests. Prices and availability can also be influenced to a considerable degree by regulatory measures such as customs duties, for example. In the *Spirits* segment, the procurement costs for all essential categories of raw materials and packaging materials were affected by price increases, which were dramatic in some cases. The biggest driver was energy prices, the development of which adversely impacted energy-intensive production sectors such as the glass and aluminium industry, for example. Moreover, the procurement costs for most harvest-dependent raw materials increased substantially as well. The *Fresh Juice Systems* segment was impacted by higher prices for procurement costs of fruit presses and bottling systems, while the procurement costs for fruit (oranges) were largely unchanged.

Despite the higher costs of purchased goods and services, the Group's consolidated gross profit increased significantly by EUR 10.8 million thanks to the EUR 32.5 million increase in the total operating performance. The consolidated gross profit margin itself was 2.4 percentage points lower than in the previous year.

Other operating income

The total other operating income of EUR 4.7 million earned in the 2022 financial year was considerably higher than the corresponding figure in the previous year (EUR 3.8 million). Besides income from reversals of liabilities and provisions in the amount of EUR 1.6 million (EUR 0.8 million), this item consisted particularly of income from the settlement of deposit fees und sales of empties in the amount of EUR 1.0 million (EUR 0.5 million). This development resulted in particular from a higher volume of business using disposable bottles in the *Non-alcoholic Beverages* and *Fresh Juice Systems* segments.

Operating expenses

As a result of the developments described above, the Group's operating expenses of EUR 75.7 million were well above the level of the previous year (EUR 65.5 million). Coupled with the likewise substantial, 22.2% increase in the total operating performance, which rose to EUR 178.9 million (EUR 146.4 million), this development led to a slightly lower ratio of operating expenses to operating performance of 42.3% (44.8%).

Personnel expenses increased significantly by EUR 2.1 million to EUR 28.8 million (EUR 26.8 million), although the personnel expenses ratio declined to 16.1% (18.3%). The chief reasons for the increase in personnel expenses were the additionally created positions in the organisational areas of sales, production, and engineering, as well as the higher amounts of vacation entitlements, overtime pay and variable compensation components due to reporting date effects. The Group's headcount as at December 31, 2022 was modestly higher than in the previous year and the Group also had more full-time employees on average during the 2022 financial year. As at December 31, 2022, the Group had 495 (489) employees (including apprentice-trainees), including 204 (199) in production and 265 (266) in commercial and administration activities; 26 (24) apprentice-trainees were in vocational training programmes. The Berentzen Group had an average of 422 (417) full-time employees in the past financial year.

Despite the increase in the volume of funds invested to EUR 9.1 million (EUR 8.5 million) in total, asset depreciation and amortisation fell slightly to EUR 8.3 million (EUR 8.6 million) in total in the 2022 financial year due to the fact that a large share of investments in technical equipment and machinery will only be completed in the 2023 financial year so that the corresponding assets under construction were not yet subject to depreciation and amortisation. Writedowns of EUR 0.5 million (EUR 0.8 million) were charged against the intangible assets included in the purchase price allocation for the acquisition of Citrocasa GmbH. These intangible assets are attributed to the *Fresh Juice Systems* segment.

Other operating expenses increased significantly to EUR 38.6 million (EUR 30.1 million). In line with business growth effects, transport and external selling expenses in particular rose to EUR 22.5 million (EUR 15.1 million) in total. The marketing and trade advertising expenses of EUR 3.3 million were little changed from the previous year (EUR 3.4 million), while the maintenance expenses totalling EUR 3.5 million were higher than in the previous year (EUR 3.1 million). Miscellaneous other operating expenses rose to EUR 9.2 million (EUR 8.6 million) in total, this increase being mainly attributable to higher legal, consulting and auditing costs.

Gain or loss from the net monetary position according to IAS 29

Turkey has been classified as a hyperinflationary economy according to the definition of IAS 29 since June 2022. Because the Turkish lira is the functional currency of the Turkish subsidiary, IAS 29 must be applied to the separate financial statements of this subsidiary from that time onward. Therefore, the effects of the purchasing power adjustment of the non-monetary line items in the statement of financial position and the line items of the statement of comprehensive income are to be presented within the new item "Gain or loss from the net monetary position per IAS 29". These adjustments gave rise to a net loss of EUR 1.2 million in the 2022 financial year.

Exceptional effects

Exceptional effects in the 2022 financial year

In view of the sharp price increases and high inflation rates and ever increasing (market) interest rates in the 2022 financial year, as well as the fact that the Non-alcoholic Beverages segment was especially affected in the course of the year by higher energy prices, it was necessary to conduct impairment testing of the segment or cash-generating unit *Non-alcoholic beverages* as at June 30, 2022, September 30, 2022 and December 31, 2022. Based on the results of the impairment tests conducted as at June 30 and September 30, there was no need to recognise impairments or reversals of earlier impairments. Based on the result of the impairment test conducted as at December 31, however, an impairment loss of EUR 1.3 million was recognised as an exceptional effect.

Exceptional effects in the 2021 financial year

There were no business transactions considered to be exceptional effects in the 2021 financial year.

Financial result and result from equity interests

The financial result and result from equity interests led to a net expense of EUR 1.7 million (EUR 1.4 million). The higher expense compared to the previous year is mainly attributable to the unfavourable development of relevant benchmark interest rates applied for debt financing purposes in the second half of the 2022 financial year.

Income tax expenses

The income tax expenses of EUR 2.1 million (EUR 1.6 million) included EUR 2.2 million (EUR 2.0 million) for German trade tax and corporate income tax and comparable foreign income taxes for the 2022 financial year. The measurement of deferred taxes in accordance with IAS 12 gave rise to deferred tax income of EUR 0.1 million (EUR 0.3 million).

Consolidated profit

Given that the higher costs of energy and materials were offset by the considerably higher volume of business compared to the previous year, particularly due to growth in unit sales, the consolidated gross profit increased by EUR 10.8 million from the previous year. After including the EUR 10.1 million increase in operating expenses and the EUR 0.9 million increase in other operating income, the adjusted consolidated operating result or consolidated EBIT rose to EUR 8.3 million (EUR 6.7 million). The expense arising from the financial result and result from equity interests increased by EUR 0.3 million. Income tax expenses also increased by EUR 0.4 million. Including the exceptional effect of EUR 1.3 million (PY: no exceptional effect) and the gain or loss from the net monetary position according to IAS 29 in the amount of EUR 1.2 million, which was calculated for the first time in the 2022 financial year, the consolidated profit came to EUR 2.1 million, well below the level of the previous year (EUR 3.7 million).

Income-related financial performance indicators (reconciliation)

The reconciliation with the income-related financial performance indicators with the financial performance indicators described in the Basic information about the Group in section (1.2) is presented in the table below.

	2022					
	Revenues EUR'000	Inter-segment revenues EUR'000	Purchased goods and services EUR'000	Other direct costs EUR'000	Marketing including advertising EUR'000	Contribution margin after marketing budgets EUR'000
Contribution margin after marketing budgets						
Segment						
Spirits	103,976	7,503	72,419	6,006	1,740	31,314
Non-alcoholic beverages	44,649	261	12,073	8,626	1,303	22,908
Fresh Juice Systems	18,816	0	10,819	1,695	148	6,154
Other segments	6,775	11	2,156	177	70	4,383
Total	**174,216**	**7,775**	**97,467**	**16,504**	**3,261**	**64,759**

	2021					
	Revenues EUR'000	Inter-segment revenues EUR'000	Purchased goods and services EUR'000	Other direct costs EUR'000	Marketing including advertising EUR'000	Contribution margin after marketing budgets EUR'000
Contribution margin after marketing budgets						
Segment						
Spirits	92,657	291	54,772	4,710	2,323	31,143
Non-alcoholic Beverages	35,346	29	9,515	4,497	877	20,486
Fresh Juice Systems	15,363	2	8,652	1,282	72	5,359
Other segments	2,743	10	1,281	73	70	1,329
Total	**146,109**	**332**	**74,220**	**10,562**	**3,342**	**58,317**

	2022 EUR'000	2021 EUR'000
Consolidated revenues	**174,216**	**146,109**
Consolidated EBIT / consolidated EBITDA		
Consolidated profit	2,101	3,662
Income tax expenses	2,070	1,639
Financial result and result from equity interests	- 1,671	- 1.410
Exceptional effects	- 1,299	0
Gain or loss from the net monetary position in accordance with IAS 29	- 1,195	0
Consolidated EBIT	**8,337**	**6,711**
Depreciation and amortisation of assets	8,318	8,649
Consolidated EBITDA	**16,654**	**15,360**

(2.2.5) Cash flows

Funding structure

The main objectives of financial management are to provide adequate liquidity for the Company's business operations, to secure the funding of the corporate group also with growth in mind, and to balance temporary, volatile liquidity burdens so as to optimise both costs and income.

Based on consolidated comprehensive income of EUR 3.2 million (EUR 2.8 million), shareholders' equity rose to EUR 50.1 million (EUR 48.9 million) after the dividend payment of EUR 2.1 million (EUR 1.2 million) resolved by the Annual General Meeting in May 2022. Against total assets that were slightly higher than in the previous year, the consolidated equity ratio remained stable at 34.2% (34.4%) as at December 31, 2022.

Non-current liabilities fell to EUR 9.5 million (EUR 10.8 million). This item included financial liabilities of EUR 1.3 million (EUR 1.3 million) as at December 31, 2022. Non-current liabilities accounted for 9.9% (11.6%) of consolidated total liabilities. The Group also has access to various sources of funding in the form of short-term lines of credit, which amounted to EUR 86.7 million (EUR 82.5 million), representing 59.2% (58.0%) of consolidated total assets at the reporting date.

The total funding of the Berentzen Group at the end of the 2022 financial year is presented in the table below:

		Funding line 12/31/2022			Funding line 12/31/2021		
		Long-term EURm	Short-term EURm	Total EURm	Long-term EURm	Short-term EURm	Total EURm
Syndicated loan agreement	Line, limited	0.0	33.0	33.0	0.0	33.0	33.0
Factoring	Line, limited	0.0	60.0	60.0	0.0	55.0	55.0
Central settlement through factoring	Line, unlimited [1)]	0.0	9.6	9.6	0.0	8.3	8.3
Working capital loans	Line, limited [2)]	0.0	1.5	1.5	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 funding		**0.0**	**104.9**	**104.9**	**0.0**	**98.0**	**98.0**

1) Average funding volume in the financial year.

2) This figure includes working capital loans denominated in foreign currencies, which have been translated to the functional currency as at the respective reporting dates.

In December 2021, Berentzen-Gruppe Aktiengesellschaft extended the syndicated loan agreement concluded with a bank syndicate in December 2016 by another five years. Thus, the maturity date is now December 31, 2026. The total funding volume of EUR 33.0 million is available to the Berentzen Group in two forms, the first being bilaterally agreed branch lines of credit in the amount of EUR 21.0 million and the second being drawdowns with maturities of one, two, three or six months in the amount of EUR 12.0 million. The funding volume can be optionally increased by means of an additionally agreed repayable-at-maturity facility for acquisition financing in the amount of EUR 10.0 million. Drawdowns bear interest at variable rates based on the EURIBOR benchmark rate plus a generally fixed interest margin. The syndicated loan agreement is not secured. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors under a cross-guarantee arrangement taking the form of a guarantor concept based on the minimum fulfilment of certain Groupwide inventory levels and flow variables stipulated in the agreement, which Berentzen-Gruppe Aktiengesellschaft as the borrower and the guarantors are obligated to maintain. The borrower is obligated to regularly fulfil two contractually defined covenants, the dynamic gearing ratio and the equity ratio, which are to be measured on the basis of its consolidated financial statements. The syndicated loan agreement, which is essentially based on the international contract standard of the British Loan Market Association ("LMA standard"), also stipulates the customary obligations, conditions, assurances and warranties, particularly on the subject of debt limits, limitations on the sale of assets, and a change-of-control clause. If the covenants, other obligations, conditions, assurances and warranties are breached, and if a change of control occurs, the lenders will be fundamentally entitled to terminate the syndicated loan agreement prematurely and to declare the borrowed funds, outstanding interest, and costs due and payable immediately.

Factoring lines represent another key source of external funding. In August 2022, the Berentzen Group extended its two existing factoring agreements early by three years each until March 31, 2027 and increased the total funding volume available under these factoring agreements by EUR 5.0 million from EUR 55.0 million to EUR 60.0 million. The Group also has access to a formally unlimited factoring line under three further central settlement and factoring agreements with indefinite terms (“until further notice”). The average gross funding volume available under these factoring agreements amounted to EUR 9.6 million in the 2022 financial year (EUR 8.3 million). The factoring agreements are free of covenants on the whole.

Apart from the syndicated loan agreement, the volume of funding from credit agreements with the providers of working capital to the Berentzen Group totals EUR 1.5 million (EUR 0.9 million). These credit lines are available to two foreign Group companies and each has an indefinite term (“until further notice”). Collateral must be provided for one of the credit lines by one of the foreign Group companies in an amount equivalent to EUR 1.3 million (EUR 0.7 million), generally in the form of cash or other securities received before the due date. The Group’s total funding also includes two surety bonds for alcohol tax issued to the surety bond insurers in the total amount EUR 0.8 million (EUR 0.8 million).

Including the formally unlimited factoring agreements with a central settlement agent, the gross funding volume from factoring arrangements as opposed to the working capital credit lines granted under the syndicated loan agreement amounted to EUR 71.1 million as at December 31, 2022 (EUR 64.2 million). In most cases, these short-term external or debt financing arrangements bear interest on the basis of the EURIBOR and EONIA benchmark interest rates, plus a fixed interest margin, otherwise at interest rates based on local market conditions or at fixed interest rates.

The factoring agreements, the central settlement and factoring agreements, and the agreements for working capital lines not included within the syndicated loan agreement are in effect with both Berentzen-Gruppe Aktiengesellschaft and other companies of the Berentzen Group.

As in the previous years, the funding of the motor vehicle fleet, a few other items of plant and office equipment and specific offices and business premises was provided by leases. These leases, which are accounted for in accordance with IFRS 16, gave rise to lease liabilities of EUR 2.3 million as at December 31, 2022 (EUR 2.3 million).

Moreover, the Berentzen Group is the lessor under lease agreements classified as finance leases. These leases are mainly used for leasing fruit presses in the *Fresh Juice Systems* segment. Receivables amounting to EUR 0.3 million (EUR 0.4 million) were recognised in respect of finance leases at the end of the reporting period.

Consolidated cash flow statement for the period from January 1 to December 31, 2022

The cash flow statement presented below shows the development of liquidity in the Group, including the reconciliation with the cash flow-related key indicator described in the Basic information about the Group in section (1.2). Cash and cash equivalents are composed of the line item “Cash and cash equivalents” and part of the line item “Current financial liabilities” presented in the statement of financial position.

Cash and cash equivalents include the current accounts maintained with banks for the purpose of settling 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 normal current account receivables from banks, notably with regard to interest. Only those amounts that are immediately available under working capital cash lines of credit are recognized as current financial liabilities.

	2022 EUR'000	2021 EUR'000	Change EUR'000
Operating cash flow	12,334	12,608	- 274
Cash flow from operating activities	4,914	11,623	- 6,709
Cash flow from investing activities	- 9,015	- 7,299	- 1,716
Cash flow from financing activities	- 10,864	- 2,654	- 8,210
Change in cash and cash equivalents	**- 14,965**	**1,670**	**- 16,635**
Cash and cash equivalents at the end of the period	**13,039**	**28,004**	**- 14,965**

Operating cash flow and cash flow from operating activities

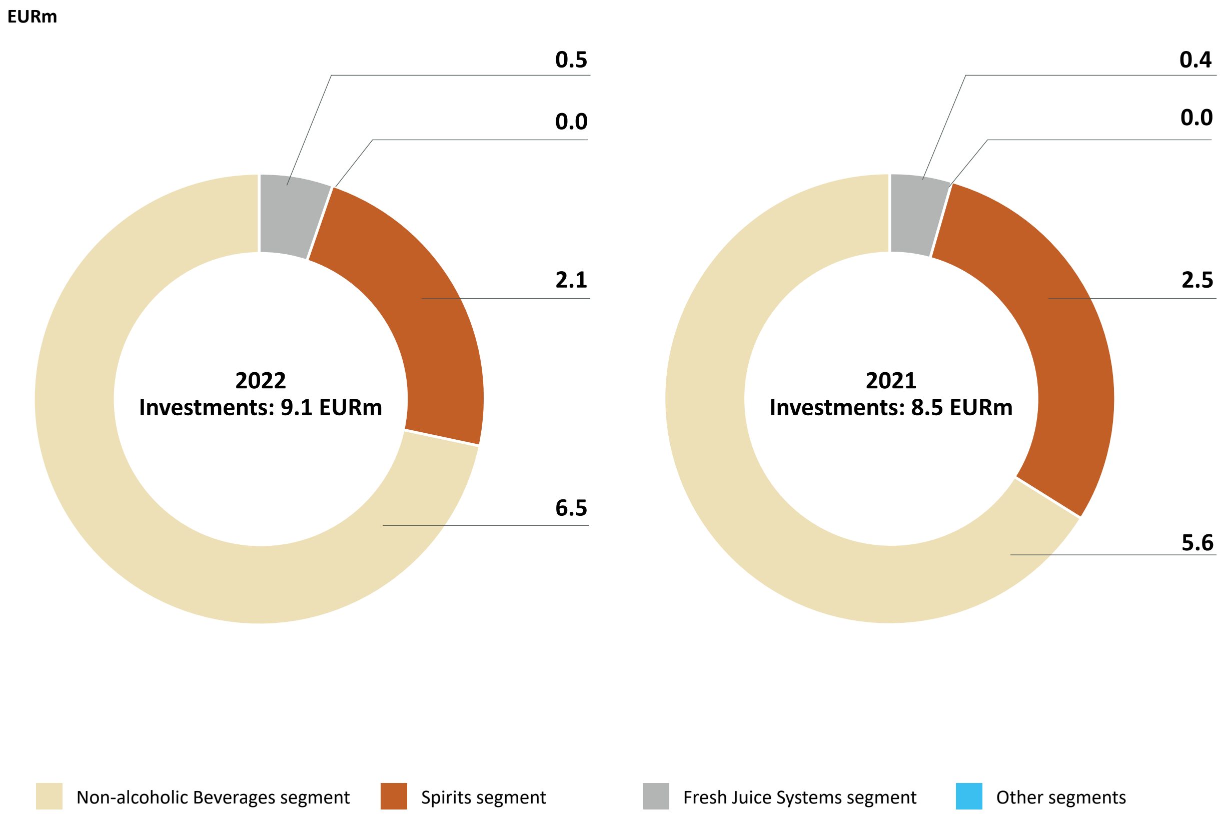
The operating cash flow declined by EUR 0.3 million to EUR 12.3 million in the 2022 financial year (EUR 12.6 million). The somewhat lower amount of cash inflows resulted from the total EUR 0.5 million increase in net payments for income tax and financial results. On the other hand, the consolidated net income adjusted for non-cash effects from depreciation, amortisation and impairments and for the gain or loss from the net monetary position according to IAS 29 improved by EUR 0.2 million.

The cash flow from operating activities of EUR 4.9 million (EUR 11.6 million) additionally included payment flows in working capital, which led to a cash outflow of EUR 7.4 million in the 2022 financial year (EUR 1.0 million). The main factors influencing this development are described in the following.

The net change in trade working capital, which refers to the portion of working capital comprising payment flows exclusively in inventories, receivables including factoring, alcohol tax liabilities, and trade payables, led to a significant net cash outflow of EUR 8.0 million (less than EUR 0.1 million). This development resulted particularly from the EUR 12.1 million increase in the value of inventories. The increase in other assets caused an additional cash outflow of EUR 2.6 million (cash inflow of EUR 0.3 million), while the change in other liabilities and other non-cash effects led to a cash inflow of EUR 3.2 million (cash outflow of EUR 1.2 million).

Cash flow from investing activities

The Group's investing activities led to an overall cash outflow of EUR 9.0 million (EUR 7.3 million). Investments in property, plant and equipment and intangible assets totalled EUR 9.1 million (EUR 8.5 million), while cash inflows from asset disposals came to approximately EUR 0.1 million (EUR 1.2 million).



The higher cash outflow for investments in property, plant and equipment and intangible assets compared to the previous year was mainly caused, on the one hand, by a higher gross investment volume basically related to the following acquisitions: In the *Non-alcoholic Beverages* segment, investments totalling EUR 0.8 million were made for a photovoltaic plant at the business location in Haselünne, apart from the investments made in empty bottle containers and crates (particularly for the reusable *Mio Mio* product containers) in the amount of EUR 4.0 million (EUR 2.7 million). In the *Spirits* segment, investments totalling EUR 0.5 million were made for a photovoltaics plant and investments totalling EUR 0.8 million were made for a labelling machine, both at the business location in Minden. Not all the above-mentioned investments of the *Non-alcoholic Beverages* and *Spirits* segments are fully operational at the present time insofar as some of them will be completed and put into operation only in the 2023 financial year. No single investment of any material amount was made in the *Fresh Juice Systems* segment in the 2022 financial year. On the other hand, cash flow from investing activities was positively influenced by income from the disposal of assets in the amount of EUR 1.2 million. There was no significant amount offsetting this in the 2022 financial year.

Cash flow from financing activities

The Group's financing activities resulted in a net cash outflow of EUR 10.9 million (EUR 2.7 million), mainly as a result of the repayment of a EUR 7.5 million drawdown taken under the syndicated loan in 2021, which was concurrently counter-financed under the same syndicated loan. Other factors contributing to the cash outflow included the dividend payment of EUR 2.1 million (EUR 1.2 million) and the cash outflows effected to repay lease liabilities in the amount of EUR 1.3 million (EUR 1.2 million).

Cash and cash equivalents

Total cash and cash equivalents amounted to EUR 13.0 million (EUR 28.0 million), at the end of the 2022 financial year, including EUR 8.3 million (EUR 25.8 million) in receivables from the customer settlement accounts held with banks under two factoring agreements. As at the end of the 2022 financial year, drawdowns from short-term credit lines and financing instruments classified as such amounted to EUR 0.5 million (EUR 0.3 million).

Cash-flow related key indicators (reconciliation)

The reconciliation with the financial performance indicators described in the Basic information about the Group in section (1.2), specifically the one related to cash flow, is presented in the table below.

	2022 EUR'000	2021 EUR'000	Change EUR'000
Consolidated profit	2,101	3,662	- 1,561
Net balance of income tax expenses and income taxes paid/ received	- 359	44	- 403
Net balance of interest income/expenses and interest paid/ received	170	253	- 83
Depreciation and amortisation of assets	8,318	8,649	- 331
Impairments of assets	1,299	0	+ 1,299
Non-cash effects from IAS 29	805	0	+ 805
Operating cash flow	**12,334**	**12,608**	**- 274**

(2.2.6) Financial position

	12/31/2022		12/31/2021		Change
	EUR'000	%	EUR'000	%	EUR'000
Assets					
Non-current assets	57,339	39.2	56,899	40.0	+ 440
Current assets	88,971	60.8	85,244	60.0	+ 3,727
	146,310	**100.0**	**142,143**	**100.0**	**+ 4,167**
Shareholders' equity and liabilities					
Shareholders' equity	50,110	34.2	48,856	34.4	+ 1,254
Non-current liabilities	9,532	6.5	10,798	7.6	- 1,266
Current liabilities	86,668	59.2	82,489	58.0	+ 4,179
	146,310	**100.0**	**142,143**	**100.0**	**+ 4,167**


ALBERICH
DER GEIST DER NATUR
LONDON DRY
GIN
DESTILLATE NATÜRLICHER BOTANICALS
AUS DEUTSCHER MANUFAKTUR
40% vol
0,5 L

Assets

Compared to December 31, 2021, total assets increased slightly by 2.9% from EUR 142.1 million to EUR 146.3 million at the reporting date.

Non-current assets

Non-current assets accounted for EUR 57.3 million (EUR 56.9 million) or 39.2 % (40.0 %) of total consolidated assets. The carrying amount of property, plant and equipment increased by EUR 0.9 million. Depreciation, amortisation and impairments amounted to EUR 7.6 million (EUR 6.4 million), as compared to the volume of funds invested totalling EUR 8.7 million (EUR 8.0 million). Intangible assets declined by EUR 0.4 million (EUR 1.0 million), mainly due to the writedowns of EUR 0.5 million (EUR 0.8 million) charged in connection with the purchase price allocation for the acquisition of Citrocasa GmbH. Other non-current assets were unchanged at EUR 3.5 million (EUR 3.5 million).

At 104.0%, the coverage of non-current assets by shareholders' equity and non-current liabilities was almost unchanged from the previous year (104.8%).

Current assets

Current assets increased to EUR 89.0 million (EUR 85.2 million). Whereas cash and cash equivalents decreased by EUR 14.8 million, trade receivables increased by EUR 3.1 million and other current assets increased by EUR 3.2 million. Inventories increased significantly by EUR 12.1 million to EUR 51.1 million (EUR 39.0 million).

As at December 31, 2022, gross receivables of approximately EUR 56.1 million (EUR 48.6 million) had been sold under factoring agreements. The security retentions under factoring transactions, which are presented within the item of other non-current assets, increased accordingly to EUR 9.0 million (EUR 7.3 million).

Shareholders' equity and liabilities

Shareholders' equity

Shareholders' equity increased by a net total of EUR 1.3 million to EUR 50.1 million (EUR 48.9 million), mainly based on the consolidated profit of EUR 2.1 million (EUR 3.7 million) and the positive contribution from other comprehensive income of EUR 1.1 million (negative contribution of EUR 0.8 million) – the latter resulting mainly from the remeasurement of defined benefit pension plans. On the other hand, shareholders' equity was reduced by the dividend payment of EUR 2.1 million (EUR 1.2 million) resolved by the Annual General Meeting in May 2022. As a result of the 2.9% increase in total assets, the equity ratio remained nearly constant at 34.2% as at December 31, 2022 (34.3%).

Non-current liabilities

The Group's non-current liabilities amounted to EUR 9.5 million as at December 31, 2022 (EUR 10.8 million). This decrease resulted from the substantially lower pension provisions of EUR 5.8 million compared to the previous year (EUR 8.0 million) due to the above-mentioned remeasurement of defined benefit pension plans.

Current liabilities

Current liabilities increased by EUR 4.2 million to EUR 86.7 million (EUR 82.5 million). The current financial liabilities of EUR 2.6 million at the reporting date were considerably lower than the previous-year figure (EUR 9.5 million), whereas the trade payables of EUR 17.2 million were considerably higher (EUR 11.2 million) and the alcohol tax liabilities of EUR 37.6 million were modestly higher (EUR 36.4 million) than the respective previous-year figures. At EUR 29.3 million, other current liabilities including current provisions were likewise higher than the previous-year figure (EUR 25.4 million).

The appropriate use of interest-linked funding in relation to internal funding from operations is reflected in the very solid dynamic gearing ratio of - 0.58 (- 1.14) (see the calculation in the table below).

Key indicators of financial position (reconciliation)

The reconciliation with the financial performance indicators, specifically those related to financial position, described in the Basic information about the Group in section (1.2) is presented in the table below.

		12/31/2022	12/31/2021
Equity ratio			
Consolidated shareholders' equity	EUR'000	50,110	48,856
Tax accruals	EUR'000	91	150
Adjusted shareholders' equity	**EUR'000**	**50,019**	**48,706**
Total capital	EUR'000	146,310	142,143
Tax accruals	EUR'000	91	150
Adjusted total capital	**EUR'000**	**146,219**	**141,993**
Equity ratio		**34.2%**	**34.3%**
Dynamic gearing ratio			
Non-current financial liabilities	EUR'000	1,317	1,305
Current financial liabilities	EUR'000	2,591	9,488
Cash and cash equivalents	EUR'000	13,537	28,297
Total Net Debt	**EUR'000**	**- 9,629**	**- 17,504**
EBITDA	**EUR'000**	**16,654**	**15,360**
Dynamic gearing ratio	**ratio**	**- 0.58**	**- 1.14**

(2.2.7) General assessment of the Group's business performance and economic position

The 2022 financial year was again very challenging for the Berentzen Group as it had to contend with numerous different challenges and crises: war in Ukraine, coronavirus pandemic, energy crisis, supply chain disruptions, and inflation. While these difficult conditions adversely impacted the Group's cost situation in particular, the considerably less restrictive measures imposed to curb the spread of the coronavirus compared to the previous year led to substantially higher sales in the 2022 financial year. In this tough market environment, the Group's economic position is still judged to be good on the whole in view of its solid cash flows and positive financial performance.

The Berentzen Group generated consolidated revenues of EUR 174.2 million (EUR 146.1 million), an adjusted consolidated operating profit (consolidated EBIT) of EUR 8.3 million (EUR 6.7 million), and an adjusted consolidated profit before depreciation and amortisation (consolidated EBITDA) of EUR 16.7 million (EUR 15.4 million) in the

2022 financial year. Thus, the performance of these three key indicators surpassed the expectations for the 2022 financial year that were originally communicated in the Management Report 2021, but was in line with the most recently updated forecast in October 2022. The consolidated profit of EUR 2.1 million (EUR 3.7 million) was adversely impacted by higher expenses from the financial result and result from equity interests and from income taxes, as well as in particular by an exceptional effect and the loss from the net monetary position according to IAS 29, which was recognised for the first time in connection with the hyperinflation in Turkey.

This earnings performance was driven by revenue and contribution margin increases in all the segments, especially on products of key strategic importance for the Group by reason of consumer appeal and attractive margins. Such products particularly include the spirits focus brands (especially *Berentzen* and *Puschkin*), as well as premium and medium private-label spirits brands, branded spirits sold outside of Germany, and the non-alcoholic products distributed under the *Mio Mio* focus brand. It should be noted in particular that the revenues generated on sales of spirits in Turkey exceeded expectations.

The cash flows and financial position of the Berentzen Group remain solid, meaning that the Group continues to operate on a basis of sound and balanced liquidity, equity, and debt financing. The underlying funding structure did not change materially compared to the end of the 2021 financial year. After the syndicated loan agreement was extended by another five years in December 2021, two key factoring agreements were extended early in August 2022 by three years, until March 2027, and the funding volume was increased by EUR 5.0 million. The funds available under the syndicated loan and the above-mentioned and other factoring agreements continue to form the backbone of the Berentzen Group's external funding. In addition, the internal funding capacity of the Berentzen Group, which is shown as operating cash flow, was little changed from the previous year at around EUR 12.3 million (EUR 12.6 million). Thus, the cash outflows for investing activities in the amount of EUR 9.0 million (EUR 7.3 million) were fully covered by internal funds. The Berentzen Group's equity ratio at the end of the 2022 financial year was solid, at 34.2% (34.3%). The dynamic gearing ratio remained negative at - 0.58 (- 1.14), meaning that the Group was again not formally overindebted as at December 31, 2022.

(3) Report on risks and opportunities

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

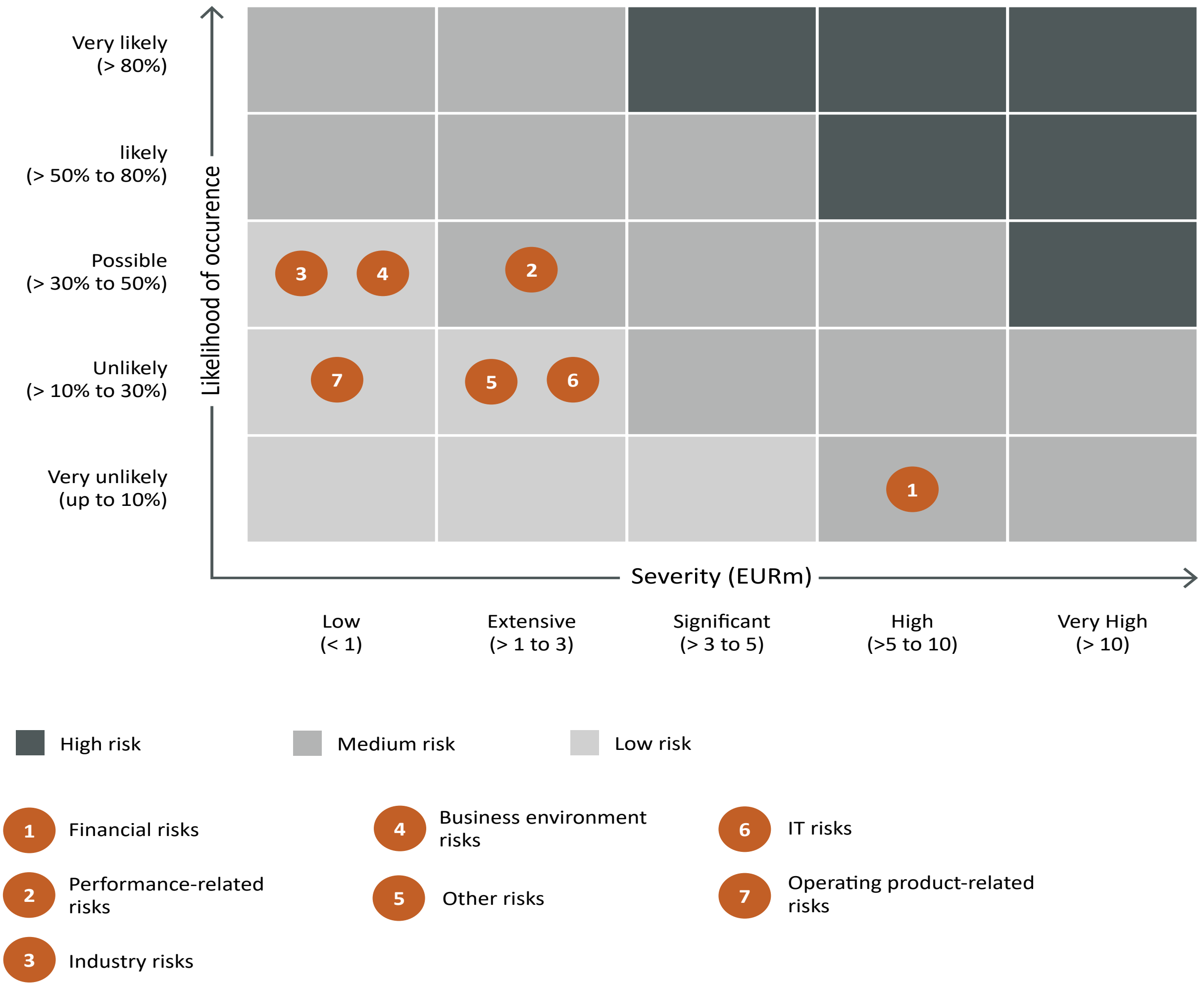
(3.1) Risk management system

The Berentzen Group's risk management is geared towards promptly identifying risks, assessing them and countering them by means of appropriate security measures. The possible severity of risk is identified, probabilities of occurrence are determined and measures are planned and implemented in order to ensure the achievement of corporate objectives. Thanks to group-wide reporting, the Executive Board can identify and control risks to the Group as a going concern as well as risks that can materially impact the financial position, cash flows and financial performance. The risk management system thus meets the requirements set forth under Section 91(3) of the German Stock Corporation Act (AktG) and includes the early risk identification system required under Section 91(2) AktG. It also meets the pertinent regulations of the German Corporate Governance Code. In the course of the 2022 financial year, the Berentzen Group further developed the concept and content of its risk management system, essentially relating to the technical method of risk assessment and especially to adjustments of the risk-bearing capacity concept. Besides the financial risks observed in the aforementioned risk management system, sustainability risks or so-called ESG risks (Environmental, Social, Governance) are also observed for the first time in a separate ESG risk management system. Risks are assessed with respect to their impact both on the Berentzen Group (outside-in perspective) and on the environment and society (inside-out perspective). The assessment is not done within the framework of a financial evaluation, for instance of the potential impacts on the financial position, cash flows and financial performance of the Berentzen Group, so that the ESG risks are not part of the following presentation. Insofar as sustainability risks include a substantial financial risk, they will be assessed as part of the respective risk category, e.g., operational and product-related risk.

The direct risk responsibility and monitoring is assigned to employees working in operations who report quarterly to the Risk Management Officer on quarterly basis, as well as immediately whenever new risks are identified. The Risk Management Officer informs the Executive Board of the main changes and developments in the risk portfolio. To examine the risk to the company as a going concern, the maximum level of risk that the company can bear is determined as part of a risk-bearing capacity analysis. Based on the Group's overall risk exposure, value at risk, which is determined with the help of Monte Carlo simulations, is also used, among other things. The system is thoroughly updated by means of an annual review that encompasses all risks, assessments and measures and provides an outlook for the next three years. In addition, the entire risk management process of the Berentzen Group is documented in a risk guideline.

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

The risk horizon to be considered extends across two phases. The initial short-term phase covers the next twelve months, and the second medium to long-term phase considers months 13 through 36. In connection with the system adjustments explained previously, internal and external reporting is now focused on the short-term temporal horizon. Consequently, the gradations of the classes were also adjusted or made smaller to classify the risk severity. Therefore, as at the reporting date, this results in the following assessment matrix for the next twelve months.



(3.2) Risks

The primary risks grouped into categories that can have significant detrimental effects on the Group's business activities as well as on the Group's financial performance, cash flows and financial position will be described below. The order of risk categories reflects the current assessment of risk exposure for the Berentzen Group. As a general rule, the described risks relate – unless otherwise indicated – to all of the Group’s segments.

Financial risks

Qualitative disclosures regarding risks related to financial instruments

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

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

Liquidity risk

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

In this context it follows that, among other things, the syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 and extended in November 2021 contains an obligation to comply with the covenants of "dynamic debt ratio" and "equity ratio", specified in the agreement, calculated on the basis of the consolidated financial statements. Furthermore, the agreement contains the customary obligations, conditions, assurances and warranties that particularly include limits on leverage, limits relating to the sale of assets and a change-of-control clause. In the event of failure to comply with the covenants, other obligations, assurances and warranties or the occurrence of a change of control, the lenders under the syndicated loan agreement will be entitled to prematurely terminate the syndicated loan agreement and demand immediate repayment of the funds utilised and any outstanding interest and costs. The covenants must be met on an ongoing basis and/or at the end of every month and are subjected to permanent stress testing.

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

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

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

Credit risk/default risk

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

Approximately 75% (76%) of consolidated revenues are billed via foreign branch offices that also assume the credit risk via del credere agreements. In addition, the risk of default is covered under trade credit insurance. As a general rule, balances in excess of EUR 5 thousand are covered under credit insurance. Trade credit insurance reimburses all defaults on receivables on the part of insured customers up to the agreed deductible of 20% for customers residing in Germany and 10% for customers residing abroad. Alongside export credit insurance, security payments or advance payments are frequently agreed with the Group company domiciled outside of Europe. In the wake of the coronavirus pandemic, the trend of corporate bankruptcies is particularly relevant. Even if a substantial rise in corporate bankruptcies is not observable so far, the credit rating particularly in the hospitality sector has deteriorated, so that insolvencies of food and drink establishments will likely increase in the future. The level of risk to the Berentzen Group is deemed to be manageable in this context, however, because most of the risk of default is covered by the aforementioned commercial credit insurance.

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

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

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

Market risk

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

Currency risk arises from the translation of foreign currencies into the Group's functional currency (euros) as a consequence of changes in the exchange rate and generally results as defined by the Berentzen Group from financial items in the statement of financial position, as well as from executory contracts or transactions planned in foreign currencies. The foreign currencies relevant for the Group particularly include the U.S. dollar and the Turkish lira. In addition to the exchange rate trend, the resulting risk potential also depends on changes in the volume of transactions effected or to be entered into in foreign currencies. So far, the business activities with respect to procurement and sales have been largely settled in euros and US dollars. Furthermore, some currency risk is balanced out in that both procurement as well as sales are carried out in the same foreign currency; as a result, incoming payments offset outgoing payments in the same foreign currency – albeit as a rule not in the same amount or in matching maturities. Without taking consolidation effects into account, liabilities and receivables denominated in foreign currencies amounted respectively to approximately EUR 2.8 million (EUR 1.9 million) and EUR 2.7 million (EUR 1.4 million) as at December 31, 2022. Rate-hedging measures are carried out for the most important foreign currency, the U.S. dollar, insofar as an assessment of the foreign currency environment makes this appear to be useful. However, as at December 31, 2022 there were no rate-hedging measures in place (December 31, 2021: no rate-hedging measures).

From a Group perspective, the recoverability of assets and/or the nominal value of the Berentzen Group's liabilities outside of Germany are also subject to exchange rate fluctuations. Foreign currency effects are recognised directly in consolidated equity when translating the net carrying amount of assets from the financial statements of foreign Group companies; however, risks arising from foreign currencies recognised in profit or loss – even though they are not cash items from a Group perspective – can insofar also result from intra-Group transactions effected in foreign currencies, particularly including the financing of foreign companies using the Group's own funds. In the event that foreign subsidiaries are deconsolidated, however, the effects of the foreign currency risks inherent in the currency translation differences previously recognised in Group equity would need to be recognised in profit or loss. No foreign subsidiaries were deconsolidated in the 2022 financial year. For this reason, as at December 31, 2022, negative currency effects remain in the Berentzen Group's retained earnings from the translation of Group-internal financing to a Group company in Turkey in the amount of EUR 5.0 million (EUR 4.4 million). With respect to the Turkish subsidiary, the Berentzen Group is currently subject to sharply rising exchange rates. The exchange rate for Turkish lira rose from 15.23 as at December 31, 2021, to 19.96 as at December 31, 2022. Turkish society is additionally subject to a high inflation rate: in December 2022, the inflation rate compared to the same month of the prior year was 64.3%. As a result of high inflation, Turkey has been considered since June 2022 a hyperinflationary economy as defined in IAS 29. The local business activity of the Turkish subsidiary has not suffered negative impacts from this so far. From the standpoint of the consolidated financial statements, however, there is a risk that the application of IAS 29 may result in a negative impact on consolidated net income in future as well. As at December 31, 2022, the hyperinflation adjustment totalling EUR 0.7 million had a negative effect on the consolidated net income.

The actual average credit period across the entire Group is currently around 33 (30) days. This does not result in elevated liquidity or interest rate risk, because sufficient factoring lines or – particularly outside of Germany – financing instruments with a comparable effect are available for the financing of receivables.

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

Furthermore, the procurement of raw and other materials as well as the purchase costs of merchandise and system components are subject to market and/or price risk. Details in this regard are provided in the section on "Business Environment Risks".

Risk assessment

Although the likelihood of occurrence was judged overall to be "very unlikely', the financial risks as a whole were estimated to be "moderate risk" due to the risk level being assessed as "high".

Performance risk in connection with the business model

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

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

In addition, as with all contractual relationships, there is the risk that when the contractual term of these agreements expires they will not be continued or can only be continued under terms and conditions that are unfavourable for the

Berentzen Group. The loss of the franchise business or a portion of the business involving the bottling of franchise or other third-party brands and private-label products can have a significant impact on the development of the business as well as the financial performance, cash flows and financial position as a result of substantial declines in revenues and earnings as well as structurally necessary follow-up measures and effects that must be reflected in the accounting, to the extent that such a loss cannot be replaced through the business with the Group's proprietary brands and products, another franchise business, or other corresponding contracts.

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

In the *Spirits* segment, the business with whiskey is very important due to ongoing high market demand. In addition to the quantitative shortage and price increases on the procurement market for whiskey, the mostly multi-year storage periods also require an anticipatory purchasing policy geared to the medium term in order to secure the basic materials. In this regard, appropriate medium- and long-term delivery agreements are in place on the sales side, meaning that potential risks arising from the uncertainty regarding future sales of already purchased or firmly contracted batches of unprocessed or processed whiskey only occur to a minor extent.

Any occurrence of the aforementioned risks and further indications extending beyond the same could lead to an accounting impairment loss being recognised on the Berentzen Group's assets. As part of risk management, impairment testing is performed on an ongoing basis. In addition to the information from the internal reporting system, monitoring extends to exogenous factors such as market interest rates or market returns, factors that the Berentzen Group can only influence to a limited extent or not at all. Since the outbreak of the coronavirus pandemic in early 2020, ongoing efforts have been undertaken to examine whether the regularly changing impacts of the crisis are an indication of impairment and thus give rise to the need for impairment tests. In the 2022 financial year, moreover, the start of the war between Russia and Ukraine and the significant changes to economic framework conditions in Germany, particularly the high inflation rates and the rise in market interest rates, represented further detrimental changes to the economic environment, which led to a need for specific impairment tests of the cash-generating unit *Non-alcoholic Beverages*. Recording impairment losses, which are often associated with impairment tests, generally reduces the risk of further impairment. Despite the impairment losses recorded in past financial years, further impairment losses with a negative impact on the financial position, cash flows and financial performance cannot be ruled out for the future. Meanwhile, the risk of further impairments in the *Non-alcoholic Beverages* segment is currently viewed as high, in part because a significant dependence on one locally produced product line exists at one location and uncertainties exist in this connection regarding the possibility of passing on necessary price increases and thus regarding profitability.

With regard to all performance-related risks observed as part of the risk management system, they were classified in the category "Moderate risk".

Sector-specific risks

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

As a result of concentration in the German food retailing sector, the top key accounts are very important and individual suppliers are highly dependent on these major customers. Comparable market structures can also be observed abroad with corresponding effects on the subsidiaries. In some cases, substantial dependencies develop in the business relationships with individual major customers. All of the Group's segments are affected by this – each individually to a different extent – with the exception of the *Other segments*. In total, the Berentzen Group realised around 49% (previous year: 48%) of its consolidated revenues in the 2022 financial year with its three largest customers, each of whom belong to the food retailing sector. In this context, there are various aspects that can have a negative impact on the success of the Berentzen Group's business. For example, the supplier agreements – as is typical in the industry – have a relatively short term and normally do not include any purchase commitments. Furthermore, there is the risk that important customers abruptly end their business relationships with the Berentzen Group or do not extend them and that the Group will not be able to quickly adjust its cost and production structure fully or sufficiently and/or cannot find another customer, leading insofar to excess capacities. The pressure on the individual supplier and price terms as well as conditions rises together with a customer's increasing importance; as a result, the Berentzen Group’s net selling prices can decrease. It is accordingly possible that the Group may not at all be able to pass on price increases with respect to raw materials or rising personnel expenses and overheads, or that they can only be passed on in part or with a delay. The Berentzen Group is countering this risk by strengthening key account management together with further systematic efforts to increase sales and distribution. Advertising activities to promote the brand are intended to improve the Group's position vis-à-vis its business partners. All measures are accompanied by efforts to further expand the distribution channels in order to achieve a balanced customer portfolio as well as to continuously and diligently foster relationships with the customers' most important decision-makers and contact persons.

According to the estimate performed within the risk management system relating to the industry risks monitored in this context, the overall classification was "Low Risk" , whereas in the previous year the classification was „Medium Risk“.

Business environment risk

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

Particularly the procurement of raw and other materials as well as the purchase costs of merchandise and system components are subject to a procurement risk. In all segments, the purchase prices of the raw materials and supplies, merchandise and system components used by the Berentzen Group are particularly influenced by their market availability and, in the case of purchases conducted in foreign currencies, the development of the corresponding exchange rates against the euro. A large part of the raw materials needed for the production of spirits and non-alcoholic beverages as well as the fruits (oranges) traded in the *Fresh Juice Systems* segment are agrarian products, the availability of which depends on the respective crop yields. Furthermore, regulatory measures such as duties can have a considerable influence on purchase prices.

Annual supply contracts are normally in place for the purchase of container glass, stipulating fixed prices and fixed quantities. As the effects of the energy price cap on the container glass industry could not yet be fully assessed, only some of the annual supply contracts could be entered into thus far. For harvest-dependent raw materials such as sugar, fruit juice concentrates and alcohol made from grains, contracts are usually concluded from harvest to harvest. Other raw material and packaging material groups are based on market price indexes, with prices mostly fixed on a quarterly or half-yearly basis depending on market conditions. In the *Fresh Juice Systems* segment, purchases of the individual system components are predominantly managed on the basis of single contracts; in particular, the procurement of fruits (oranges) is dependent on harvest seasons in the global cultivation areas.

Production and supply constraints caused by the coronavirus pandemic repeatedly impeded economic development in the past three financial years and caused a rise in prices both in the demand and supply markets. While some of the pandemic-related disruptions of the supply chains partly subsided in the 2022 financial year, the war between Russia and Ukraine had devastating effects on the sourcing market. The loss of production capacities in Ukraine and Russia and the reduction of production capacities due to low profitability of production in other markets led to material shortages. This was particularly the case with raw materials of agrarian origin and with glass bottles and aluminium closures. Crisis or war-related disruptions of international supply chains and labour shortages in the transportation and logistics sector led to numerous delivery cancellations and delays. These impacts of the war on the raw materials markets, particularly the energy market, resulted in sharp price increases for raw materials and intermediate products. In the energy market, there was not only a rise in prices but also the risk of an energy shortage or a possibly endangered reliability of supply. Although for the 2023 financial year there are initial signs of easing in the logistics sector and legislative relief was initiated for the higher energy costs, the risks remain and still have to be observed in the view of the Berentzen Group because of the situation described in the sourcing market.

Against the backdrop of great geopolitical uncertainty and current and imminent international trade conflicts, possible additional tariff barriers – e.g., the import duties levied for bourbon whiskey from the end of June 2018 until December 2021 – and non-tariff barriers to trade deserve mention; they can have negative effects in some circumstances on the business activities of the Berentzen Group. Due to the political and economic situation in Turkey, this market, which is served by a local Group company, is additionally subject to continued more intense monitoring within the Berentzen Group's risk management system.

The business environment risks monitored separately for purposes of risk management relate particularly to the *Spirits* segment and *Other segments*. Restrictions on the marketing of alcoholic beverages, for instance through sales restrictions, increases in alcohol tax or comparable foreign excise taxes, anti-alcohol campaigns and import restrictions on important raw materials or advertising bans, represent potential risks for the Berentzen Group. Legislative measures such as special taxes and measures regulating advertising have had a significant influence on the beverage industry in the past. In this context, risks arising from the amendment and implementation of provisions from the German Packaging Act, particularly with regard to PET packaging for spirits, have likewise been subject to monitoring.

Discussions regarding restrictions on the freedom of advertising for alcoholic beverages are ongoing. While further legal restrictions are not currently on the horizon at the national level, such restrictions have been implemented in Turkey in recent years. This also applies to an increase in excise taxes on alcoholic beverages; for the market in Turkey there were further tax increases in 2022 that are also to be expected in following years.

According to the estimate performed within the risk management system of the monitored business environment risks, the risk severity is "low", and the probability of occurrence is rated "possible". In summary, this signifies a classification as "Low Risk". In the previous year, on the other hand, the overall classification was „Medium Risk".

Other risks

Other risks covers the risks that have not been assigned by the Berentzen Group to any of the other risk categories.

Legal and tax-related risks

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

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

The aforementioned measures also serve not least to prevent and minimise legal risks that can ultimately manifest themselves in legal disputes or judicial, administrative, or other proceedings. The Group is represented in legal disputes by the Group's Central Legal Department or by the engagement of external legal advisers with the goal of preventing losses or keeping them as small as possible. However, any legal disputes and proceedings could, nevertheless, have a significant adverse effect on the financial performance, cash flows and financial position of the Group or one of the companies included in the consolidated financial statements not only in the event that the associated expenses are not or cannot be covered by insurance but also in those cases where the expenses arising exceed the risk provisions made in the form of insurance cover or accounting provisions.

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

In addition, the other risks include such risks related to income, transaction and excise taxes resulting primarily from inappropriate tax treatment, improper handling that does not meet the formal requirements, or non-standard tax assessment on the part of the responsible tax authorities regarding transactions to the disadvantage of the taxpayer. In various capacities, the Group companies are largely subject to regular tax audits and insofar are closely monitored by the tax authorities. In light of the multitude and complexity of tax rules, it is nearly impossible to completely rule out these risks. Both corresponding organisational measures for the review, processing and clearing of transactions as well as central departments for customs and tax-related matters in Germany and the consultation of external tax advisers serve to limit such risks.

Personnel risks

The skills, commitment and motivation of the workforce play a key role in the success of the Berentzen Group. Qualified skilled and managerial personnel are essential to achieving strategic goals. Amid heightened competition for personnel, the HR management of the Group aims to train, acquire and develop qualified skilled and managerial personnel, and keep them in the Group in the long term. Special risks related to personnel stem from the potential of there being a general lack of personnel resources needed to fill key skilled or managerial positions in the Group or from the potential of not being able to ensure sufficient staffing levels to provide cover if needed. In turn, this can result in increased costs for interim solutions or training and longer training times. If key positions cannot be adequately filled for a longer period of time, this could prevent the Berentzen Group from achieving its goals. Minimising these risks involves in particular identifying key positions in a timely and ongoing manner as well as putting in place forward-looking succession planning and consistent deputising arrangements. Particular attention is paid to developing the skills of skilled and managerial personnel. Furthermore, there are continuous efforts to develop and improve working conditions, for example using an operational health management plan aimed at specific target groups. Employer branding measures are undertaken to intensify the identification of employees with corporate values and improve the Group’s positioning as an attractive employer on the labour market.

Risk assessment

For the other risks observed as part of the risk management system, they were classified overall in the category "Low Risk".

IT risks

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

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

According to the estimate of the observed IT risks performed in the risk management system, the risk level stood at "moderate" and the likelihood of occurrence was estimated to be "unlikely". In summary, this gave rise to a classification in the category "Low Risk".

Operational and product-related risk

Operational risks

In the *Spirits*, *Non-alcoholic Beverages* and *Other segments*, there are operational risks primarily with respect to the breakdown of production plants or sites as well as, if applicable, with respect to the outsourcing of production capacities to another plant location that could lead to supply bottlenecks or delivery disruptions. The risk of production losses is minimised by means of ongoing maintenance and capital expenditures, the constant availability of technical services and emergency staffing plans; in addition, a business interruption insurance policy is in place. In order to limit this risk, suppliers are carefully selected with a view towards maintaining long-term relationships as part of a sustainable relationship management process. In addition, the entire production process is also closely accompanied and monitored in collaboration with the suppliers.

In the context of the coronavirus pandemic, production processes could be adversely affected by quarantine orders or infections within the staff, even though the risk in this regard is deemed insignificant by current estimates. In addition, there may continue to be further material shortages and supply bottlenecks in procurement on account of disruptions to sourcing markets especially due to war, as explained above under Business Environment Risks.

In the *Fresh Juice Systems* segment, the machinery supply and the bottle supply are each concentrated on one supplier; therefore, there are risks of production stoppages, capacity bottlenecks and justified or unjustified unilateral termination of the supply relationship by the respective supplier. The availability of alternative production capacities is currently very limited and it is expected that it could only be realised with a considerable delay. This risk is countered by means of particularly close support and management of the long-term cooperation arrangements that includes, in the case of the machinery supplier, the implementation of an effective local quality assurance system.

Furthermore, in the *Spirits* and *Non-alcoholic Beverages* segments, whose manufacturing facilities and property have been utilised for decades, operational risks could arise from environmental damage. This is understood to be a directly or indirectly occurring identifiable, detrimental change (impairment) in protected species and natural habitats (biodiversity) as well as in waters or in the ground as a result of which the Group must bear environmental liability risks and risks arising from existing or changing general regulatory conditions. In addition to rules related to the environment that are included in the quality assurance system, risk provisions for environmental damage serve to cover insured losses. Against this background, it is also important to assess the consequences of climate change that can already be observed or may arise in the future – in particular weather extremes such as longer periods of drought or short-term heavy rainfall events.

Product-related risks

Product-related risks can result from product defects, product sabotage, or product extortion and particularly lead to health risks on the part of consumers, loss of reputation, and restrictions in the marketability of products up to and including product recalls. Product defects are defined as the unintentional chemical, physical, or microbiological contamination of a product in connection with the manufacturing process. In contrast, product sabotage and product extortion are based on intentional actions outside or within the Group during or subsequent to the manufacturing process. In order to reduce the potential losses and/or the effects of an operational or product-related incident, the arrangements for security, plant and product safety are constantly further improved or expanded and monitored through corresponding checks.

The Berentzen Group fulfils the complex requirements from statutory provisions in the area of technology and product safety, for example for accident prevention and environmental protection or under the relevant food regulations, by using internal plant inspections, selecting reputable suppliers, employing qualified personnel and engaging reliable service providers that demonstrate a proficiency in the use of Berentzen Group products. In addition, product safety is served by ongoing quality controls, continuous adaptation to new technical standards and the established quality assurance and crisis management system, which is subject to regular internal audits and corresponding external certifications according to recognised quality standards, namely according to IFS (International Featured Standards) Food. The production facilities of the Berentzen Group were certified in accordance with the latest version (IFS V7) in the IFS certification audits in 2022 and were successfully re-certified in the IFS Food assessments. Furthermore, there are the certifications issued for the system components fruit presses with respect to technical safety by the relevant testing organisations such as the Technical Inspection Association (TÜV), particularly in the *Fresh Juice Systems* segment. For the procurement of capital goods and raw materials, quality standards are defined and safeguarded by long-term cooperation with corresponding suppliers; new suppliers must undergo a qualification process. An additional building block for the reduction of product-related risks consists in the covering of corresponding insured losses.

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

Risk assessment

Following the estimation of operational and product-related risks performed in the risk management system, they were classified under the "Low Risk" category.

(3.3) Opportunities

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

Opportunities from the change in general economic conditions

Opportunities can arise for the Group from the development of general economic conditions at a national and international level if the economies of the important industrialised nations – especially Germany – recover from the difficulties in the past three financial years and experience appreciable economic growth. From the perspective of the Berentzen Group, the resulting potential for opportunities must be regarded as subject to a significant reservation since the future course of current major geopolitical conflicts, first and foremost the war between Russia and Ukraine, is difficult to predict. The end of the war, an easing of tension in the global procurement market and the resolution of global trade conflicts may have significant positive effects on the business performance of the Berentzen Group. In the opinion of the International Monetary Fund, the German economy is likely to avoid a recession in 2023. However, private households still face a decrease in the purchasing power of their income due to high inflation and are therefore reducing their consumption spending. If there is gradual relief in this regard, real wages rise again and uncertainty diminishes little by little, this may have a significant positive impact on the Group's business performance.

Additionally, an improvement in the general political and economic conditions prevailing in Turkey can have a beneficial effect on the business with spirits assigned to the *Other segments*. The Group company operating in that country continues to provide the foundation on which the Group can build to benefit directly from any recovery of the market environment, particularly in view of a lessening of inflation and a rise in the value of the Turkish lira.

Opportunities in connection with strategic decisions

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

The Berentzen Group's spirits umbrella brands *Berentzen* and *Puschkin* are widely recognised in the German market. With a joint market share of around 12% in the category of “fruity liqueurs”, the two umbrella brands continue to enjoy a strong competitive position. Moreover, the *Berentzen* brand further increased its market share in the category of “cream liqueurs” to around 7% in the 2022 financial year. On this basis, the Berentzen Group attributes strong growth potential to marketing the existing product portfolio, particularly to the marketing of shots or so-called "Minis". In the export and dealer brands business, there are opportunities in business expansion through strategic partnerships with domestic and international trade partners. Further growth opportunities result from tapping additional export markets, particularly in other European countries. Finally, implementing measures to make up for cost increases will play a crucial role for future business performance across all spirits product segments.

In the *Non-alcoholic Beverages* segment, the nationwide success in the *Mio Mio* brand beverages business presents an opportunity to continue along this growth path. The basis for this will be the contract bottling agreements established with two partners in southern and central Germany in the 2021 and 2022 financial years and the innovations in the 2022 financial year: the *Mio Mio Orange + Caffeine* and *Mio Mio Lemon + Caffeine* varieties and a new 0.33L catering trade container for eight of the ten current *Mio Mio* product varieties. This last item in particular opens up opportunities for further expansion of the catering trade business with *Mio Mio* products. In addition, the Berentzen Group sees further sales potential with these products in the export business and via sales channels like filling stations, newsstands, student unions and delivery services, some of which have not been exploited very much previously.

In the *Fresh Juice Systems* segment, the competitive advantage of the *Citrocasa* brand provided by its positioning as a premium system vendor continues to offer opportunities to tap into international growth potential. The focus set in the 2022 financial year on promoting fruit press sales in the markets of France, the United Kingdom and the United States, and in particular in the DACH region (Germany, Austria, and Switzerland), will be continued. The expansion of the product line to include fruit presses for pomegranates and the setup of logistics for supplying pomegranates in the DACH region and surrounding European countries are additional opportunities. Furthermore, the potential for opportunities is supported by the continuing tendency to consume fresh, natural and high-quality products observed among consumers and in the food retailing sector. In the estimation of the Berentzen Group, this trend is weakened only temporarily by the current crises.

Opportunities from the implementation of operational measures

As an efficient spirits manufacturer, the Berentzen Group subjects its production and logistics processes to continuous analysis and always finds approaches for additional optimisation measures. In this regard, the Berentzen Group considers further productivity increases possible, as replacement investments are also designed not only with stabilisation in mind, but rather as an improvement in the status quo. This applies equally to the *Non-alcoholic Beverages* segment, although in this case streamlining and increased efficiencies in production particularly offer significant opportunities. In the *Fresh Juice Systems* segment, the continuing optimisation of logistics for fruit and bottling systems offers wide-ranging opportunities.

With respect to procurement, the Berentzen Group is dependent on the commodity and producer markets. Insofar, cost advantages can be realised if there is a general decrease in commodity prices and if short-term supplier contracts can be formed for the procurement of such commodities at favourable delivery points. In the *Fresh Juice Systems* segment, bountiful harvests of oranges for sale may lead to favourable price trends. The setup of a supply chain for pomegranates provides further opportunities in the *Fresh Juice Systems* segment. The technical requirements for fruit presses are very high for the niche product pomegranates – even more than was the case for oranges or apples – so that the development of the corresponding expertise and the supply structures may produce a competitive advantage. A positive influence on market prices is anticipated from the cap on energy prices passed by law in Germany, although high volatility is expected in terms of the overall market outlook. Meanwhile, the development of issues like sustainability and the shortage of specialised workers, and particularly the war between Russia and Ukraine, will play a critical role in any potential opportunities that may arise from these caps.

Opportunities from strategic acquisitions

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

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

(3.4) Overall assessment of risks and opportunities

In the light of the difficult economic framework conditions in Germany resulting from the impact of the war between Russia and Ukraine, the risk exposure of the Berentzen Group remains challenging in the view of the Management, albeit manageable at present.

On the basis and in the sense of the assessment matrix presented in section (3.1), there are no risk categories assessed as high risks. Financial and performance-related risks are assessed as medium risks, while the other risk categories presented are each estimated as low risk.

Thanks in particular to the positive financial position, cash flows and financial performance of the Group, no separate or cumulative risks are expected by the Management with respect to the risks described above and their possible likelihood of occurrence that could jeopardise the company as a going concern with a period of at least one year. The Executive Board sees potential for the Group in the consistent pursuit of the opportunities discussed above that should not be passed up.

The Berentzen Group continues to have solid liquidity at its disposal and therefore the possibility of taking advantage of its growth potential as well as of implementing other measures to improve its profitability. However, the materialisation of risks or the realisation of opportunities can have an impact on the Group's forecasts.

(3.5) Comments on the internal control and risk management system and on the accounting process

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

Internal control system (disclosure not in management report) [1)]

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

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

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

Accounting process

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

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1) The disclosures not in the management report are statements that go beyond the legal requirements for the management report and thus are excluded from the substantive audit of the management report by the auditor.

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

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

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

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

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

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

Additional building blocks to ensure an orderly, uniform and continuous accounting process include sufficient staffing levels in responsible functional areas with qualified employees. In addition, clear internal instructions with respect to a separation of functions for the key areas involved in the accounting process, but also the preparation and updating of accounting-related guidelines, such as the Berentzen Group's Accounting Handbook, contribute to this.

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

Statement of the Executive Board on the Effectiveness and Appropriateness of the Internal Control System and the Risk Management System (disclosure not in management report) [2)]

The Executive Board of the Berentzen Group has occupied itself in detail with the effectiveness and appropriateness of the internal control system as a whole and of the risk management system. Based on this, the Executive Board has no indications that the internal control system or the risk management system were not appropriate or not effective, respectively as a whole, as at December 31, 2022.

(4) Forecast Report

The Forecast Report of the Berentzen Group takes account of the relevant facts and events known and estimable at the time of preparing the consolidated financial statements that could have an impact on the corporate group’s future business performance. The forecasts made herein on the basis of the current version of the integrated corporate plan of the Berentzen Group for the 2023 financial year are based on the assumption of organic development within the corporate group excluding significant non-recurring exceptional effects and changes arising from possible company acquisitions; where such events need to be taken into account at the time of preparing this Forecast Report, this is stated accordingly.

(4.1) General economic and industry-specific framework conditions

General economic conditions

The global economy is expected to continue to grow in 2023, but it is assumed that the rate of growth will be lower than it was in 2022. According to the World Economic Outlook Update from January 2023, the International Monetary Fund (IMF) anticipates economic growth of 2.9% (2022: +3.4%) worldwide, while the ifo Institute in its Economic Forecast Winter 2022 predicts a slower global economic growth rate of 1.6% (2022: +2.8%) for 2023. The forecasts are based on the expectation that inflationary momentum will lessen as a result of a tighter monetary policy. Both the IMF and the ifo Institute expect growth for the industrialised countries to be slower (1.2% and 0.7%, respectively) than for the global economy as a whole. Growth of 0.7% (IMF) or 0.6% (ifo Institute) is expected for the eurozone, whereas the emerging markets are predicted to see above-average growth of 4.0% (IMF) or 3.5% (ifo Institute).

2) The disclosures not in the management report are statements that go beyond the legal requirements for the management report and thus are excluded from the substantive audit of the management report by the auditor.

Though it is expected that the global economy will continue to grow, the IMF and the ifo Institute note that, in light of the forecast provided, the risks pointing downwards predominate. With regard to the war in Ukraine, so far no signs point to a resolution of the conflict any time soon, while further escalation could push natural gas prices even higher. If there are further shocks to energy and food prices, inflationary trends could persist even longer. Beyond this, risks related to the coronavirus pandemic continue to exist, due to potential new increases in infection rates or new virus variants. On the other hand, opportunities exist with regard to stronger economic momentum from pent-up demand or a faster reduction of inflation.

For the German economy as well, the ifo Institute expects the inflation rate to go down in 2023, particularly due to government constraints on energy and natural gas prices. Nonetheless, inflationary pressure will remain high for the time being. The Berentzen Group also assumes that high sourcing and energy prices will continue to weigh heavily. High prices will curb private consumption for now, according to the ifo Institute, and not until the second half of the year is income expected to begin rising faster than prices, which causes private consumption to go up. In the processing industry, expansion is anticipated, particularly with the gradual end of supply bottlenecks. Overall, it is expected that economic output in Germany will initially decline in the first quarter of 2023 compared to the same quarter of the previous year. An economic recovery is expected starting in the spring, so that overall 2023 will see a slight reduction of gross domestic product by 0.1% compared to the previous year.

Developments on the drinks market

The aforementioned anticipated challenges to the global and, in particular, national economy in 2023 will likewise impact the sales markets of all segments in the Berentzen Group to varying extents.

The Berentzen Group forecasts that domestic retail sales of spirits will remain on a level comparable to the previous year on the whole, but expects the individual product categories to perform variably. After important occasions for consumption and seasonal high points suffered in the last three years under the effects of the coronavirus pandemic, it is assumed that social occasions for celebration and consumption will fully resume in 2023, which will have a positive effect particularly on so-called "fun spirits" such as liqueurs and "minis". On the other hand, negative influences on branded spirits and premium dealer brands result from the increased price sensitivity of consumers in connection with high inflation rates, which may contribute to non-consumption and a switch to lower-priced alternatives. In general, the increased price sensitivity will in turn lead to positive momentum for dealer brands. Nonetheless, premiumisation remains an important trend for branded spirits and dealer brands.

In the retail business with non-alcoholic beverages, the submarket mineral waters in particular is heavily dependent on weather conditions. Assuming weather conditions comparable to the 2022 financial year, the Berentzen Group expects a stable overall market for non-alcoholic beverages. In this context, positive momentum is expected in particular in the area of high-end lemonades. While trends such as healthy diets, sustainability, regionality as well as fresh and premium products are driving growth in some product segments, they tend to have more of a negative impact on others, in particular classic sweet beverages and products filled in PET bottles. Consumers' increased price sensitivity is having a negative effect on the growth of the mineral water market, in particular for branded waters, leading to a trend toward lower-priced and tap water. Political discussions relating to tap water and the significant market growth of carbonator systems have also negatively impacted developments in the mineral water market.

Besides the food retail trade, the German hospitality industry is another, albeit not as important, distribution channel for the spirits and non-alcoholic beverages of the Berentzen Group. After this business sector was burdened over the past three years by the closing of food and drink establishments due to the coronavirus pandemic, no renewed restrictions are expected for 2023. Thus, positive momentum for sales of spirits and non-alcoholic beverages can be expected from this business sector.

As far as the Berentzen Group is aware, there are practically no all-round, reliable market data available for the *Fresh Juice Systems* segment. As a result, 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. The Berentzen Group is of the view that the coronavirus pandemic further reinforced trends towards freshness, naturalness and high quality and thus the trend towards freshly squeezed juices will resume now with greater strength than seen previously. A survey by consulting firm McKinsey published in March 2022 confirms this assessment. According to the survey results, a solid third of respondents pays more attention to healthy food. Whereas the pandemic reinforced the trend toward greater dietary awareness, the war in Ukraine has a contrary effect due to the greater price sensitivity of consumers.

(4.2) Anticipated development of financial performance

Anticipated development of the segments

	2022 EURm	Forecast for the 2023 financial year EURm
Contribution margin after marketing budgets		
Segment		
Spirits	31.3	32.0 to 35.4
Non-alcoholic Beverages	22.9	24.9 to 27.5
Fresh Juice Systems	6.2	6.3 to 7.0
Other Segments	4.4	3.1 to 3.4

Spirits segment

For the *Spirits* segment, the corporate group expects to achieve segment earnings ranging between EUR 32.0 million and EUR 35.4 million in the 2023 financial year. This planned development is predominantly dependent on a sharp increase in the contribution margin value, but this is likely to be partially cancelled out by a likewise higher use of funds for marketing and trade advertising.

In the domestic business with branded spirits, the plan is to further expand the market position of the *Berentzen* and *Puschkin* focus brands over the course of 2023, again focusing on marketing measures for existing liquor varieties and "minis". Steps are also planned to further expand distribution for the remaining focus brands, particularly the brand *Norden Dry Gin*. In addition, the aim is to optimise the customer and product mix, which is done particularly by means of stringent portfolio adjustment.

In the 2023 financial year, the strategic focus in the export and dealer brands business will be on business expansion through strategic partnerships with domestic and international trade partners. Appropriate product contribution margins are central for achieving the intended earnings performance in the business with dealer brands. The planned implementation of compensatory measures is especially relevant, particularly in light of cost increases for purchased goods and services and overhead that have already occurred and that are expected in the future, which fundamentally burden the quality of contribution margins. The Berentzen Group expects, on these conditions, to achieve marked contribution margin growth in the 2023 financial year. The business with branded spirits abroad grew in the 2022 financial year at a more gratifying pace than expected, as a result of which the contribution margin value is expected to fall slightly from this high level in the 2023 financial year.

With regard to the *Spirits* segment, it should be noted that making a reliable forecast remains difficult, due to the fact that, despite active management, the composition of sales and revenues through products with higher or lower margins – which is a very decisive factor in earnings performance – depends heavily on external factors like the future development of consumption patterns and the corresponding demand. A particularly important issue, therefore, is whether potential further inflation will lead to non-consumption of the relevant products.

Non-alcoholic Beverages segment

In the *Non-alcoholic Beverages* segment, the Berentzen Group intends to achieve segment earnings in a range of between EUR 24.9 million and EUR 27.5 million. The assumption in this context is that the contribution margin value will increase considerably, with more funds used for marketing and trade advertising.

The positive expectations surrounding the contribution margin are largely based on the expected development of the business with the focus brand *Mio Mio*. It is assumed that this will be brought about through a focus on distribution, geographic expansion and firm implementation of the latest innovations. Entry into new sales channels also offers further growth potential. In the business with regional water brands, such as *Emsland Quelle* and *Märkisch Kristall*, a stable to slightly positive contribution margin is expected, whereas the other brands are expected to go down slightly. This is based on the assumption that these product segments will make progress in terms of profitability. In the franchise business, the Berentzen Group likewise anticipates a slightly lower contribution margin overall. The contribution margin value from cooperation projects with prominent artists is expected to be significantly lower compared to the previous year, while growth is expected in the business with branded beverages of the *Sinalco* Group.

Finally, it should be noted that the forecast development is very much dependent on the aimed-for profitabilisation of certain product segments through improved margins, among other things.

Fresh Juice Systems segment

For the *Fresh Juice Systems* segment, the Berentzen Group expects segment earnings to rise in the 2023 financial year and therefore anticipates earnings ranging from EUR 6.3 million to EUR 7.0 million. Strong contribution margin growth is assumed, accompanied by a sharp increase in the use of marketing budgets.

The forecast development is based on expected contribution margin growth in the business with the system component fruit presses. In a competitive market environment characterised by aggressive pricing, the *Citrocasa* brand continues to position itself as a premium supplier. Based on the associated quality expectations, and with the help of technical innovations, significant growth is expected in the markets of Germany, Austria, the United States and the United Kingdom. A significantly higher contribution margin value is likewise expected in the business with the system component fruit, while on the other hand a declining contribution margin performance is assumed for bottling equipment due to increases in the cost of materials.

The above assessment is based on the assumption of average framework conditions. The planned success hinges in particular on the performance of external sales partners on the international markets as well as on harvest quality, availability and prices for oranges. As already explained in section (4.1), the Berentzen Group is of the view that the topic of conscious, healthy diets will take on an even more important role in the future and thus the trend towards freshly squeezed juices will accelerate.

Other segments

Other Segments include the Spirits business in Turkey, managed by a local Group company, as well as the tourism, events and webshop business of the Berentzen Group. Based on a reduced contribution margin value with marketing expenses remaining stable, the Berentzen Group anticipates lower segment earnings for these two organisational units in the 2023 financial year ranging in total between EUR 3.1 million and EUR 3.4 million. This forecast is based on a cautious estimate, in view of the greater uncertainty of the economic and political environment in Turkey and, linked with that, the potential for further devaluation of the local currency.

Anticipated development of consolidated revenues and consolidated operating profit

	2022 EURm	Forecast for the 2023 financial year EURm
Consolidated revenues	174.2	185.0 to 195.0
Consolidated operating profit (consolidated EBIT)	8.3	7.0 to 9.0
Consolidated operating profit before depreciation and amortisation (consolidated EBITDA)	16.7	15.6 to 17.6

In light of the positive development of the individual segments presented above, the Berentzen Group anticipates increased consolidated revenues for the 2023 financial year of between EUR 185.0 million and EUR 195.0 million, with significant growth expected for the *Spirits* and *Non-alcoholic Beverages* segments and modest growth for the *Fresh Juice Systems* segment.

The Berentzen Group expects consolidated earnings (consolidated EBIT) to be within a range of between EUR 7.0 million and EUR 9.0 million. In this context, a significantly higher gross profit is forecast; it is assumed that this increase will be achieved through a more intensive utilisation of resources and higher operating expenses, in particular for human resources and marketing. Since the Berentzen Group expects stable to slightly higher levels of amortisation and depreciation of assets, consolidated earnings before amortisation and depreciation (consolidated EBITDA) is forecast to be within a range of between EUR 15.6 million and EUR 17.6 million.


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(4.3) Anticipated development of cash flows and financial position

Based on the anticipated development of operating activities as described above, it is assumed that the cash flows and financial position of the corporate group will continue to remain sound in the 2023 financial year.

Anticipated development of cash flows

	2022 EURm	Forecast for the 2023 financial year EURm
Operating cash flow	12.3	11.7 to 13.5

Against the background of a – compared with the same period in the previous year – similarly high consolidated profit (consolidated EBIT), adjusted for amortisation, depreciation and impairment losses for non-cash components, the corporate group again expects a considerably positive operating cash flow ranging from EUR 11.7 million to EUR 13.5 million.

Anticipated development of financial position

	2022	Forecast for the 2023 financial year
Equity ratio	34.2%	32.2% to 37.2%
Dynamic gearing ratio	- 0.58	0.19 to 0.29

As a result of the positive profit forecast and assuming an appropriate dividend policy, the Berentzen Group expects consolidated shareholders' equity to rise slightly in absolute terms by the end of the 2023 financial year. Taking into account the slight increase in consolidated total assets, an equity ratio within the range of 32.2% to 37.2% is expected.

In view of the fact that capital requirement parameters are set to change – to be noted in particular are funds movements to finance an anticipated higher working capital – the dynamic gearing ratio is expected to range from 0.19 to 0.29 by the end of the 2023 financial year. The ability of the Berentzen Group to service its debts going forward reflected in this indicator will therefore remain sound.

Based on the corporate plan for the 2023 financial year, the financial position and cash flows of the corporate group will remain balanced overall. Nevertheless, the indicators used to manage the corporate group are also subject to reporting-date effects to a large extent, in particular if they are only subject to short commitment periods.

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

Based on the above forecasts, the Berentzen Group expects its financial position, cash flows and financial performance to develop soundly in the 2023 financial year. This will be founded on the viability of the corporate group's proprietary products and brands, the innovation strength of all operating segments and the successful implementation of key strategic and operational topics in all of the individual segments. Both the secured financing headroom and appropriate corporate structures for the relevant risks and rewards are crucial to the attainment of the corporate group's goals.

The 2023 financial year will once again bring a number of challenges. With regard to sales activities, there will be a consistent orientation toward the *Berentzen* and *Puschkin* focus brands in the national branded business in the *Spirits* segment. In the export and dealer brands business, the plan is to strengthen existing strategic partnerships, build on the success of the premium/medium-quality concepts and make up for cost increases by implementing price increases across all product segments. In the *Non-alcoholic Beverages* segment, the growth trajectory in the business with products of the *Mio Mio* brand will be continued, while further expanding the business with restaurants in particular. In the *Fresh Juice Systems* segment, the positioning as a premium supplier is anticipated to significantly boost revenues in the business with fruit presses, particularly in the markets of Germany, Austria, the United States and the United Kingdom.

Difficult general economic conditions and ongoing negative conditions in the labour and sourcing markets, due in part to the impact of the war between Russia and Ukraine, will make it more challenging to achieve the corporate group's operational objectives. In this context, an important management task in the 2023 financial year will be to avoid staffing, supply and material bottlenecks and to largely minimise the dampening effect on earnings caused by sharp price rises in costs, for example through sale price increases. Implementing this task will be particularly challenging in the Berentzen Group's sales markets dominated by large companies in the German food retail trade.

The forecasts presented here are based on an unchanged corporate structure compared with the end of the 2022 financial year. Accordingly, significant deviations may arise from the realisation of the possible opportunities to make further company acquisitions. Furthermore, the actual business performance is dependent not least on the general economic and industry-specific environment and may be negatively affected by more strongly adverse changes in the underlying conditions described. Both positive and negative deviations from the forecast may also result not only from the opportunities and risks described in the Report on Opportunities and Risks but also from opportunities and risks that were either not identifiable or impossible to assess at the time of preparing this Group Management Report. In this context, particular mention is due to the potential effects of the war between Russia and Ukraine and the general economic conditions in Germany.

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

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

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

(5.1) Composition of subscribed capital

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

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

With respect to the disclosures about the shares of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 160 (1) no. 3 AktG, reference is made additionally to the notes to the consolidated financial statements, Note (2.11), and separately to the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2022, Note (2.5).

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

Each share confers one vote in the general meeting and is definitive for the share of the Company's profit attributable to the shareholders. Excluded from this are the treasury shares held by Berentzen-Gruppe Aktiengesellschaft, which do not confer any rights on the Company pursuant to Section 71b AktG. Berentzen-Gruppe Aktiengesellschaft held 206,309 treasury shares as of December 31, 2022.

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

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

(5.3) Equity holdings exceeding 10% of voting rights

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

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

With respect to the notification on holdings communicated under the German Securities Trading Act to Berentzen-Gruppe Aktiengesellschaft pursuant to Section 160 (1) no. 8 AktG, reference is made additionally to the notes to the consolidated financial statements, Note (4.8), and separately to the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2022, Note (4.3).

(5.4) Shares with special rights that confer control powers

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

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

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

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

Appointment and dismissal of members of the Executive Board

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

Amendments to the Articles of Association

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

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

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

Authorised Capital (not issued)

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

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

– For fractional amounts;

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

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

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

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

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

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

Treasury shares (own shares)

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

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

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

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

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

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

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

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

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

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

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

With respect to the disclosures about the treasury shares of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 160 (1) no. 2 AktG, reference is made additionally to the notes to the consolidated financial statements, Note (2.11), and separately to the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2022, Note (2.7).

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

Financing agreements

Berentzen-Gruppe Aktiengesellschaft is a party, as borrower, to a syndicated loan agreement with a bank syndicate concluded originally in December 2016 and most recently amended in November 2021, currently with a total volume of funding of EUR 33.0 million. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors with respect to the payment obligations under this agreement as part of a cross-guarantee system taking the form of a guarantor concept. According to the provisions of this financing agreement, the lending syndicate members are authorised – individually or collectively – and obligated if so directed by the majority of lenders to cancel the loan commitments under the syndicated loan agreement with immediate effect and to call in the borrowed funds and outstanding interest and costs for payment in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft or one of the subsidiaries included as borrowers in the syndicated loan agreement upon such change of control and at any time thereafter. The syndicated loan agreement defines a change of control as a situation in which a total of more than 50% of capital shares or voting rights in Berentzen-Gruppe Aktiengesellschaft is held directly or indirectly by one or more persons acting collectively (i.e. persons who coordinate their behaviour with respect to their purchase of capital shares or voting rights or their exercise of voting rights with the purchaser by virtue of an agreement or by other means), unless such persons already held such a majority at the time when the syndicated loan agreement was concluded. The same applies mutatis mutandis to the subsidiaries of Berentzen-Gruppe Aktiengesellschaft that are included in the syndicated loan agreement as guarantors. This provision is entirely inapplicable to changes of control within and amongst the set of affiliated companies of Berentzen-Gruppe Aktiengesellschaft.

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

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

Distribution agreements

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

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

Agreements with members of the Executive Board

Under the compensation system for Executive Board members resolved by the Supervisory Board effective January 1, 2021, and ratified by the ordinary General Meeting of Berentzen-Gruppe Aktiengesellschaft on May 11, 2021, the employment agreements of individual members of the Executive Board may provide for a special termination right for early termination of the employment agreement in the event of a change of control ("Change of Control") and the granting of a severance payment due to the occurrence of such.

A "Change of Control" situation in the above sense exists (1) if a takeover obligation under the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) arises in relation to the shares of the Company, or (2) if the general meeting agrees to a merger with another enterprise under which Berentzen-Gruppe Aktiengesellschaft will be the absorbed entity or by which the previous shareholders of Berentzen-Gruppe

Aktiengesellschaft will hold less than 50% of the shares of the company or Berentzen-Gruppe Aktiengesellschaft will gain a principal shareholder that would have a takeover obligation under the WpÜG in the event of a share acquisition, or (3) if the general meeting agrees to a control and profit-or-loss transfer agreement under which Berentzen-Gruppe Aktiengesellschaft would be a dependent company.

Such a special termination right has been stipulated with the current members of the Executive Board within the scope of their existing employment agreements. In accordance with the same compensation system that has been in effect since January 1, 2021, the current members of the Executive Board are granted in their service agreements a claim to a severance payment in the event of exercise of this special termination right; the severance payment shall be limited to a maximum of twice the total compensation for one financial year.

If the employment relationship ends in consequence of such a special termination, the members of the Executive Board shall accordingly each have a claim to a severance payment in the aforementioned amount. In addition, any exercise of this special termination right could compromise the business performance of the Berentzen Group at least temporarily.

Other agreements

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

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

Members of the Executive Board

The existing employment agreements with the current members of the Executive Board, in accordance with the compensation system for members of the Executive Board effective as from January 1, 2021, contain a special termination right that they may exercise in the event, among other things, of a takeover bid or other circumstances specifically defined therein that constitute a change of control ("Change of Control") at Berentzen-Gruppe Aktiengesellschaft. In the event that this special termination right is exercised, the member of the Executive Board concerned will be entitled to a severance payment. For further details in this respect, please refer to the comments regarding the agreements with members of the Executive Board in the previous section (5.8).

Employees

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

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

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

(6.1) Basic information about the Company

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

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

Furthermore, Berentzen-Gruppe Aktiengesellschaft directly and indirectly holds equity interests in more than 20 domestic and international subsidiaries; it does not hold minority stakes. In consideration of this fact, the Company’s performance is influenced not only by its operating activities, but also by the management and central functions. The main items associated with these functions are the recharging of the costs of services provided to the subsidiaries and the financial result and result from equity interests arising from the holding function performed by Berentzen-Gruppe Aktiengesellschaft.

As at December 31, 2022, Berentzen-Gruppe Aktiengesellschaft employed at three locations 226 (223) employees (including vocational trainees), including 121 (120) at the Minden location, 100 (98) at the Haselünne location, and 5 (5) at the Stadthagen location.

The share capital of Berentzen-Gruppe Aktiengesellschaft amounts to EUR 24,960 thousand (EUR 24,960 thousand). It is divided into 9,600,000 shares of common stock (9,600,000 shares of common stock), which are no-par bearer shares and are fully paid-in. The imputed nominal value per share is EUR 2.60. All common shares of Berentzen-Gruppe Aktiengesellschaft are listed on the regulated market (General Standard) of the Frankfurt Stock Exchange under the international securities number (ISIN) DE0005201602. As at December 31, 2022, the number of shares outstanding was 9,393,691 (9,393,691) shares of common stock, Berentzen-Gruppe Aktiengesellschaft having purchased a total of 206,309 treasury shares in the financial years 2015 and 2016.

As a publicly traded company domiciled in a member state of the European Union (EU), Berentzen-Gruppe Aktiengesellschaft is required by Article 4 of Regulation (EC) No. 1606/2002 to prepare its consolidated financial statements in accordance with IFRS as they are to be applied in the EU and the applicable further provisions of commercial law specified in Section 315e (1) of the German Commercial Code (HGB). Accordingly, the management of the corporate group takes place on this basis and exclusively at the Group level. The income-related performance indicators for Berentzen-Gruppe Aktiengesellschaft encompass those of the *Spirits* and *Other segments*. For further information on this subject, please refer to the remarks in in sections (2), (3) and (4) of the combined Management Report: the Economic Report, the Report on Opportunities and Risks, and the Forecast Report. On account of the significance of Berentzen-Gruppe Aktiengesellschaft for the corporate group, please also refer to the relevant remarks about the corporate group in the combined Management Report regarding cash flow and financial position indicators, as there are no such key financial performance indicators that relate exclusively to Berentzen-Gruppe Aktiengesellschaft.

Further information notably regarding the organisation and basic information of Berentzen-Gruppe Aktiengesellschaft and the business activities of the Company and its subsidiaries is presented in section (1) Basic information about the Group in the combined Management Report.

(6.2) Economic report

(6.2.1) General economic conditions and business performance

The general economic conditions for Berentzen-Gruppe Aktiengesellschaft and its subsidiaries together with the key developments and events affecting their business performance are presented in the Economic Report for the corporate group as described in section (2.1) General economic and industry-specific conditions and in section (2.2.3) Business performance – Significant developments and events of the combined Management Report. The comments regarding the Group’s *Spirits* and *Other segments* are particularly relevant in this regard.

(6.2.2) Financial performance

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

	2022		2021		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Revenues	**119,917**	**96.6**	**99,684**	**99.7**	**+ 20,233**	**+ 20.3**
Change in inventories	4,169	3.4	281	0.3	+ 3,888	> + 100.0
Total operating performance	**124,086**	**100.0**	**99,965**	**100.0**	**+ 24,121**	**+ 24.1**
Purchased goods and services	78,720	63.4	56,958	57.0	+ 21,762	+ 38.2
Gross profit	**45,366**	**36.6**	**43,007**	**43.0**	**+ 2,359**	**+ 5.5**
Other operating income	1,762	1.4	1,288	1.3	+ 474	+ 36.8
Operating expenses	39,858	32.1	37,708	37.7	+ 2,150	+ 5.7
Operating profit (EBIT)	**7,270**	**5.9**	**6,587**	**6.6**	**+ 683**	**+ 10.4**
Other taxes	47	0.0	47	0.0	+ 0	+ 0.0
Financial result and result from equity interests	- 9,179	- 7.4	- 4,769	- 4.8	- 4,410	- 92.5
Profit before income taxes	**- 1,956**	**- 1.6**	**1,771**	**1.8**	**- 3,727**	**> - 100.0**
Income tax expenses	481	0.4	1,106	1.1	- 625	- 56.5
Net profit for the year	**- 2,437**	**- 2.0**	**665**	**0.7**	**- 3,102**	**> - 100.0**

Revenues and total operating performance

The revenues of Berentzen-Gruppe Aktiengesellschaft excluding alcohol tax amounted to EUR 119.9 million (EUR 99.7 million), while revenues including alcohol tax totalled EUR 306.4 million (EUR 278.7 million). Including the changes in inventory of EUR 4.2 million (EUR 0.3 million), the total operating performance came to EUR 124.1 million, that being 24.1% higher than in the previous year (EUR 100.0 million).

Purchased goods and services and gross profit

The raw materials and goods purchased by Berentzen-Gruppe Aktiengesellschaft are mainly concentrated in the categories of alcohol (including grain alcohol, rectified spirit, whiskey and rum), flavourings (basic substances and aromas) and sugar, as well as packaging (mainly glass and cardboard). Based on the considerably higher total operating performance, purchased goods and services increased disproportionately to EUR 78.7 million in the 2022 financial year (EUR 57.0 million) and the ratio of purchased goods and services to the total operating performance rose accordingly to 63.4% (57.0%). Procurement costs in all key categories of raw materials and packaging materials were affected by price increases, some of which substantial, in the 2022 financial year. Thanks to the considerably higher total operating performance and despite the increased cost of purchased goods and services, the consolidated gross profit improved by 5.5% to EUR 45.4 million.

Other operating income

At EUR 1.8 million, the total other operating income generated in the 2022 financial year was higher than in the previous year (EUR 1.3 million). It mainly included income from the reversal of provisions in the amount of EUR 1.0 million (EUR 0.5 million).

Operating expenses

Total operating expenses including depreciation, amortisation and impairments amounted to EUR 39.9 million, that being 5.7% higher than in the previous year (EUR 37.7 million).

Whereas personnel expenses rose by EUR 0.9 million to EUR 14.9 million (EUR 13.9 million), the ratio of personnel expenses to the total operating performance fell to 12.0% (13.9%). The chief reasons for the absolute increase were the additionally created positions in the organisational areas of sales, production, and engineering, as well as the higher amounts of vacation entitlements, overtime pay, and variable compensation components due to reporting date effects. As at December 31, 2022, Berentzen-Gruppe Aktiengesellschaft had 226 (223) employees, including 77 (75) in production and 131 (131) in commercial and administrative activities; 18 (17) apprentice-trainees were in vocational training programmes. The Company had an average of 186 (183) full-time employees in the 2022 financial year.

Depreciation and amortisation amounted to EUR 2.0 million in the 2022 financial year, little changed from the previous year (EUR 1.9 million).

Other operating expenses rose to EUR 23.0 million (EUR 21.8 million). Whereas marketing and trade advertising expenses fell to EUR 5.6 million (EUR 6.0 million), transport and selling expenses in particular rose to EUR 9.7 million (EUR 8.1 million). Specific other overhead costs exhibited a mixed development, but the total amount of EUR 7.7 million (EUR 7.7 million) was at the same level as in the previous year.

Financial result and result from equity interests

The financial result and result from equity interests led to considerably increased expenses of EUR 9.2 million (EUR 4.8 million) in total.

The result from equity interests and income from profit-and-loss transfer agreements with affiliated companies declined slightly to EUR 0.5 million (EUR 0.7 million).

Impairments of non-current financial assets totalled EUR 7.8 million (EUR 3.7 million), consisting of impairments of the book value of the equity interest in an affiliated company. The expenses from losses assumed under profit-and-loss transfer agreements in effect with subsidiaries amounted to EUR 0.5 million (EUR 0.7 million), below the level of the previous year.

Interest and similar expenses rose to EUR 1.4 million in the 2022 financial year (EUR 1.1 million). This figure included interest expenses and fees related to factoring in the amount of EUR 1.0 million (EUR 0.7 million).

Exceptional effects

There were no business transactions to be taken into account as exceptional effects in the 2022 and 2021 financial years.

Income tax expenses

Current income tax expenses amounted to EUR 1.2 million in the 2022 financial year (EUR 1.7 million), mainly on account of trade tax and corporate income tax for the 2022 financial year. The recognition of deferred taxes in respect of temporary differences between the commercial and tax balance sheets resulted in deferred tax income of EUR 0.7 million (EUR 0.6 million).

Operating result and net profit for the year

The operating result achieved in the 2022 financial year increased by 10.4% to EUR 7.3 million, mainly due to the significant, 24.1% increase in the total operating performance. Due to the considerably higher burden of EUR 9.2 million (EUR 4.8 million) from the financial result and result from equity interests, as well as income tax expenses of EUR 0.5 million (EUR 1.1 million), Berentzen-Gruppe Aktiengesellschaft generated a net loss of EUR 2.4 million (net profit of EUR 0.7 million) in total.

Executive Board’s proposal for the utilisation of profit

The distributable profit of Berentzen-Gruppe Aktiengesellschaft, which included a remaining profit carry-forward from the previous year in the amount of EUR 12.4 million (EUR 13.8 million), came to EUR 9.9 million in the 2022 financial year (EUR 14.4 million).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft will propose to the Annual General Meeting that the stated distributable profit of EUR 9.9 million for the 2022 financial year be utilised to pay a dividend of EUR 0.22 per qualifying common share for the 2022 financial year and that the rest be carried forward to new account. Taking into account the treasury shares held by the Company on the date of the Annual General Meeting, which do not qualify for dividends in accordance with Section 71b AktG, this corresponds to an anticipated pay-out totalling around EUR 2.1 million and an amount of EUR 7.9 million carried forward to new account. The payment of this dividend is contingent upon the approval of the Annual General Meeting to be held on May 10, 2023. The number of shares qualifying for dividends may change in the time leading up to the Annual General Meeting. In this case, the dividend will remain unchanged at EUR 0.22 per qualifying common share and an adjusted draft resolution for the utilisation of profit will be presented to the Annual General Meeting.

(6.2.3) Cash flows

Funding structure

In its role as parent company of the Berentzen Group, Berentzen-Gruppe Aktiengesellschaft acts as the central source of funding for the affiliated companies. The overall funding of the Berentzen Group at the end of the 2022 financial year is described in detail in section (2.2.5) Cash flows of the Group Economic Report.

Cash flow statement for the period from January 1 to December 31, 2022

The following abridged cash flow statement shows the development of liquidity in the Company. The cash flow statement is based on a definition of cash and cash equivalents that encompasses the net balance of liquid assets less bank liabilities due at call.

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

	2022 EUR'000	2021 EUR'000
Operating cash flow	7,390	6,323
Cash flow from operating activities	15,926	- 287
Cash flow from investing activities	- 5,056	- 2,542
Cash flow from financing activities	- 9,591	- 1,221
Change in cash and cash equivalents	**1,279**	**- 4,050**
Cash and cash equivalents at the end of the period	**4,338**	**3,059**

Operating cash flow and cash flow from operating activities

The operating cash flow remained positive at EUR 7.4 million (EUR 6.3 million) in the 2022 financial year despite the net loss of EUR 2.4 million (net profit of EUR 0.7 million).

The cash flow from operating activities also includes changes in working capital. These changes led to a net cash inflow of EUR 15.9 million in the 2022 financial year, as opposed to a net cash outflow of EUR 0.3 million in the previous year. Cash movements in current assets, some of which due to reporting-date and revenue effects, as well as notably a decrease in receivables from affiliated companies due to cash and liquidity management effects, led to a net cash inflow of EUR 4.9 million (cash outflow of EUR 1.4 million). The alcohol tax liability increased by EUR 1.3 million (EUR 6.3 million) to EUR 37.6 million (EUR 36.4 million). On balance, the change in provisions and other liabilities gave rise to a net cash inflow of EUR 3.6 million, as opposed to a net cash outflow of EUR 5.3 million in the previous year.

Cash flow from investing activities

Investing activities led to a net cash outflow of EUR 5.1 million (EUR 2.5 million). Investments in property, plant and equipment totalled EUR 1.9 million (EUR 2.4 million). They were offset by cash inflows from the disposal of property, plant and equipment of less than EUR 0.1 million in both the 2022 and 2021 financial years. The cash outflows for investments in non-current financial assets totalled EUR 3.0 million. They resulted mainly from the appropriation of funds to additional paid-in capital reserves for two domestic subsidiaries.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 9.6 million (EUR 1.2 million) due to the repayment of a EUR 7.5 million drawdown taken under the syndicated loan in the 2021 financial year, which was concurrently counter-financed under the same syndicated loan, as well as the dividend payment of EUR 2.1 million (EUR 1.2 million).

Cash and cash equivalents

Cash and cash equivalents totalled EUR 4.3 million (EUR 3.1 million) at the end of the past financial year. This amount included EUR 1.9 million (EUR 2.8 million) in receivables from the customer settlement account maintained with a bank that is used for settlement under a factoring agreement.

(6.2.4) Financial position

	12/31/2022		12/31/2021		Change
	EUR'000	%	EUR'000	%	EUR'000
Assets					
Non-current assets	44,398	35.2	49,169	36.5	- 4,771
Current assets	81,723	64.7	85,307	63.4	- 3,584
Other assets	127	0.1	154	0.1	- 27
	126,248	**100.0**	**134,630**	**100.0**	**- 8,382**
Shareholders' equity and liabilities					
Shareholders' equity	50,420	39.9	54,924	40.8	- 4,504
Non-current liabilities	3,363	2.7	2,835	2.1	+ 528
Current liabilities	72,465	57.4	76,871	57.1	- 4,406
	126,248	**100.0**	**134,630**	**100.0**	**- 8,382**

Assets

As shown above, total assets declined to EUR 126.2 million compared to December 31, 2021 (EUR 134.6 million). Non-current assets accounted for EUR 44.4 million (EUR 49.2 million) or roughly 35.2% (36.5%) of total assets.

Non-current assets

In addition to property, plant and equipment such as real estate, technical equipment and machinery, operational and office equipment, which account for EUR 18.5 million (EUR 18.5 million) of non-current assets, a further amount of EUR 25.5 million (EUR 30.3 million) consisted of non-current financial assets, primarily including shares in affiliated companies in the amount of EUR 24.6 million (EUR 29.4 million) and loans of EUR 0.9 million (EUR 0.9 million) to ensure the long-term funding of affiliated companies. Another EUR 0.4 million (EUR 0.4 million) of non-current assets consisted of intangible assets, primarily software licenses.

Current assets

45.5% (57.2%) of current assets totalling EUR 81.7 million (EUR 85.3 million) consisted of receivables and other assets, which declined in nominal terms by EUR 11.6 million from EUR 48.8 million to EUR 37.2 million on account of cash and liquidity management effects. Inventories rose to EUR 40.2 million (EUR 33.5 million).

Cash and cash equivalents increased to EUR 4.3 million (EUR 3.1 million) due to the positive cash flow totalling EUR 1.3 million shown in the cash flow statement.

Shareholders' equity and liabilities

Equity

After the net loss of EUR 2.4 million (net profit of EUR 0.7 million) and the dividend payment of EUR 2.1 million resolved by the Annual General Meeting in May 2022 (EUR 1.2 million), shareholders' equity declined to EUR 50.4 million (EUR 54.9 million).

Non-current liabilities

Non-current liabilities of EUR 3.4 million (EUR 2.8 million) were available to the Company at the end of the 2022 financial year. This item consisted mainly of pension provisions amounting to EUR 1.9 million (EUR 2.0 million) and other non-current provisions.

Current liabilities

Current assets declined to EUR 72.5 million (EUR 76.9 million), representing 57.4% (57.1%) of total assets. In the previous year, EUR 7.5 million of the liabilities under the syndicated loan had been classified as current liabilities because they were repaid in January 2022.

Alcohol tax liabilities amounted to EUR 37.6 million (EUR 36.4 million). These are the alcohol tax liabilities for the last two months of the financial year.

Other liabilities and other current provisions together increased to EUR 34.9 million (EUR 32.3 million) in total.

(6.2.5) General assessment of business performance and economic position

Business performance

The business performance of Berentzen-Gruppe Aktiengesellschaft in the 2022 financial year was satisfactory as a whole.

Significant overall revenue growth of 20.3% over the previous year was achieved on sales of spirits. Revenue growth was also achieved on domestic sales of branded products, especially the two focus brands of *Berentzen* and *Puschkin*. Consistently higher revenues were likewise generated on sales of export brands and private-label brands in all product categories. Significant revenue growth was also achieved on export sales of branded spirits.

For details concerning the *Spirits* and *Other segments*, please refer to sections (2.2.3) and (2.2.4) of the Economic Report in the combined Management Report.

Economic position

In view of the positive financial performance, the Company’s economic position is likewise satisfactory on the whole.

Based on the considerably higher revenues and increased gross profit, Berentzen-Gruppe Aktiengesellschaft closed the 2022 financial year with an operating result of EUR 7.3 million, representing a 10.4% improvement over the previous year (EUR 6.6 million).

By contrast, the financial result and result from equity interests were considerably lower than in the previous year particularly due to the impairment loss recognised in the book value of the Company’s equity interest in an affiliated company in the 2022 financial year. This development led to a net loss of EUR 2.4 million in the 2022 financial year, after a net profit of EUR 0.7 million in the previous year.

For details concerning the Company's cash flows and financial position, which remained solid in the 2022 financial year, please refer to the comments relevant to the Group in sections (2.2.5) and (2.2.6) of the Economic Report in the combined Management Report.

(6.3) Report on risks and opportunities

The business performance of Berentzen-Gruppe Aktiengesellschaft is essentially subject to the same risks and opportunities as the Berentzen Group. These risks and opportunities are described in section (3) of the combined Management Report. Whereas various individual risks directly affect and create opportunities for the parent company itself in the course of its operating activities – which correspond to those of the Berentzen Group in the *Spirits* and *Other segments* – or the management and central functions performed by the parent company, Berentzen-Gruppe Aktiengesellschaft itself fundamentally participates in the risks and opportunities of its subsidiaries, directly or indirectly, in proportion to its shareholdings in the subsidiaries.

As the parent company of the Berentzen Group, moreover, Berentzen-Gruppe Aktiengesellschaft is integrated into the Groupwide risk management system, which is summarised in section (3.1) of the Report on risks and opportunities.

The financial reporting-related internal control system of Berentzen-Gruppe Aktiengesellschaft is described in the explanatory notes on the internal control and risk management system and on the accounting process in section (3.5) of the Report on risks and opportunities.

(6.4) Forecast report

The expectations for Berentzen-Gruppe Aktiengesellschaft are basically reflected in the expectations for the Berentzen Group owing to its position and weight within the corporate group, the income-related key performance indicators for Berentzen-Gruppe Aktiengesellschaft being essentially the same as those of the *Spirits* and *Other segments*. The financial position, cash flows and financial performance of the parent company are dependent both on its own business performance, particularly including its operating activities involving the production and distribution of spirits, and on the business performance and dividends of the subsidiaries or the shares of profit attributable to the parent company.

Based on the forecast development of the corporate group for the 2023 financial year, it is expected that Berentzen-Gruppe Aktiengesellschaft will generate a considerably increased profit and thus be able to pay a dividend of an appropriate amount from the corresponding distributable profit in the 2023 financial year.

Please refer to the Forecast Report in section (4) of the combined Management Report for further explanations of the key operating topics in the 2023 financial year and for the general assessment of the anticipated performance of the corporate group.

(7) (Group) declaration on corporate governance

The (Group) declaration combines the declaration on corporate governance of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 289f of the German Commercial Code (HGB) and the Group declaration on corporate governance of Berentzen-Gruppe Aktiengesellschaft and its Group companies and subsidiaries pursuant to Section 315d HGB and forms a constituent part of this combined management report.

The (Group) declaration on corporate governance has been made accessible to the public on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company.

C. Consolidated Financial Statements

Statement of Financial Position as at December 31, 2022

	Note	12/31/2022 EUR'000	12/31/2021 EUR'000
ASSETS			
Non-current assets	(2.1)		
Intangible assets	(2.2)	9,330	9,759
Property, plant and equipment	(2.3)	44,420	43,532
Right-of-use assets	(2.4)	2,298	2,146
Other financial and non-financial assets	(2.5)	1,200	1,312
Deferred tax assets	(2.14)	91	150
Total non-current assets		**57,339**	**56,899**
Current assets			
Inventories	(2.6)	51,134	38,991
Current trade receivables	(2.7)	10,642	7,516
Current income tax assets	(2.8)	989	487
Cash and cash equivalents	(2.9)	13,537	28,297
Other current financial and non-financial assets	(2.10)	12,669	9,953
Total current assets		**88,971**	**85,244**
TOTAL ASSETS		**146,310**	**142,143**

	Note	12/31/2022 EUR'000	12/31/2021 EUR'000
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(2.11)		
Subscribed capital		24,424	24,424
Additional paid-in capital		6,821	6,821
Retained earnings		23,098	22,000
Currency translation differences and hyperinflation		- 4,233	- 4,389
Total shareholders' equity		**50,110**	**48,856**
Non-current liabilities			
Non-current provisions	(2.12)	7,106	8,645
Non-current financial liabilities	(2.13)	1,317	1,305
Deferred tax liabilities	(2.14)	1,109	848
Total non-current liabilities		**9,532**	**10,798**
Current liabilities			
Alcohol tax liabilities	(2.15)	37,605	36,355
Current provisions	(2.16)	81	81
Current income tax liabilities	(2.17)	455	262
Current financial liabilities	(2.18)	2,591	9,488
Trade payables and other liabilities	(2.19)	45,936	36,303
Total current liabilities		**86,668**	**82,489**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**146,310**	**142,143**

Consolidated Statement of Comprehensive Income for the period from January 1 to December 31, 2022

	Note	2022 EUR'000	2021 EUR'000
Revenues	(3.1)	174,216	146,109
Change in inventories	(3.2)	4,696	336
Other operating income	(3.3)	4,747	3,798
Purchased goods and services	(3.4)	99,652	77,988
Personnel expenses	(3.5)	28,803	26,753
Amortisation and depreciation of assets	(3.6)	8,318	8,649
Impairments	(3.7)	1,299	0
Other operating expenses	(3.8)	38,550	30,142
Gain or loss from the net monetary position in accordance with IAS 29	(3.9)	- 1,195	0
Financial income	(3.10)	57	56
Financial expenses	(3.10)	1,728	1,466
Earnings before income taxes		**4,171**	**5,301**
Income tax expenses	(2.14)	2,070	1,639
Consolidated profit		**2,101**	**3,662**
Currency translation differences and hyperinflation		77	- 765
Items to be reclassified to the income statement at a later date		**77**	**- 765**
Revaluation of defined benefit obligations		1,509	- 85
Deferred taxes on revaluation of defined benefit obligations		- 445	25
Items not to be reclassified to the income statement at a later date		**1,064**	**- 60**
Other comprehensive income	(2.11)	**1,141**	**- 825**
Consolidated comprehensive income		**3,242**	**2,837**
Earnings per share based on profit, attributable to shareholders (in euros per share)			
Basic/ diluted earnings per common share	(3.12)	0.224	0.390

Consolidated Statement of Changes in Shareholders' Equity for the period from January 1 to December 31, 2022

	Subscribed capital EUR'000	Additional paid-in capital EUR'000	Retained earnings EUR'000	Currency translation differences and hyper-inflation EUR'000	Total equity EUR'000
Balance at 01/01/2021	**24,424**	**6,821**	**19,619**	**- 3,624**	**47,240**
Consolidated profit			3,662		3,662
Other comprehensive income			- 60	- 765	- 825
Consolidated comprehensive income			3,602	- 765	2,837
Dividends paid			- 1,221		- 1,221
Balance at 12/31/2021	**24,424**	**6,821**	**22,000**	**- 4,389**	**48,856**
Adjustment due to first-time application of IAS 29			0	79	79
Balance at 01/01/2022	**24,424**	**6,821**	**22,000**	**- 4,310**	**48,935**
Consolidated profit			2,101	0	2,101
Other comprehensive income			1,064	77	1,141
Consolidated comprehensive income			3,165	77	3,242
Dividends paid			- 2,067		- 2,067
Balance at 12/31/2022	**24,424**	**6,821**	**23,098**	**- 4,233**	**50,110**

See Note (2.11) for additional information about consolidated shareholders' equity.

Consolidated Cash Flow Statement for the period from January 1 to December 31, 2022

	Note	2022 EUR'000	2021 EUR'000
Consolidated profit		2,101	3,662
Income tax expenses	(2.14)	2,070	1,639
Interest income		- 56	- 48
Interest expenses		1,717	1,460
Amortisation and depreciation of assets	(3.6)	8,318	8,649
Impairments of assets	(3.7)	1,299	0
Gain or loss from the net monetary position in accordance with IAS 29	(3.9)	1,195	0
Other non-cash effects		126	- 1,166
Increase (+) / decrease (-) in provisions		- 1,539	- 240
Gains (-) / losses (+) on disposals of property, plant and equipment		113	203
Gains (-) / losses (+) from the disposal of non-current assets held for sale		0	- 433
Increase (+) / decrease (-) in receivables assigned under factoring agreements		5,840	- 5,699
Decrease (+) / increase (-) in other assets		- 23,684	10,633
Increase (+) / decrease (-) in alcohol tax liabilities		1,250	- 6,271
Increase (+) / decrease (-) in other liabilities		9,974	1,899
Cash inflows from subleases		110	89
Cash and cash equivalents generated from operating activities		**8,834**	**14,377**
Income taxes paid		- 2,429	- 1,595
Interest received		50	53
Interest paid		- 1,541	- 1,212
Cash flow from operating activities		**4,914**	**11,623**
Proceeds from disposals of intangible assets		3	0
Payments for investments in intangible assets	(2.2)	- 366	- 481
Proceeds from disposals of property, plant and equipment		37	70
Payments for investments in property, plant and equipment	(2.3)	- 8,689	- 8,008
Cash outflows for the acquisition of subsidiaries		0	- 30
Cash inflows from disposals of non-current assets held for sale		0	1,150
Cash flow from investing activities		**- 9,015**	**- 7,299**
Cash inflows from the utilization of loan agreements		0	7,500
Cash outflows linked to the utilisation of loan agreements		- 24	- 194
Repayment of loans		- 7,500	- 7,536
Dividend payments	(2.11)	- 2,067	- 1,221
Lease liability repayments		- 1,273	- 1,203
Cash flow from financing activities		**- 10,864**	**- 2,654**
Change in cash and cash equivalents		**- 14,965**	**1,670**
Cash and cash equivalents at the start of the period		28,004	26,334
Cash and cash equivalents at the end of the period	(2.9)	**13,039**	**28,004**

For the explanatory notes to the Cash Flow Statement, see Note (4.1).

Notes to the Consolidated Financial Statements of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year

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

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

The consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee as applicable in the European Union (EU). All pronouncements of the International Accounting Standards Board (IASB) that are subject to mandatory application have been taken into account, leading to a true and fair view of the financial position, cash flows and financial performance of Berentzen-Gruppe Aktiengesellschaft. The consolidated financial statements comply with the European Union directive regarding consolidated accounts (Directive 83/349/EEC). As a publicly traded company governed by the law of a member state of the European Union (EU), Berentzen-Gruppe Aktiengesellschaft is required by Article 4 of Regulation (EC) No. 1606/2002 to prepare and publish its consolidated financial statements in accordance with IFRS and the applicable further provisions of commercial law specified in Section 315e (1) of the German Commercial Code (HGB).

The consolidated financial statements have been prepared in euros (EUR). Unless stated otherwise, all amounts are shown in thousands of euros (EUR'000). The consolidated financial statements are prepared in accordance with the consolidation, recognition and measurement methods described below. The cost summary format has been chosen for the presentation of the Statement of Comprehensive Income.

In order to improve the clarity and informative value of the financial statements, individual items have been grouped together in the Statement of Comprehensive Income and the Statement of Financial Position. These items are shown and explained separately in the notes to the consolidated financial statements. Estimates are required to prepare consolidated financial statements in accordance with IFRS. Furthermore, the application of uniform recognition and measurement methods requires the Management to make judgements. Areas with greater scope for such judgements, for which assumptions and estimates are of significance for the consolidated financial statements, are listed in Note (1.8), “Assumptions and estimates”.

The Executive Board approved the present consolidated financial statements as at December 31, 2022, and the Group management report combined with the management report for the 2022 financial year for publication and submission to the Supervisory Board on March 15, 2023.

(1.3) Effects of significant developments and events

The coronavirus pandemic impacted the business performance of the Berentzen Group in the 2022 financial year, as was the case in the previous two years. Some of the measures taken by federal and state governments to contain the coronavirus continued to have an adverse impact on economic activity in Germany, albeit with declining intensity as the year went on, to the point that some have been largely lifted. The measures include entrance restrictions and regulations imposed on food and drink establishments, extensive social distancing measures and strict rules for events. The coronavirus pandemic is also impacting the sourcing market, resulting on the one hand in a shortage of materials – particularly raw materials and intermediate products – and on the other in supply bottlenecks.

In addition, business performance has been affected by the war between Russia and Ukraine. Even though the Berentzen Group's potential risk of lost revenue directly related to the conflict is very low – in total only around 0.2% (previous year: 0.2%) of Group sales proceeds were generated in Russia and Ukraine in the 2022 financial year – more significant impacts have emerged in the sourcing market, where the war has further aggravated existing supply bottlenecks, leading to massive price increases for energy and materials.

Moreover, general economic conditions in the 2022 financial year were difficult, including in the financial markets, as exemplified in particular by higher (market) interest rates. As a result, among other things, the basic interest rate under IDW S1, published for valuation purposes by the Institute of Public Auditors in Germany (IDW), rose by nearly two percentage points in the 2022 financial year.

In general, all segments of the Berentzen Group are affected by the developments mentioned above. There were nonetheless differences among the segments with regard to the effects of the coronavirus pandemic. For example, the business with non-alcoholic beverages and branded spirits was impacted in particular by the entrance restrictions and regulations governing bars and restaurants in the first quarter, which above all affected the *Non-alcoholic Beverages* segment. In the *Spirits* segment, the cancellation of celebrations also impacted sales performance, in particular of those branded products that tend to be consumed on social occasions. In the *Fresh Juice Systems* segment, the pandemic continued to have a negative impact on the sale of fruit presses, owing to a suspension of investments in the direct and indirect sales channels restaurants and food retailers. Overall, the pandemic continued to have a negative impact on sales revenues in the Berentzen Group. Along with the price increases for energy and materials due to the war between Russia and Ukraine, there were losses in gross profit and negative impacts on the major earnings and performance indicators Group EBITDA and Group EBIT. Nonetheless, Group sales proceeds and the two key indicators mentioned above did rise in the 2022 financial year, but the performance indicators would have come in significantly higher if not for the challenges mentioned.

The rise in interest rates and the special vulnerability of the non-alcoholic beverages market to higher energy prices made it necessary to conduct an ad hoc impairment test for the *Non-alcoholic Beverages* segment or cash-generating unit as at June 30, 2022, September 30, 2022 and December 31, 2022. Consideration was given to the interest rate change in the respective discount rate applied – the weighted average cost of capital (WACC). Based on the results of the impairment tests conducted as at June 30 and September 30, there was no need to recognise impairments or reversals of earlier impairments. However, based on the result of the impairment test conducted as at December 31, an impairment loss of EUR 1.299 thousand was recognised. Further information can be found in Note (3.7).

When preparing the consolidated financial statements, assumptions and estimates are applied which have an impact on the presentation and measurement of the recognised assets, liabilities, income and expenses. Because the consequences in connection with the aforementioned developments and events are unforeseeable, these assumptions and estimates are associated with a heightened level of uncertainty. The amounts actually recorded may deviate from these assumptions and estimates, and changes may have a material impact on the consolidated financial statements.

(1.4) Standards and interpretations applied for the first time

New and amended IFRS standards

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee have issued or revised further Standards and Interpretations. These do not have any significant effects on the consolidated financial statements, however. In addition, adopted and revised standards and interpretations are not expected to have any significant effects on future consolidated financial statements.

Standard to be applied for the first time due to hyperinflation

Turkey has been classified as a hyperinflationary economy according to the definition of IAS 29 since June 2022. Because the Turkish lira is the functional currency of the Turkish subsidiary, IAS 29 "Accounting in Hyperinflationary Economies" must be applied retroactively to the separate financial statements of this subsidiary as from the 2022 financial year. The effects from the retroactive adjustment of the opening balance sheet as at January 1, 2022 led to an increase in shareholders' equity of EUR 79 thousand. The comparison amounts were not adjusted, as the consolidated financial statements are prepared in a stable currency.

(1.5) Consolidation principles

Principles of consolidation

Essentially all subsidiaries that are controlled by Berentzen-Gruppe Aktiengesellschaft according to the regulations of IFRS 10 are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, alongside the parent company, Berentzen-Gruppe Aktiengesellschaft. Subsidiaries are included in the consolidated financial statements under full consolidation from the date when the Group gains control over the investee. Deconsolidation takes place from the date at which that control is lost. The accounting treatment is in accordance with the acquisition method as defined in IFRS 3 in conjunction with IFRS 10.

Shares in non-fully consolidated companies are measured at fair value in accordance with IFRS 9, with the amortised acquisition cost representing the best estimate of the fair value.

For debt consolidation, the receivables and liabilities of the companies included are netted. During the elimination of intercompany profits and losses, profits and losses from intra-Group transactions between affiliated companies are eliminated. Deferred tax assets and liabilities are recognised in accordance with IAS 12 for differences in tax valuations resulting from consolidation activities. Income and expenses from intra-Group transactions, especially those arising from intercompany transactions, are eliminated in the Statement of Comprehensive Income.

In accordance with IFRS 10 Consolidated Financial Statements, the annual financial statements of the subsidiaries included in consolidation are prepared in accordance with uniform recognition and measurement methods.

Business combinations

The consolidation of investments in subsidiaries is carried out in accordance with the acquisition method as defined in IFRS 3 in conjunction with IFRS 10, by netting the consideration given against the fair value of the assets, liabilities and contingent liabilities assumed at the time of acquisition. In this context, the acquisition cost for a business combination corresponds to the fair value of the assets transferred, the equity instruments issued and the liabilities arising or assumed at the time of acquisition. Incidental acquisition costs are normally recognised as an expense. Where the net assets measured at fair value exceed the consideration transferred, this portion is recognised as goodwill. In the converse instance, the difference is recognised directly in the Statement of Comprehensive Income.

(1.6) Consolidated group

Essentially all domestic and foreign companies controlled by Berentzen-Gruppe Aktiengesellschaft within the meaning of IFRS 10 are included in the consolidated financial statements as at December 31, 2022, alongside Berentzen-Gruppe Aktiengesellschaft. Including Berentzen-Gruppe Aktiengesellschaft, the group of companies included in the consolidated financial statements comprises twelve (previous year: twelve) domestic and two (previous year: two) foreign Group companies.

Name	Registered office
Domestic Group companies	
Berentzen-Gruppe Aktiengesellschaft (parent company)	Haselünne
Berentzen Distillers Asia GmbH	Haselünne
Berentzen Distillers International GmbH	Haselünne
Berentzen Distillers Turkey GmbH	Haselünne
Berentzen North America GmbH	Haselünne
Berentzen-Vivaris Vertriebs GmbH	Haselünne
Citrocasa Deutschland Vertriebs GmbH	Haselünne
Der Berentzen Hof GmbH	Haselünne
DLS Spirituosen GmbH	Flensburg
Doornkaat Aktiengesellschaft	Norden
Pabst & Richarz Vertriebs GmbH	Minden
Vivaris Getränke GmbH & Co. KG	Haselünne
Foreign Group companies	
Berentzen Alkollü İçkiler Ticaret Limited Sirketi	Istanbul, Republic of Turkey
Citrocasa GmbH	Linz, Republic of Austria

Companies whose influence on the net worth, financial position and results of the Group is not material are not consolidated. The subsidiaries not fully consolidated account for hardly more than 1% of the aggregate revenues, net profit and liabilities of the Group.

The consolidated group is unchanged compared with the consolidated financial statements as at December 31, 2021.

(1.7) List of corporate shareholdings

Berentzen-Gruppe Aktiengesellschaft, Haselünne, prepares the consolidated financial statements for the largest and simultaneously smallest group of companies. The following list shows the shareholdings of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 313 (2) No. 1-4 HGB. The respective shareholdings have not changed in comparison to the previous year.

Direct subsidiaries

Name, registered office	Shareholding in %
Berentzen Distillers International GmbH, Haselünne	100.0
Berentzen Start-ups Investment GmbH, Haselünne	100.0
Berentzen-Vivaris Vertriebs GmbH, Haselünne	100.0
Citrocasa GmbH, Linz, Republic of Austria	100.0
Der Berentzen Hof GmbH, Haselünne [1)]	100.0
DLS Spirituosen GmbH, Flensburg [1)]	100.0
Doornkaat Aktiengesellschaft, Norden [1)]	100.0
Goldkehlchen GmbH, Linz, Republic of Austria	100.0
Kornbrennerei Berentzen GmbH, Haselünne	100.0
LANDWIRTH´S GmbH, Minden	100.0
Medley´s Whiskey International GmbH, Haselünne	100.0
Pabst & Richarz Vertriebs GmbH, Minden [1)]	100.0
Puschkin International GmbH, Haselünne	100.0
Strothmann Spirituosen Verwaltung GmbH, Haselünne	100.0
Vivaris Getränke GmbH & Co. KG, Haselünne [1)]	100.0
Winterapfel Getränke GmbH, Haselünne	100.0

[1)] Pursuant to Section 264 (3) and Section 264b HGB, the designated corporations and partnerships are freed from their obligation to prepare annual financial statements and a management report according to the regulations applicable to corporations, to have them audited, and to publish them.

Indirect subsidiaries

Name, registered office	Shareholding in %
Domestic companies	
Berentzen Distillers Asia GmbH, Haselünne	100.0
Berentzen Distillers Turkey GmbH, Haselünne	100.0
Berentzen North America GmbH, Haselünne	100.0
Citrocasa Deutschland Vertriebs GmbH, Haselünne	100.0
Die Stonsdorferei W. Koerner GmbH & Co. KG, Haselünne	100.0
Grüneberger Spirituosen und Getränkegesellschaft mbH, Grüneberg	100.0
MIO MIO GmbH, Haselünne	100.0
Vivaris Getränke Verwaltung GmbH, Haselünne	100.0
Foreign companies	
Berentzen Alkollü İçkiler Ticaret Limited Sirketi, Istanbul, Republic of Turkey	100.0
Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China	100.0
Sechsämtertropfen G. Vetter Spolka z o.o., Jelenia Gora, Poland	100.0

(1.8) Accounting policies

Foreign currency translation

The consolidated financial statements have been prepared in euros (EUR), the functional currency of Berentzen-Gruppe Aktiengesellschaft. Since all the foreign subsidiaries conduct their business activities independently in financial, economic and organisational regards, the respective local currency is their functional currency. Items in the Statement of Financial Position are translated at the exchange rate applicable as at the reporting date; items in the Consolidated Statement of Comprehensive Income are translated at the annual average rate, provided the financial statements of the subsidiary are not subject to the regulations of IAS 29. Differences from the currency translation of financial statements of foreign subsidiaries are recognised in other comprehensive income and shown under currency translation differences.

Foreign currency transactions are translated into the functional currency at the exchange rates applicable at the transaction date or the measurement date in the event of remeasurement. Gains and losses resulting from the settlement of such transactions and from translation at the end-of-period exchange rate of monetary assets and liabilities maintained in foreign currency are normally recognised in the Statement of Comprehensive Income. Foreign currency gains and losses resulting from the translation of cash and cash equivalents and financial liabilities are presented under Financial income or Financial expenses, and all other foreign currency gains and losses in Other income.

Hyperinflation

Turkey has been classified as a hyperinflationary economy according to the definition of IAS 29 since June 2022. Because the Turkish lira is the functional currency of the Turkish subsidiary, IAS 29 "Accounting in Hyperinflationary Economies" must be applied retroactively to the separate financial statements of this subsidiary as from the 2022 financial year. The financial statements of the Turkish subsidiary are based on the concept of the historic cost of acquisition and production. The purchasing power adjustment of the non-monetary line items in the statement of financial position and the line items of the statement of comprehensive income was performed on the basis of the consumer price index (CPI). As at December 31, 2022 the price index stood at 1,128.45 (December 31, 2022: 686.95). The adjusted financial statements of the Turkish subsidiary will be converted at the rate on the reporting date. The effects of the purchasing power adjustment of the non-monetary line items in the statement of financial position and the line items of the statement of comprehensive income are presented within the item “Gain or loss from the net monetary position in accordance with IAS 29”.

Intangible assets

Intangible assets are recognised at amortised cost. All intangible assets except for goodwill have definite useful lives. Amortisation is taken on proprietary brands on a straight-line basis over the estimated useful life of 15 years. Acquired technologies, customer lists and software licences are amortised on a straight-line basis over an estimated economic useful life of no more than eight years.

Intangible assets that are subject to scheduled amortisation are tested for impairment when relevant events indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised in the amount by which the carrying amount exceeds the recoverable amount. The fair value of trademarks and copyrights is measured using the multi-period excess earnings method (MEEM). Where the reasons for the previously recognised impairments no longer apply, the impairments on such assets are reversed to the value that would have arisen had no impairments been recognised in earlier periods.

Goodwill is not subject to amortisation; instead, it undergoes an impairment test once a year at the level of cash-generating units and where there are indications of an impairment. The recoverable amount of a cash-generating unit is compared against its carrying amount including goodwill. Where the carrying amount exceeds the recoverable amount, an impairment loss in the amount of the difference is recognised on the goodwill allocated to this cash-generating unit. Impairments of goodwill may not be reversed in later periods.

Research costs are presented as current expenses. Development costs are capitalised insofar as the conditions for capitalisation stated in IAS 38 are met.

Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less scheduled depreciation and, where necessary, less appropriate impairments. Acquisition or production cost includes those costs that are directly attributable to the purchase. Finance costs are not capitalised as part of the historical cost, since no qualified assets currently exist in the Group. Depreciation of the items of property, plant and equipment always starts when the asset is used.

Subsequent acquisition or production costs are only recognised as part of the asset if it is probable that future economic benefits will flow to the Group and the costs can be reliably measured. All other repair and maintenance costs are recognised as an expense in the financial year in which they accrue.

No depreciation charges are taken on land. Depreciation on property, plant and equipment is taken exclusively using the straight-line method. The following standard economic useful lives are used as the basis for depreciation charges throughout the Group:

	Economic useful life, in years
Buildings	20-75
Land improvements	10-30
Technical equipment and machinery	5-25
Other equipment, operational and office equipment	5-30

The residual values and economic useful lives are reviewed at each reporting date and, if necessary, adjusted. Where there are indications for an impairment, and the recoverable amount is less than the amortised cost, impairments are recognised in property, plant and equipment. The recoverable amount is the higher of the fair value of the asset less the costs to sell and the value in use. For the impairment test, assets are grouped together at the lowest level for which cash flows can be identified separately (cash-generating unit). In the case of assets for which an impairment has been recognised in the past, a further test is carried out at each reporting date to ascertain whether the impairment should be reversed (write-up).

Gains and losses on the disposal of assets are measured as the difference between the proceeds on disposal and the carrying amount and recognised in the Statement of Comprehensive Income under Operating income or Other operating expenses.

Leases

A lease is defined as an agreement that entitles the lessee to control the use of an identified asset for a specified period of time in return for payment of a fee.

Where Berentzen Group companies act as lessees, a right-of-use asset is to be entered on the asset side of the balance sheet and a lease liability on the liability side for every lease as a matter of principle. In the preliminary assessment, the lease liability is calculated using the present value of lease payments that have not yet been made. Payments pertaining to service are in principle recognised together with the lease components of the agreement. The payments are discounted using the incremental borrowing rate of the lessee. In the balance sheet, lease liabilities are shown under financial liabilities. The right-of-use asset is usually initially calculated using the lease liability amount. Right-of-use assets are reported under a separate item: “Right-of-use assets”. In subsequent periods, the lease payment is to be divided into an interest and a principal portion so as to produce a constant periodic rate of interest on the lease liability via the interest portion. The principal portion reduces the lease liability. The right-of-use asset is depreciated on a straight-line basis.

Short-term leases and leases of low-value assets are not shown in the balance sheet. Instead, the lease instalments are recorded as an expense.

In the Cash Flow Statement, the portion of the lease payments that pertains to the repayment of the lease liability is recorded under cash flow from financing activities. The interest portion of the lease payments is reported under cash flow from operating activities.

Where Berentzen Group companies act as lessors, a distinction must be made between finance and operating leases.

Leases under which essentially all the risks and rewards incidental to ownership of the leased asset remain with the lessor are classified as operating leases. In this case, the leased asset will continue to be recognised under property, plant and equipment.

On the other hand, leases under which essentially all the risks and rewards incidental to ownership of the leased asset are passed on to the lessee are classified as finance leases. For these leases, the Berentzen Group recognises receivables in the amount of the net investment value arising from the leases and recognises the interest income in profit or loss.

Inventories

Inventories are valued at the lower of acquisition or production costs or net realisable values. Alongside the direct costs which are generally measured at the moving average, the cost of inventories comprises appropriate portions of the required indirect materials and production overheads, as well as production-related depreciation that can be attributed directly to the production process. The cost of administration and social facilities is included insofar as it can be attributed to production. Write-ups are recognised if the reasons that led to a write-down of the inventories no longer apply.

Income taxes, and deferred tax assets and liabilities

Income taxes comprise the taxes on income to be paid immediately, essentially comprising the current corporate income tax and trade tax, along with deferred taxes.

Effects arising from the measurement of deferred taxes in accordance with IAS 12 on account of temporary differences between the carrying amounts under IFRS and the carrying amounts used in the tax balance sheet or as a result of the recognition and measurement of tax loss carry-forwards that have not already been utilised are similarly included.

Probable tax savings and charges arising in the future are recognised for temporary differences between the carrying amounts stated in the consolidated financial statements and the values of assets and liabilities stated for tax purposes. Anticipated tax savings arising from the utilisation of loss carry-forwards deemed to be realisable in the future are capitalised.

In accordance with the criteria set out in IAS 12.74, deferred tax assets and liabilities broken down by current/non-current are offset within the individual company and within a group of companies for income tax purposes.

Deferred tax assets arising from deductible temporary differences and tax loss carry-forwards exceeding the deferred tax liabilities arising from taxable temporary differences are only recognised to the extent that it is probable that enough taxable income will be generated to realise the corresponding benefits. Various factors such as the loss history and operating plans are applied to assess the probability.

The tax charges on planned dividend pay-outs by domestic and international subsidiaries are insignificant and hence not normally recognised. These tax charges arising from German corporate-income and trade tax of approximately 1.5% on all dividends would exist for subsidiaries with the legal form of an incorporated company.

Financial instruments

Additions to financial assets are recognised at the trade date. The trade date is the date when the Group commits to purchase the asset. With the exception of trade receivables without a significant financing component, financial assets are measured at fair value upon initial recognition. If an asset does not belong to the category “measured at fair value through profit or loss”, the transaction costs are to be added. Trade receivables without a significant financing component are recognised at their transaction price.

Financial assets are normally divided into the following categories for the purposes of subsequent measurement:

- Financial assets measured at amortised cost (AC)

- Financial assets measured at fair value through other comprehensive income (FVOCI)

- Financial assets at fair value through profit or loss (FVPL)

The classification depends upon the Group’s business model for the management of financial assets and the contractual cash flows of the financial asset. The management determines the classification upon initial recognition and reviews it at each reporting date.

The category of “measured at amortised cost” includes assets that are held to collect contractual cash flows and for which these cash flows represent solely payments of principal and interest. Assets of this category are subsequently measured at amortised cost based on the effective interest rate method, less valuation allowances for impairment losses. Interest income is recognised in profit or loss under financial income. Gains and losses are recognised in profit or loss under other operating income or expenses when the financial instrument is derecognised or an impairment loss is recognised.

Assets that are held to collect contractual cash flows and for sale and for which these cash flows represent solely payments of principal and interest are assigned to the category “measured at fair value through other comprehensive income”. There are no financial assets in this category.

If an asset is not classified as either the category “measured at amortised cost” or the category “measured at fair value through other comprehensive income”, it is classified as “measured at fair value through profit or loss”. These assets are subsequently measured at fair value. A gain or loss resulting from such a measurement, as well as interest and dividend income, is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash, sight deposits and other current, highly liquid financial assets with an original maturity of less than three months.

Treasury shares

Treasury shares purchased and held are measured at cost, including directly allocable transaction costs, and are deducted directly from equity instead of being recognised in profit or loss. The imputed share of nominal capital attributable to treasury shares is set off against subscribed capital, and the difference between the imputed nominal value and the acquisition cost of purchased treasury shares is offset against retained earnings.

Provisions

Provisions take account of present legal or constructive obligations towards third parties that arise from past events, the settlement of which is expected to result in an outflow of resources, provided that a reliable estimate can be made of the amount of the obligation. They are recognised at the necessary amount expected to settle the obligation. Non-current provisions are recognised at the discounted settlement amount at the reporting date. Increases resulting from compounding are recognised within Financial expenses. Provisions are not offset against rights of recourse.

Employee benefits

The actuarial measurement of the pension provisions for the Company pension plan is carried out using the projected unit credit method prescribed by IAS 19. The defined benefit obligation (DBO) is measured annually by an independent actuary using the projected unit credit method. The present value of the DBO is calculated by discounting the anticipated future cash outflows with the market yields on high quality corporate bonds with equivalent terms to the pension obligations. This was 3.9% during the reporting period (previous year: 0.5%). Actuarial gains and losses based on experience adjustments and the effects of changes to the actuarial assumptions are recognised directly in Other comprehensive income and not in profit or loss.

Post-employment benefits are granted where an employee is terminated before reaching ordinary retirement age or an employee leaves employment voluntarily against payment of a termination indemnity. Termination payments are recognised when the obligation demonstrably exists to terminate the employment of current employees in accordance with a detailed formal plan without a realistic possibility of withdrawal from that plan.

Liabilities

Liabilities comprise financial liabilities, alcohol tax liabilities, trade payables and other liabilities. Upon initial recognition, they are measured at the fair value of the consideration received less the transaction costs associated with the borrowing.

Financial liabilities are subsequently measured at amortised costs, applying the effective interest method. Gains and losses are recognised directly in profit or loss when the liabilities are derecognised and within the framework of amortisation. The transaction costs are recognised under Financial expenses.

Non-current liabilities are subsequently measured at amortised cost. Differences between historical cost and the redemption amount are measured in accordance with the effective interest method.

Current liabilities are recognised at their redemption or settlement amount.

Liabilities classified as “held for trading” are measured at fair value through profit or loss.

The alcohol tax and import duties are recognised in the amount payable to the main customs offices and are shown in a separate line item in order to improve the informative value of the consolidated financial statements.

Contingent liabilities are not recognised in the Statement of Financial Position. They are shown in Note (4.3) in the notes to the consolidated financial statements.

Government grants

Government grants for investments in assets are presented as deferred income within liabilities and reversed in profit or loss on a straight-line basis over the expected useful life of the assets concerned.

Impairments of financial assets

The financial assets of the category “measured at amortised cost” are subject to the impairment rules of IFRS 9. Therefore, the future expected credit loss is assessed for these assets on every reporting date so as to enable a presentation of the risk of default. The applicable impairment method depends on whether the risk of default has significantly increased.

When determining whether a financial asset’s risk of default has increased significantly, information and analyses based on both past experience as well as information regarding the future are taken into account. The risk of default is presumed to have increased significantly if the contractual cash flows are more than 30 days past due. If an asset’s risk of default has increased significantly, the impairment is measured in the amount of the expected lifetime credit loss. In contrast, if the risk of default has not increased significantly, the impairment is recognised in the amount of the 12-month expected credit loss. The two impairment methods differ insofar as all expected losses from potential default events occurring over the entire remaining term flow into the lifetime expected credit loss, whereas only losses expected from default events in the following twelve months flow into the 12-month expected credit loss.

The amount of the impairment to be recognised corresponds to the credit losses, i.e. the difference between the contractually agreed payments and the expected payments, discounted at the financial instrument’s effective interest rate. The carrying amount of the asset is reduced by means of a valuation adjustment account, and the loss is recognised within Other operating expenses. When the payments from an asset have become uncollectible, the asset is derecognised against the valuation adjustment account. Subsequent cash receipts on previously derecognised amounts are recognised against the impairments presented in the Statement of Comprehensive Income.

The simplified impairment approach of IFRS 9 is applied for trade receivables. According to this approach, the risk of default is not assessed for these assets; instead, the credit losses expected over the lifetime of the asset are recognised. Trade receivables are grouped together on the basis of common features and the number of days past the due date for the measurement of the expected credit losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised when the contractual claims to receive the cash flows from the asset expire or have been transferred and the Group has transferred substantially all opportunities and risks associated with the ownership of the financial asset.

If substantially all of the opportunities and risks associated with the ownership of the financial asset are neither transferred nor retained, the asset is derecognised if the Group does not retain control over the financial asset. In contrast, if the Group continues to retain control over the transferred financial asset, the Group recognises its remaining share of the assets and a corresponding liability in the amount that must possibly be paid. When the continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.

A financial liability is derecognised when the obligation underlying this liability is discharged or cancelled or expires.

If an existing financial liability is exchanged for another liability of the same lender with substantially different contractual terms, or the conditions of an existing liability are changed significantly, such an exchange or change leads to the derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Recognition of income and expenses

The consideration defined in an agreement with a customer is the basis for the measurement of revenues. Revenues are realised when control over the goods is transferred to the customer, i.e. when the goods are delivered. There is no significant financing component, since the actual average period allowed for payment over the entire corporate group is 33 days (previous year: 30 days).

For the sale of goods, terms and conditions are often agreed that include, for example, quantity discounts, advertising subsidies, special allowances and isolated take-back obligations. These terms and conditions are recognised as reductions in the transaction price and consequently reduce the amount of revenues. Since the terms and conditions are defined in annual meetings, the resulting reduction in revenues is determined at the time of the sale. For sales that include such terms and conditions, a reimbursement liability is also recognised that is presented under trade liabilities and other liabilities. In addition, for take-back obligations, a right to return the goods is recognised under other current financial and non-financial assets for the products expected to be returned.

Other operating income is recognised when it is received or the carrying amount of an asset increases and when a liability is derecognised or its carrying amount is reduced.

Operating expenses are recognised in profit or loss when a liability is incurred or its carrying amount increases and upon the disposal of an asset or when its carrying amount decreases

Financial expenses and income are recognised through profit or loss.

Assumptions and estimates

When preparing the consolidated financial statements, assumptions have been made and estimates applied that have an impact on the presentation and measurement of the recognised assets, liabilities, income, expenses and contingent liabilities.

They essentially relate to the assessment of the impairment of intangible assets, the definition of uniform economic useful lives, the collectability of receivables, the recognition and measurement of provisions, and the realisation of future tax savings.

In the course of business combinations, assumptions are made for the purpose of purchase price allocation regarding the valuation of liabilities assumed, and particularly of acquired assets, as the fair value is used as the measure. This is generally measured as the present value of the future cash flows, taking into account the present value of the depreciation-related tax benefit.

In connection with leases entered into as a lessee, assumptions need to be made when determining the term of contracts with extension or termination options. The periods of time resulting from extension or termination options only need to be taken into account in the term of a lease if it is reasonably certain that the option will be exercised or not exercised. When determining whether there is reasonable certainty, discretionary decisions are necessary.

Extension and termination options exist in particular for building and fleet leases. In the area of fleet leases, it is generally assumed that existing extension options will not be utilised. When determining the term of building rental contracts that continue to run until they are terminated, detailed medium-term plans are taken into account to determine the period during which it is reasonably certain that the termination option will not be exercised.

The present value of pension obligations depends upon a number of factors that are based on actuarial assumptions. The assumptions applied when determining the net expenses (income) for pensions include the anticipated discount rate. Berentzen-Gruppe Aktiengesellschaft determines the appropriate discount rate at the end of each year. Due to Company-specific factors, the rate of increase in the pension obligation is 1.5% (previous year: 1.5%). Further significant assumptions for pension obligations are based on existing market conditions. These actuarial assumptions may differ from actual developments due to changed market and economic conditions, thus leading to a significant change in the pension and similar obligations.

The measurement of provisions for legal disputes depends on estimates to a considerable degree. Legal disputes often involve complex legal questions and are fraught with considerable uncertainties. It may be necessary to recognise a new provision for an ongoing legal dispute as a result of new developments or to adjust the amount of an existing provision. In addition, the outcome of a legal dispute could give rise to expenditures that exceed the provision recognised for the respective proceeding. Legal disputes can have significant effects on the financial position, cash flows and financial performance of the Berentzen Group. Required information about legal disputes according to IAS 37 is not disclosed if the Berentzen Group concludes that such information could seriously endanger the outcome of the given proceeding.

The repayment obligations (liabilities) arising from deposits received are predominantly measured on the basis of all relevant empty containers to be returned by individual customers.

Income taxes must be estimated for each tax jurisdiction in which the Group operates. This involves calculating the anticipated current income tax payable and assessing the temporary differences arising from the differing treatment of certain items in the Statement of Financial Position between the consolidated financial statements prepared in accordance with IFRS and the financial statements prepared under tax law. Where there are temporary differences, they normally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. The management must make assessments when calculating actual and deferred taxes. Where the actual results differ from these estimates, or these estimates need to be adjusted in future periods, this may have a negative impact on the Company's financial position, cash flows and financial performance. Where there is a change in the assessment of the value of deferred tax assets, write-downs are taken on the deferred tax assets and recognised in profit or loss.

Fluctuating business cycles give rise to risks for the further development of the market and economic situation. These fluctuations may cause underlying assumptions to differ from actual developments and have an impact on commodity prices, interest rates and patterns of consumer behaviour. The underlying premises for market-related parameters have an impact on, for example, impairment tests within the meaning of IAS 36.

The assumptions and estimates are underpinned by premises that are based on the currently available information. The actual values may in some cases differ from the assumptions and estimates made. Changes are recognised in profit or loss at the date when a better understanding is gained.

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

(2.1) Non-current assets

Development of intangible assets and property, plant and equipment in the 2021 and 2022 financial years

	Intangible assets EUR'000	Property, plant and equipment EUR'000	Total non-current assets EUR'000
Acquisition/production cost			
Balance at 01/01/2021	72,596	156,061	228,657
Additions	481	8,008	8,489
Disposals/reclassifications	- 1,573	- 8,914	- 10,487
Currency effects	- 3	- 11	- 14
Balance at 12/31/2021	71,501	155,144	226,645
Additions	366	8,689	9,055
Disposals/reclassifications	- 36	- 3,802	- 3,838
Reclassifications	- 1	1	0
Currency effects	- 1	- 6	- 7
Balance at 12/31/2022	71,829	160,026	231,855
Amortisation/depreciation/impairments			
Balance at 01/01/2021	61,878	113,893	175,771
Additions	1,092	6,420	7,512
Disposals/reclassifications	- 1,226	- 8,690	- 9,916
Currency effects	- 2	- 11	- 13
Balance at 12/31/2021	61,742	111,612	173,354
Additions	790	6,310	7,100
Impairments	0	1,299	1,299
Disposals/reclassifications	- 32	- 3,607	- 3,639
Currency effects	- 1	- 8	- 9
Balance at 12/31/2022	62,499	115,606	178,105
Net carrying amounts 12/31/2022	**9,330**	**44,420**	**53,750**
Net carrying amounts 12/31/2021	**9,759**	**43,532**	**53,291**

The syndicated loan agreement concluded in December 2016 stipulates that material sales of non-current assets exceeding the normal course of business may require the consent of the lender.

(2.2) Intangible assets

Development of intangible assets in the 2021 and 2022 financial years

	Goodwill EUR'000	Trademarks, customer lists, and technical knowledge EUR'000	Licences and other intangible assets EUR'000	Advance payments made EUR'000	Total intangible assets EUR'000
Acquisition/production cost					
Balance at 01/01/2021	6,056	62,476	4,064	0	72,596
Additions	0	0	249	232	481
Disposals/reclassifications	0	- 952	- 621	0	- 1,573
Currency effects	0	0	- 3	0	- 3
Balance at 12/31/2021	6,056	61,524	3,689	232	71,501
Additions	0	4	362	0	366
Disposals	0	0	- 36	0	- 36
Reclassifications	0	0	231	- 232	- 1
Currency effects	0	0	- 1	0	- 1
Balance at 12/31/2022	6,056	61,528	4,245	0	71,829
Amortisation/depreciation/impairments					
Balance at 01/01/2021	0	59,133	2,745	0	61,878
Additions	0	776	316	0	1,092
Disposals/reclassifications	0	- 654	- 572	0	- 1,226
Currency effects	0	0	- 2	0	- 2
Balance at 12/31/2021	0	59,255	2,487	0	61,742
Additions	0	460	330	0	790
Disposals	0	0	- 32	0	- 32
Currency effects	0	0	- 1	0	- 1
Balance at 12/31/2022	0	59,715	2,784	0	62,499
Net carrying amounts 12/31/2022	**6,056**	**1,813**	**1,461**	**0**	**9,330**
Net carrying amounts 12/31/2021	**6,056**	**2,269**	**1,202**	**232**	**9,759**

The following table shows the detailed breakdown of the net carrying amounts of intangible assets:

	12/31/2022 EUR'000	12/31/2021 EUR'000
Trademarks	1,813	2,077
Technical knowledge	0	192
Trademarks, customer lists, and technical knowledge	1,813	2,269
Goodwill	6,056	6,056
Licences and other intangible assets	1,461	1,202
Advance payments made	0	232
	9,330	**9,759**

Pursuant to IAS 36.10, the goodwill capitalised in financial year 2014 within the framework of the acquisition of Citrocasa GmbH or to be allotted to the *Fresh Juice Systems* CGU in the amount of EUR 6,056 thousand (previous year: EUR 6,056 thousand) is subject to annual impairment testing. The impairment test performed in the 2022 financial year did not give rise to any impairment (as was the case in the previous year). The recoverable amount is determined using the fair value less costs to sell. The fair value less costs to sell was calculated by determining the present value of the future anticipated cash flows (discounted cash flow method), using a planning period of three years.

The weighted average cost of capital (WACC) of an appropriate peer group was applied as the discount rate. This discount rate determined for the CGU was 5.7% (previous year: 3.6%). The parameters for the weighted average cost of capital were determined on the basis of values derived from external market conditions. The applied growth rate was 1.0% (previous year: 1.0%).

The principal assumptions applied in the calculation of the fair value less costs to sell pertained to the weighted average cost of capital, the forecast development of revenues, the EBITDA growth rate and the sustainable growth rate of the terminal value. The corresponding forecasts are based on past results and the management's expectations reflected in the adopted corporate planning. The fair value less costs to sell is mainly based on non-observable input data (fair value hierarchy Level 3). For the aforementioned principal assumptions, sensitivity analyses are performed to rule out the possibility that any potential changes to the premises for determining the recoverable amount would lead to an impairment being necessary. A worsening of the individual parameters by one percentage point would not have led to any necessity for impairment.

As in the previous year, no intangible assets were encumbered with security interests as at December 31, 2022. As in the previous year, there were no contractual commitments to purchase intangible assets as at December 31, 2022.

Costs for research and development in the amount of EUR 1,609 thousand (previous year: EUR 1,564 thousand) were recognised as an expense in the reporting period.

(2.3) Property, plant and equipment

Development of property, plant and equipment in the 2021 and 2022 financial years

	Land and buildings EUR'000	Technical equipment and machinery EUR'000	Other equipment, operational and office equipment EUR'000	Advances to suppliers and construction in progress EUR'000	Total property, plant and equipment EUR'000
Acquisition/production cost					
Balance at 01/01/2021	47,757	79,048	29,158	98	156,061
Additions	56	1,160	3,816	2,976	8,008
Disposals	- 10	- 6,594	- 2,310	0	- 8,914
Reclassifications	0	58	8	- 66	0
Currency effects	1	0	- 12	0	- 11
Balance at 12/31/2021	47,804	73,672	30,660	3,008	155,144
Additions	765	951	4,647	2,326	8,689
Disposals	- 3	- 632	- 3,167	0	- 3,802
Reclassifications	297	2,648	63	- 3,007	1
Currency effects	0	0	- 6	0	- 6
Balance at 12/31/2022	48,863	76,639	32,197	- 2,327	160,026
Depreciation/impairments					
Balance at 01/01/2021	27,218	63,654	21,021	0	113,893
Additions	824	2,446	3,130	0	6,420
Disposals	- 7	- 6,405	- 2,278	0	- 8,690
Currency effects	1	1	- 11	0	- 11
Balance at 12/31/2021	30,034	59,716	21,826	0	111,612
Additions	925	2,152	3,233	0	6,310
Impairments	476	823	0	0	1,299
Disposals	- 3	- 585	- 3,019	0	- 3,607
Currency effects	0	0	- 8	0	- 8
Balance at 12/31/2022	31,432	62,106	22,068	0	115,606
Net carrying amounts 12/31/2022	**17,431**	**14,533**	**10,129**	**- 2,327**	**44,420**
Net carrying amounts 12/31/2021	**17,770**	**13,956**	**8,798**	**3,008**	**43,532**

See Note (3.7) for information about the impairments carried out.

As in the previous year, no items of property, plant and equipment were encumbered with security interests as at December 31, 2022. As in the previous year, there were no contractual commitments to purchase items of property, plant and equipment as at December 31, 2022.

Operating leases

The Berentzen Group acts as a lessor under rental and lease agreements that are classified as operating leases. These agreements essentially relate to the leasing business involving fruit presses in the *Fresh Juice Systems* segment as well as to the leasing of building parts and storage facilities. In the financial year rental and lease payments of EUR 167 thousand were received (previous year: EUR 179 thousand). The maturities of the instalments from operating leases to be received in future break down as follows:

	2022 EUR'000	2021 EUR'000
Up to 1 year	73	72
Longer than 1 year and up to 2 years	0	0
Longer than 2 years and up to 3 years	0	0
Longer than 3 years and up to 4 years	0	0
Longer than 4 years and up to 5 years	0	0
Longer than 5 years	0	0
Total operating lease payments	**73**	**72**

(2.4) Leases

The Berentzen Group acts as the lessee in various leases. The leases entered into essentially relate to the vehicle fleet, leased offices and business premises, and plant and office equipment. In the 2022 financial year, the total cash outflow for leases amounts to EUR 1,559 thousand (previous year: EUR 1,487 thousand). The carrying amounts of right-of-use assets developed as follows:

	Vehicle fleet EUR'000	Buildings EUR'000	Other EUR'000	Total EUR'000
Carrying value at January 1, 2021	1,651	358	113	2,122
Additions to right-of-use assets	838	0	13	851
Depreciation and amortisation	- 871	- 211	- 55	- 1,137
Other changes	13	276	21	310
Carrying value as at December 31, 2021	**1,631**	**423**	**92**	**2,146**
Additions to right-of-use assets	740	33	74	847
Depreciation and amortisation	- 928	- 228	- 62	- 1,218
Other changes	244	253	26	523
Carrying value as at December 31, 2022	**1,687**	**481**	**130**	**2,298**

The leases result in the following income and expenses in the Consolidated Statement of Comprehensive Income:

	2022 EUR'000	2021 EUR'000
Depreciation and amortisation	- 1,218	- 1,137
Interest expense	- 68	- 68
Short-term lease expense	- 131	- 153
Expense for leases of low-value assets	- 86	- 55
Income from the sublease of right-of-use assets	4	4
Total	**- 1,499**	**- 1,409**

The expected future lease payments from extension and termination options that are not reasonably certain and are not taken into account in determining the lease liability amount to EUR 268 thousand (previous year: EUR 280 thousand).

Lease relationships in which the Berentzen Group acts as lessor are explained in the Notes (2.3) and (2.5).

(2.5) Other financial and non-financial assets

	12/31/2022 EUR'000	12/31/2021 EUR'000
Shares in affiliated companies	761	761
Receivables under finance leases	163	176
Accrued revenue reductions	153	179
Syndicated loan transaction costs	80	153
Shares in cooperatives	32	32
Equity interests	11	11
	1,200	**1,312**

Shares in affiliated companies

Shares in affiliated companies include non-consolidated general partner companies and non-operating shell companies.

Receivables under finance leases

There are lease agreements in the *Fresh Juice Systems* segment that are to be classified as finance leases on account of their contractual terms. These agreements essentially relate to the leasing business involving fruit presses. In addition, the Berentzen Group subleased bicycles to employees. These subleases are finance leases. The non-current portion of the receivables under finance leases amounts to EUR 163 thousand (previous year: EUR 176 thousand) and is presented within Other financial assets. The current portion of the receivables amounts to EUR 177 thousand (previous year: EUR 199 thousand) and is capitalised under Other current financial assets (Note (2.10)).

The following table shows the maturity analysis for future undiscounted cash inflows from financing leases and demonstrates their reconciliation with the net investment in financing leases.

	2022		2021	
	Lease payments EUR'000	Non-guaranteed residual values EUR'000	Lease payments EUR'000	Non-guaranteed residual values EUR'000
Up to 1 year	183	7	187	26
Longer than 1 year and up to 2 years	110	12	119	7
Longer than 2 years and up to 3 years	36	11	48	12
Longer than 3 years and up to 4 years	3	0	0	0
Longer than 4 years and up to 5 years	0	0	0	0
Longer than 5 years	0	0	0	0
Gross investment in leases	**362**		**399**	
Unrealised financial income	- 22		- 24	
Net investment in leases	**340**		**375**	

Syndicated loan transaction costs

The syndicated loan agreement concluded in December 2016 was extended in the 2021 financial year. The maturity date is now December 31, 2026. The total volume of funding available from the loan agreement amounts to EUR 33,000 thousand. Transaction costs amounting to EUR 194 thousand were incurred directly as a result of the extension. The transaction costs are shown under financial assets and reversed as expenses over the course of the loan agreement. As at December 31, 2022, EUR 80 thousand (previous year: EUR 153 thousand) was shown under non-current financial assets and EUR 27 thousand (previous year: EUR 38 thousand) under current financial assets. The pro-rated transaction costs included in the financial expenses for financial year 2022 amount to EUR 85 thousand (EUR 3 thousand). Utilisations of the syndicated loan agreement bear Interest at a variable rate on the basis of the EURIBOR reference rate plus a fixed interest margin. In addition, a commitment fee will become due for the portion not utilised.

(2.6) Inventories

	12/31/2022 EUR'000	12/31/2021 EUR'000
Raw materials	4,570	3,085
Packaging and equipment	4,952	3,392
Supplies	114	109
Raw materials and supplies	9,636	6,586
Work in progress	20,732	18,278
Finished products	12,460	10,218
Merchandise for resale	8,306	3,909
Finished products and merchandise for resale	20,766	14,127
Inventories	**51,134**	**38,991**

When measuring inventories at the lower of cost or net realisable value, write-downs totalling EUR 224 thousand (previous year: EUR 63 thousand) were charged on inventories. The carrying amount of the inventories measured at net realisable value totalled EUR 1.582 thousand (previous year: EUR 722 thousand). The write-downs were recognised in profit or loss and presented within Other operating expenses and Change in inventories.

(2.7) Current trade receivables

The following table shows the breakdown of current trade receivables:

December 31, 2022	Ongoing and less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross receivables portfolio (EUR'000)	9,451	281	349	746	10,827
Loss rate	0.5%	0.4%	0.9%	18.5%	
Impairment loss (EUR'000)	- 43	- 1	- 3	- 138	- 185
Net receivables portfolio (EUR'000)	**9,408**	**280**	**346**	**608**	**10,642**

December 31, 2021	Ongoing and less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross receivables portfolio (EUR'000)	7,365	48	97	180	7,690
Loss rate	0.5%	0.0%	1.0%	77.2%	
Impairment loss (EUR'000)	- 34	0	- 1	- 139	- 174
Net receivables portfolio (EUR'000)	**7,331**	**48**	**96**	**41**	**7,516**

Valuation allowances are recognised for receivables when there is objective evidence that the receivable concerned cannot be collected at all or in full, or not within a specific period of time. This is regularly the case in the case of trade receivables and other receivables when the internal collection office is unable to collect the receivables and it becomes necessary to call in external collection firms or lawyers. Valuation adjustments are also recognised for expected credit losses. The following table shows the overall development of the valuation adjustment account:

	2022 EUR'000	2021 EUR'000
Balance at 1/1	**174**	**227**
Additions	41	29
Use	0	- 11
Reversals	- 30	- 71
Balance at 12/31	**185**	**174**

Transfers of financial assets

As part of its external funding, the Berentzen Group also utilises factoring lines. The total available financing amount on the basis of two factoring agreements is EUR 60,000 thousand (previous year: EUR 55,000 thousand). The Group can also access a formally unlimited factoring line based on three additional centralised settlement and factoring agreements which stipulate no maximum commitment; instead, the possible drawdown is limited only by the available amount of saleable receivables. The factor concerned normally purchases the receivables at face value. The purchase prices are disbursed less retentions and provisions for bonuses and discounts; in this context, the retentions amount to between 6% and 20% of the face value of the receivables and the companies of the Berentzen Group are required to report the provisions for bonuses and discounts on a monthly basis. Furthermore, any charges and interest accruing are retained. As at December 31, 2022, trade receivables amounting to EUR 56,080 thousand (previous year: EUR 48,575 thousand) had been sold and assigned to the respective factoring companies.

In some instances, interest payments are payable to the factor for the financial assets transferred to the factor up to the date payment is received by the factor, but no more than 120 days after the due date of the receivables. The interest rate to be applied is derived from the 1-week or 3-month Euribor plus a fixed component. This gives rise to the risk of the Berentzen Group having to make additional interest payments due to payments received late or not at all by the factor (late payment risk). The maximum loss from late payment risk for the amounts already transferred amounts to EUR 432 thousand at the reporting date (previous year: EUR 54 thousand). The fair value of the obligation arising from late payment risk totals EUR 37 thousand (previous year: EUR 9 thousand). Some of the servicing activities for the receivables sold under factoring agreements, notably including the reminder procedures, have remained with the Berentzen Group. The resulting liability has not been recognised due to the immateriality of the amount.

Because almost all of the risks and rewards incident to ownership of the financial assets were transferred to the factor, the trade receivables sold were completely derecognised in accordance with IFRS 9.3.2.6 (a). The remaining late payment risk was recognised as an asset representing a continuing involvement of EUR 483 thousand in the 2022 financial year (previous year: EUR 166 thousand). A liability of the same amount was recognised at the same time.

The following table shows the effect of factoring on various items in the Statement of Financial Position:

	Item in the Statement of Financial Position	12/31/2022 EUR'000	12/31/2021 EUR'000
Trade receivables sold and assigned	Current trade receivables	56,080	48,575
Continuing involvement	Other current financial and non-financial assets	483	166
Security retentions and provisions for bonuses and discounts	Other current financial and non-financial assets	8,978	7,312
Cash available	Cash and cash equivalents	8,250	25,812
Cash transferred	Cash and cash equivalents	38,847	15,445
Continuing involvement	Current financial liabilities	483	166
Interest liability from continuing involvement	Current financial liabilities	16	7
Retained interest/ charges/ insurance	Retained earnings/ consolidated comprehensive income	1,144	820

The factor retained collateral amounting to EUR 8,978 thousand (previous year: EUR 7,312 thousand), presented under Other current assets, to secure any deductions from the face value of receivables.

The available cash of EUR 8.250 thousand (previous year: EUR 25.812 thousand) shown in the table above reflects the balance of the cash arising from the sale of trade receivables that has not yet been drawn down by the Berentzen Group from the factor's customer settlement account. Although these amounts in the customer settlement accounts may be drawn down by the Berentzen Group at any time, they had not been utilised or drawn down at the reporting date. The available cash is covered in more detail in Note (2.9) Cash and cash equivalents. At the same time, the transferred cash of EUR 38,847 thousand (previous year: EUR 15,445 thousand) had already been credited to the current accounts maintained by the Berentzen Group with other banks.

At the time of derecognition of the financial assets, losses totalling EUR 1,144 thousand (previous year: EUR 820 thousand) were incurred during the reporting period. The gains are presented in Financial income in the amount of EUR 1,014 thousand (previous year: EUR 702 thousand) and the losses in Other operating expenses in the amount of EUR 130 thousand (previous year: EUR 118 thousand).

The factoring financing lines (receivables sold) utilised at the reporting date are expected to yield interest payments of EUR 122 thousand (previous year: EUR 20 thousand) for the first quarter of 2023. The interest payments depend among other things on the due dates of the receivables and the different interest rates applicable.

(2.8) Current income tax receivables

	12/31/2022 EUR'000	12/31/2021 EUR'000
Claims to income tax refunds (corporation tax, trade tax)	989	487
	989	**487**

(2.9) Cash and cash equivalents

	12/31/2022 EUR'000	12/31/2021 EUR'000
Cash in banks and cash on hand	13,537	28,297
	13,537	**28,297**

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

In accordance with IAS 7.45, the cash and cash equivalents shown in the Cash Flow Statement are determined as follows:

	12/31/2022 EUR'000	12/31/2021 EUR'000
Cash and cash equivalents		
Cash on hand	13	10
Current account receivables due from banks	5,274	2,475
Receivables from customer settlement accounts with banks	8,250	25,812
Receivables due from banks	13,524	28,287
	13,537	**28,297**
Current financial liabilities		
Overdraft facilities with banks	498	293
	498	**293**
	13,039	**28,004**

(2.10) Other current financial and non-financial assets

	12/31/2022 EUR'000	12/31/2021 EUR'000
Receivables from factoring haircut	8,978	7,312
Refund claims	877	883
VAT receivables	590	581
Continuing involvement	483	166
Other items	1,741	1,011
	12,669	**9,953**

(2.11) Shareholders' equity

Subscribed capital

The capital stock of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 24,960 thousand (previous year: EUR 24,960 thousand) is divided into 9,600,000 shares of common stock (previous year: 9,600,000 shares of common stock), which are no-par bearer shares and are fully paid-in. The imputed nominal value per share is EUR 2.60. The imputed nominal value per share is EUR 2.60. The development of subscribed capital and the number of shares outstanding are presented in the table below:

	12/31/2022		12/31/2021	
	EUR'000	No.	EUR'000	No.
Common shares (Bearer shares)	24,960	9,600,000	24,960	9,600,000
Capital stock	24,960	9,600,000	24,960	9,600,000
Treasury shares	- 536	- 206,309	- 536	- 206,309
Subscribed (outstanding) capital / shares outstanding	24,424	9,393,691	24,424	9,393,691

In financial years 2015 and 2016, 206,309 no par value shares were acquired by Berentzen-Gruppe Aktiengesellschaft within the scope of a share buy-back programme. This corresponds to an imputed share of capital stock equal to EUR 536 thousand and thus 2.15% of the Company's capital stock. The average purchase price per share was EUR 7.2706. The shares were purchased for a total purchase price of EUR 1,500 thousand (excluding transaction costs). The cumulative difference between the imputed nominal value and the acquisition cost of the treasury shares purchased was EUR 971 thousand and was offset against retained earnings.

Authorised Capital (not issued)

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is authorised, with the consent of the Supervisory Board, to increase the share capital by issuing new bearer shares of common stock in exchange for cash or in-kind contributions on one or more occasions, but for a maximum total of up to EUR 9,984 thousand, in the time until May 21, 2024 (Authorised Capital 2019). The Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in certain cases. The conditions under which the Executive Board can exclude, with the consent of the Supervisory Board, the shareholders' subscription right in a capital increase are set out in Article 4 (4) of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft in the version of July 2, 2020. The authorisation to exclude subscription rights is restricted to an amount of ten percent of the share capital. Not only treasury shares that were issued or sold during the period of this authorisation but also those shares issued to service convertible bonds and/or warrant bonds are to be deducted from this threshold to the extent that such transactions are carried out subject to exclusion of the shareholders' subscription rights. The Executive Board is authorised, with the consent of the Supervisory Board, to establish further details of an authorised capital increase and its execution.

Additional paid-in capital

Additional paid-in capital consists of the share premium on the capital increases of Berentzen-Gruppe Aktiengesellschaft in the years 1994 and 1996. EUR 15,855 thousand and EUR 23,010 thousand were withdrawn from additional paid-in capital and appropriated to retained earnings in the 2004 and 2008 financial years, respectively, to cover the respective net losses of the Company.

Profit utilisation / dividend

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

At the annual general meeting of May 18, 2022, it was resolved to use the distributable profit of EUR 14,435 thousand (previous year: EUR 14,991 thousand) presented in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2021 financial year to pay a dividend of EUR 0.22 per qualifying common share (previous year: EUR 0.13) for the 2021 financial year and to carry forward the remaining amount to new account. In consideration of the treasury shares held by the Company at the date of the annual general meeting, which do not qualify for dividends in accordance with Section 71b AktG, this amount corresponded to a total distribution of approximately EUR 2,067 thousand (previous year: EUR 1,221 thousand) and a carry-forward to new account of approximately EUR 12,368 thousand (previous year: EUR 13,770 thousand).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft will propose to the Annual General Meeting that the distributable profit presented in the separate commercial-law financial statements of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 9,931 thousand for the 2022 financial year be utilised to pay a dividend of EUR 0.22 per qualifying common share for the 2022 financial year and the rest be carried forward to new account. In consideration of the treasury shares held by the Company at the date of the Annual General Meeting, which do not qualify for dividends in accordance with Section 71b AktG, this amount corresponded to an expected total distribution of approximately EUR 2,067 thousand and a carry-forward to new account of approximately EUR 7,864 thousand. Payment of this dividend is dependent on the approval of the annual general meeting of May 10, 2023. The number of shares eligible for dividends may change in the time leading up to the Annual General Meeting. In this case, given an unchanged dividend of EUR 0.22 per common share qualifying for dividends, a correspondingly adjusted recommended resolution for the utilisation of distributable profit will be proposed to the Annual General Meeting.

Currency translation differences and hyperinflation

As at June 30, 2022, IAS 29 "Accounting in Hyperinflationary Economies" was required to be applied for the first time to the separate financial statements of the Turkish subsidiary. The hyperinflation adjustment totalling EUR 709 thousand had a negative effect on the consolidated net income as at December 31, 2022.

This net income effect, the effects of the retroactive opening balance sheet adjustment as at January 1, 2022, and the purchase price adjustment of the shareholders' equity line item as at December 31, 2022, recognised under Other net income, led in total to an increase in shareholders' equity in the amount of EUR 97 thousand.

(2.12) Non-current provisions

	12/31/2022 EUR'000	12/31/2021 EUR'000
Pension provisions	5,804	7,968
Other non-current provisions	1,302	677
	7,106	**8,645**

Pension provisions

Defined benefit plans

The pension provisions based on defined benefit plans pertain to the post-employment benefit obligations (old age, disability, and survivor’s pensions) of the companies included in the consolidated financial statements, which are governed by different pension codes. The amount of individual benefits depends on the length of service with the Company and the age and/or salary level of the employee. For the most part, this relates to non-covered pension plans for which the Company itself settles the obligations as soon as they fall due for payment. Some of the obligations are secured by reinsurance policies worth EUR 13 thousand (previous year: EUR 12 thousand) although these are not classified as plan assets within the meaning of IAS 19; these are presented as other current assets.

The benefit obligations cover a total of 183 (previous year: 200) beneficiaries, of whom 182 (previous year: 199) are pensioners and surviving dependants, and 1 (previous year: 1) is a former employee receiving benefits. No defined benefit commitments are being made to newly hired employees at this time. Even if no further benefits become vested at all from commitments made in the past, the Company is nonetheless obliged to continue bearing the resulting actuarial risk, like interest rate risk and longevity risk.

In accordance with IAS 19, the provisions for pension and similar obligations are calculated in accordance with the projected unit credit method for defined benefit plans. The figures are determined on the basis of actuarial reports. The following table shows the development of the defined benefit obligation (DBO) as at December 31, 2022:

	2022 EUR'000	2021 EUR'000
DBO at the start of the financial year	7,968	8,567
Interest expenses on DBO	38	28
Revaluations		
Actuarial gains / losses due to change in financial assumptions	- 1,661	- 110
Actuarial gains / losses due to change in experience-based adjustments	153	195
Pension benefits paid	- 694	- 712
DBO at the end of the financial year	**5,804**	**7,968**

Of the DBO at the end of the 2022 financial year, EUR 5,781 thousand (previous year: EUR 7,931 thousand) relates to pensioners and surviving dependants, and EUR 23 thousand (previous year: EUR 37 thousand) to former employees receiving benefits.

The following table shows the breakdown of pension expenses for the respective financial year before income tax effects:

	2022 EUR'000	2021 EUR'000
Interest expenses on DBO	38	28
Expenses recognised in the consolidated Income Statement	**38**	**28**
Actuarial gains (-) / losses (+)	- 1,508	85
Expenses/ income recognised in Other comprehensive income	**- 1,508**	**85**
Total pension expenses	**- 1,470**	**113**

Actuarial assumptions

The pension obligations are measured on the basis of actuarial reports. The following parameters have been applied: an actuarial interest rate of 3.9% p.a. (previous year: 0.5% p.a.), a rate of increase in future compensation of 0% p.a. (previous year: 0% p.a.) and an imputed rate of increase in pension benefits of 1.5% p.a. (previous year: 1.5% p.a.). The actuarial calculations for the 2022 and 2021 financial years are based on the 2018 G standard tables prepared by Professor Klaus Heubeck.

Sensitivity analysis

The following table shows the impact on the DBO of changes in the relevant actuarial assumptions. The impact on the DBO in the event of changes to an assumption is shown in each case, whereas the other assumptions remain unchanged compared with the original calculation. Correlation effects between the assumptions are not included accordingly. The change in the DBO shown is only valid for the actual extent of the change in the individual assumption. If the assumptions change to a different extent, a straight-line impact on the DBO cannot be assumed.

		DBO 12/31/2022 EUR'000	DBO 12/31/2021 EUR'000
Actuarial interest rate	+ 1.0 PP	5,440	7,337
	- 1.0 PP	6,217	8,704
Rate of increase in pension benefits	+ 0.5 PP	6,007	8,302
	- 0.5 PP	5,613	7,657
Rate of increase in future compensation	+ 0.5 PP	5,804	7,969
	- 0.5 PP	5,804	7,969
Life expectancy	+ 1 year	6,083	8,422
	- 1 year	5,531	7,531

The same calculation method (projected unit credit method) was applied when determining the impact on the DBO as was used when calculating the pension provisions at year-end.

Expected pension payments

The following table shows the expected pension payments for the following ten years:

	Expected pension payments EUR'000
2023	675
2024	637
2025	597
2026	560
2027	525
2028 - 2032	2,108

The average weighted maturity of the benefit obligations as at December 31, 2022, is around 7 years (previous year: 8 years).

Defined contribution plans

As a general rule, the Berentzen Group currently grants its employees post-employment benefits in the form of defined contribution plans. Within the framework of deferred compensation and employer allowances, contributions to post-retirement benefits are essentially paid into a pension fund or pension plans for the employees. Employer contributions of EUR 90 thousand (previous year: EUR 87 thousand) to these defined contribution plans were recognised in Personnel expenses in the 2022 financial year. Allowances are expected to amount to a similar level in the 2023 financial year.

Berentzen-Gruppe Aktiengesellschaft takes part in a multi-employer plan, which is run by Hamburger Pensionskasse von 1905 VVaG (HPK). Regular contributions are made with staff involvement. The HPK rates provide for fixed pension payments with surplus sharing. For HPK, the employer shall bear the subsidiary liability and obligation to assume liabilities in relation to its own employees. Berentzen-Gruppe Aktiengesellschaft classifies the HPK plan as a joint defined benefit multi-employer plan. Since the HPK pension scheme does not fully allocate its investments to beneficiaries or member companies, meaning that the available information required for accounting as a defined benefit plan is not sufficient to allocate assets and pension obligations to current and former employees of the individual member companies, this means that the participating companies share both the investment risk and the underwriting risk. As a result, the plan is treated like a defined contribution plan in the accounts. Claims arising from the subsidiary liability and obligation to assume liability are currently considered unlikely.

In the 2022 financial year, employer contributions of EUR 1.672 thousand (previous year: EUR 1.548 thousand) were paid to the statutory state insurance scheme in Germany and employer contributions of EUR 208 thousand (previous year: EUR 214 thousand) were paid to statutory pension insurance schemes in other countries.

Other non-current provisions

	12/31/2022 EUR'000	12/31/2021 EUR'000
Compensation with performance-based components	1,060	437
Service anniversary awards	242	240
	1,302	**677**

Provisions for compensation with performance-based components are expected to be used up completely within the next 42 months. Please refer to Note (4.7) Related Party Disclosures for a detailed explanation of the performance-based components of Executive Board compensation.

Provisions for service anniversary awards are accrued taking into account a general employer contribution to social security of 20% in line with the employee's present length of service and discounted using an interest rate of 1.5% (previous year: 1.4%). The provision is formed on the basis of current employee numbers and future claims to the aforementioned payments through the age of 65. The figures calculated are based on reports using a fluctuation rate of 5.0% and the 2018 G standard tables prepared by Professor Klaus Heubeck as the biometric basis of calculation based on the projected unit credit method in accordance with the generally accepted principles of actuarial mathematics.

Analysis of provisions

	Pension provisions EUR'000	Other non-current provisions EUR'000	Current provisions EUR'000	Total EUR'000
Balance at 01/01/2022	**7,968**	**677**	**81**	**8,726**
Use	694	21	81	796
Addition	0	660	81	741
Compounding	38	0	0	38
Reversal	1,508	14	0	1,522
Balance at 12/31/2022	**5,804**	**1,302**	**81**	**7,187**

(2.13) Non-current financial liabilities

	12/31/2022 EUR'000	12/31/2021 EUR'000
Lease liabilities	1,317	1,305
	1,317	**1,305**

(2.14) Deferred taxes and income tax expenses

	12/31/2022 EUR'000	12/31/2021 EUR'000
Deferred tax assets	91	150
Deferred tax liabilities	1,109	848

The following table shows the breakdown of deferred tax assets and liabilities by item in the Statement of Financial Position and content:

	12/31/2022		12/31/2021	
	Deferred tax assets EUR'000	Deferred tax liabilities EUR'000	Deferred tax assets EUR'000	Deferred tax liabilities EUR'000
ASSETS				
Non-current assets				
Intangible assets	0	574	4	724
Property, plant and equipment	75	906	27	1,009
Other financial assets	0	0	1	0
Current assets				
Inventories	92	13	162	4
Current trade receivables	11	12	0	10
Other current assets	0	216	0	153
SHAREHOLDERS‘ EQUITY AND LIABILITIES				
Non-current liabilities				
Non-current provisions	325	0	883	0
Current liabilities	414	214	125	0
Subtotal for temporary differences	917	1,935	1,202	1,900
Capitalisation of tax loss carry-forwards	0		0	
Netting	- 826	- 826	- 1,052	- 1,052
Deferred taxes shown in the Statement of Financial Position	**91**	**1,109**	**150**	**848**

Deductible temporary differences without tax assets capitalised amounted to EUR 1.518 thousand (previous year: EUR 305 thousand); impairment losses on deferred tax assets amounted to EUR 448 thousand (previous year:

EUR 86 thousand). The temporary differences related to the equity interest in subsidiaries of Berentzen-Gruppe Aktiengesellschaft, for which no deferred tax liabilities were recognised in accordance with IAS 12.39, amounted to EUR 42 thousand (previous year: EUR 3 thousand).

The reserve of tax loss carry-forwards at the end of the financial year is as follows:

	12/31/2022 EUR'000	12/31/2021 EUR'000
For corporation tax	328	413
For trade tax	10,692	7,529

No deferred tax assets were recognised in respect of corporate tax loss carry-forwards of EUR 328 thousand (previous year: EUR 413 thousand) and trade tax carry-forwards of EUR 10,692 thousand (previous year: EUR 7,529 thousand) despite the positive profit forecasts in specific cases, due to the loss history.

The trade tax loss carry-forwards can all be used without limitation in time. The time periods over which corporation tax loss carry-forwards for which no deferred tax assets were recognised are presented in the table below.

	12/31/2022 EUR'000	12/31/2021 EUR'000
Corporation tax loss carry-forwards	328	413
Expiry date within		
1 year	0	0
2 years	0	0
3 years	0	2
4 years	0	147
5 years	0	0
More than 5 years	0	0
Unlimited usability	328	264

Income tax expenses

The taxes on income paid or owed in the individual countries are presented as income tax expenses together with deferred tax accruals.

The following table shows the breakdown of the earnings before income taxes and income tax expenses by geographic origin:

	2022 EUR'000	2021 EUR'000
Earnings before taxes		
Germany	778	4,043
Austria	1,854	1,011
Turkey	1,539	247
	4,171	**5,301**
Taxes paid or owed		
Germany (of which attributable to other periods: EUR 54 thousand; previous year: EUR 1 thousand)	1,232	1,704
Austria (of which attributable to other periods EUR 0 thousand; previous year: EUR 0 thousand)	449	259
Turkey (of which attributable to other periods: EUR 0 thousand; previous year: EUR 0 thousand)	528	0
	2,209	**1,963**
Deferred taxes	**- 139**	**- 324**
Income tax expenses	**2,070**	**1,639**

Due to the change in deferred tax assets recognised in respect of actual gains and losses in connection with the accounting treatment of pension provisions, deferred tax expense of EUR 445 thousand (previous year: deferred tax income of EUR 25 thousand) was additionally recognised in other comprehensive income.

Tax loss carry-forwards of EUR 332 thousand (previous year: EUR 283 thousand) were utilised to reduce corporation tax expenses in the current financial year. The utilisation of tax loss carry-forwards from previous years led to a reduction in taxes on income paid and/or owed of EUR 76 thousand (previous year: EUR 71 thousand) in 2022.

The income tax expenses for the 2022 financial year in the amount of EUR 2,070 thousand (previous year: EUR 1,639 thousand) differed by EUR 840 thousand (previous year: EUR 75 thousand) from the expected tax expenses of EUR 1,230 thousand (previous year: EUR 1,564 thousand) that would have resulted from the application of an expected average tax rate of 29.5% to the Group’s earnings before income taxes. The following reconciliation shows the causes of the difference between expected and actual tax expenses in the corporate group:

	2022 EUR'000	2021 EUR'000
Profit after taxes	2,101	3,662
Actual income tax expenses	2,209	1,963
Deferred income tax expenses	- 139	- 324
Income tax expenses	2,070	1,639
Earnings before income taxes	**4,171**	**5,301**
Applicable tax rate	29.5%	29.5%
Expected income tax expenses	**1,230**	**1,564**
Tax effect of trade tax additions	78	41
Tax effect of trade tax reductions	- 16	- 17
Tax increases/reductions due to non-deductible expenses	337	39
Permanent differences from items of the Statement of Financial Position	- 49	- 13
Tax effects of loss carry-forwards and temporary differences	638	50
Current taxes attributable to other periods	54	2
Deferred taxes attributable to other periods	0	0
Deferred taxes arising from other tax benefits	37	- 25
Change in deferred taxes due to amended tax rates	- 47	1
Different domestic/foreign tax rates	- 195	- 11
Other	3	8
Income tax expenses	**2,070**	**1,639**
Effective tax rate in %	**49.6%**	**30.9%**

(2.15) Alcohol tax liabilities

	12/31/2022 EUR'000	12/31/2021 EUR'000
Alcohol tax liabilities	37,605	36,355
	37,605	**36,355**

The stated amount pertains to the reported alcohol tax for the months of November and December 2022, which is payable on January 5 and February 5 of the following year, respectively, pursuant to the German Alcohol Tax Act.

(2.16) Current provisions

	12/31/2022 EUR'000	12/31/2021 EUR'000
Costs of annual financial statements	81	81
	81	**81**

(2.17) Current income tax liabilities

	12/31/2022 EUR'000	12/31/2021 EUR'000
Current income tax liabilities (corporation tax, trade tax)	455	262
	455	**262**

(2.18) Current financial liabilities

	12/31/2022 EUR'000	12/31/2021 EUR'000
Lease liabilities	1,029	971
Liabilities to non-consolidated affiliated companies	565	551
Liabilities to banks	498	7,793
Continuing involvement	483	166
Interest liability continuing involvement	16	7
	2,591	**9,488**

As at December 31, 2021, liabilities due to banks included the short-term utilisation of the syndicated loan agreement concluded in December 2016 in the amount of EUR 7,500 thousand. No utilisation occurred as at December 31, 2022, however.

(2.19) Trade payables and other liabilities

	12/31/2022 EUR'000	12/31/2021 EUR'000
Trade payables	17,214	11,238
Marketing and sales commitments, and bonuses	11,988	13,421
Liabilities for payroll, sales and other taxes	4,862	4,801
Money deposited as security	3,535	1,301
Supplier invoices outstanding	2,864	1,571
Debtors with credit balances	2,065	611
Liabilities for salary components relating to other periods	1,159	1,250
Governments grants for investments	634	721
Other	1,615	1,389
	45,936	**36,303**

The stated values of trade payables are equal to their fair values. They are due within one year.

(2.20) Analysis of contractual residual maturities of financial liabilities

The following table shows the contractually agreed, non-discounted interest payable and principal repayments for the financial liabilities:

	Carrying amount 12/31/2022 EUR'000	up to 1 year Principal repayment EUR'000	up to 1 year Future interest payments EUR'000	1 to 5 years Principal repayment EUR'000	1 to 5 years Future interest payments EUR'000	more than 5 years Principal repayment EUR'000	more than 5 years Future interest payments EUR'000
Liabilities to banks	498	498	0	0	0	0	0
Lease liabilities	2,346	1,028	48	1,310	35	6	0
Other current financial liabilities	1,064	1,064	12	0	0	0	0
Trade payables	17,214	17,214	0	0	0	0	0
Other liabilities	28,722	28,722	0	0	0	0	0
- of which financial liabilities not subject to IFRS 9	7,891	7,891	0	0	0	0	0
Total	**49,844**	**48,526**	**60**	**1,310**	**35**	**6**	**0**

	Carrying amount 12/31/2021 EUR'000	up to 1 year Principal repayment EUR'000	up to 1 year Future interest payments EUR'000	1 to 5 years Principal repayment EUR'000	1 to 5 years Future interest payments EUR'000	more than 5 years Principal repayment EUR'000	more than 5 years Future interest payments EUR'000
Liabilities to banks	7,793	7,793	3	0	0	0	0
Lease liabilities	2,276	969	51	1,303	42	0	0
Other current financial liabilities	724	724	4	0	0	0	0
Trade payables	11,238	11,238	0	0	0	0	0
Other liabilities	25,065	25,065	0	0	0	0	0
- of which financial liabilities not subject to IFRS 9	7,862	7,862	0	0	0	0	0
Total	**47,096**	**45,789**	**58**	**1,303**	**42**	**0**	**0**

All financial instruments held as at December 31, 2022, and for which payments had already been contractually agreed are included. Budgeted amounts for future new liabilities are not included. The variable interest payments were determined on the basis of the interest rates last fixed before December 31, 2022. The future interest payments include fixed interest payments on short-term drawings as well as the interest portion of future lease payments.

Financial liabilities payable at any time are always allocated to the shortest bucket.

(2.21) Financial instruments

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

The fair value of the liabilities to banks approximates the recognised value due to its partially variable interest calculation based on benchmark interest rates. The fair values of current financial liabilities, such as liabilities due to non-consolidated affiliated companies, are equal to their respective carrying amounts because they have short-term residual maturities and the effects of discounting are immaterial. The market value of derivative financial instruments is determined by application of the present-value method. End-of-day interest rates are applied for this purpose, and ECB reference rates are applied for the last day of the month. The fair value is attributable to Level 2 of the fair value hierarchy of IFRS 13. On balance, the fair value valuation of these items did not result in any earnings effect (previous year: no earnings effect). 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.

As in the previous year, there were no regroupings among the levels in the 2022 financial year.

Carrying amounts and fair values by category of financial instrument

The carrying amounts and fair values of the financial instruments presented in the consolidated financial statements are presented in the table below:

	Category in accordance with IFRS 9	12/31/2022		12/31/2021	
		Carrying amount EUR'000	Fair value EUR'000	Carrying amount EUR'000	Fair value EUR'000
Assets					
Cash and cash equivalents	AC [1]	13,537	13,537	28,297	28,297
Trade receivables	AC	10,642	10,642	7,516	7,516
Other financial assets					
Equity instruments	FVPL [2]	804	804	804	804
Other financial assets	AC	11,747	11,747	9,215	9,215
Liabilities					
Liabilities to banks	AC	498	498	7,793	7,793
Trade payables	AC	17,214	17,214	11,238	11,238
Other financial liabilities	AC	21,895	21,895	17,926	17,926

[1] Amortised cost.

[2] Fair Value through Profit & Loss.

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

(3.1) Revenues

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

	2022 EUR'000	2021 EUR'000
Spirits segment	103,976	92,657
Non-alcoholic Beverages segment	44,649	35,346
Fresh Juice Systems segment	18,816	15,363
Other segments	6,775	2,743
Revenues	**174,216**	**146,109**

(3.2) Change in inventories

	2022 EUR'000	2021 EUR'000	Change EUR'000
Work in progress	20,732	18,278	+ 2,454
Finished products	12,460	10,218	+ 2,242
Change in inventories			**+ 4,696**

(3.3) Other operating income

	2022 EUR'000	2021 EUR'000
Reversal of liabilities (accruals)	1,558	809
Sales of empty containers and deposit refunds	952	541
Waste recycling	561	380
Foreign exchange loss	413	43
Income from compensation of loss and damage	350	102
Costs allocations/ cost reimbursements	239	359
Rental income	201	199
Miscellaneous other operating income	473	1,365
	4,747	**3,798**

(3.4) Purchased goods and services

	2022 EUR'000	2021 EUR'000
Cost of raw materials and supplies, and merchandise for resale	90,291	73,318
Cost of purchased services	9,361	4,670
	99,652	**77,988**

(3.5) Personnel expenses

	2022 EUR'000	2021 EUR'000
Wages and salaries	24,374	22,646
Social security	4,380	4,098
Pension costs	49	9
	28,803	**26,753**

The following table shows the number of employees in the corporate group:

	Annual average		Year-end	
	2022	**2021**	**2022**	**2021**
Salaried staff	265	264	265	266
Wage-earning staff	207	204	204	199
	472	**468**	**469**	**465**
Apprentices	25	25	26	24
	497	**493**	**495**	**489**

Based on full-time equivalents, the workforce increased from an annual average of 417 to 422.

(3.6) Depreciation and amortisation of assets

	2022 EUR'000	**2021 EUR'000**
Depreciation of property, plant and equipment	6,310	6,420
Depreciation of right-of-use assets	1,218	1,137
Amortisation of intangible assets	790	1,092
	8,318	**8,649**

(3.7) Impairments of assets

	2022 EUR'000	**2021 EUR'000**
Impairments of property plant and equipment	1,299	0
	1,299	**0**

In the 2022 financial year, there were steep price increases and high inflation rates in commodities markets and difficult conditions on financial markets, including higher (market) interest rates. As a result, among other things, the basic interest rate under IDW S1, published for valuation purposes by the Institute of Public Auditors in Germany (IDW), rose by nearly two percentage points in the 2022 financial year. In addition, the non-alcoholic beverages market has shown a particular vulnerability to the higher and still rising energy prices. This development made it necessary to conduct an ad hoc impairment test for the *Non-alcoholic Beverages* segment or cash-generating unit as at June 30, 2022, September 30, 2022 and December 31, 2022. Consideration was given to the interest rate change in the respective discount rate applied – the weighted average cost of capital (WACC). Based on the results of the impairment tests conducted as at June 30 and September 30, there was no need to recognise impairments or reversals of earlier impairments. However, based on the result of the impairment test conducted as at December 31, an impairment loss of EUR 1.299 thousand was recognised.

In the impairment test, the total carrying amount of the CGU is compared with the recoverable amount. The recoverable amount is the higher of the two fair value amounts less the costs to sell and the value in use. For the *Non-alcoholic Beverages* CGU, the impairment test determined a recoverable amount of EUR 22,820 thousand. This corresponds to the fair value less costs to sell. The fair value less costs to sell was calculated by determining the present value of the anticipated cash flows from the operating segment *Non-alcoholic Beverages* (discounted cash flow method).

The anticipated cash flows were planned using a planning period of three years. The cash flows were based on a qualified planning process taking into account internal company experience and extensive market knowledge, and take into account the management's assessment and views of how the regional market for Non-alcoholic Beverages will develop in the future. The principal assumptions applied in the calculation of the fair value less costs to sell pertained to the weighted average cost of capital, the forecast development of revenues, the EBITDA growth rate and the sustainable growth rate of the terminal value. The weighted average cost of capital (WACC) of an appropriate peer group was applied as the discount rate. This discount rate determined for the CGU was 5.7%. 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 taking into account IAS 36.104 et seq., and outside expert opinions were relied upon in determining the recoverable amount of the CGUs' main items of property, plant and equipment.

The impairment determined as at December 31, 2022 related to land and buildings (EUR 476 thousand) and technical equipment and machinery (EUR 823 thousand).

(3.8) Other operating expenses

	2022 EUR'000	2021 EUR'000
Other selling costs	22,542	15,136
Maintenance	3,542	3,093
Marketing, including advertising	3,258	3,352
Charges, contributions, insurance premiums	1,926	1,940
Other services	1,171	949
Packaging recycling	1,006	854
Legal, consulting, auditing costs	930	591
Temporary staff	782	607
Impairments of Inventoires	632	885
Other personnel expenses	538	572
Rents, office costs, money transfer costs	535	393
Expenses relating to other periods	367	508
Miscellaneous other operating expenses	1,321	1,262
	38,550	**30,142**

(3.9) Gain or loss from the net monetary position in accordance with IAS 29

	2022 EUR'000	2021 EUR'000
Gain or loss from the net monetary position in accordance with IAS 29	- 1,195	0
	- 1,195	**0**

Turkey has been classified as a hyperinflationary economy according to the definition of IAS 29 since June 2022. The effects of the purchasing power adjustment of the non-monetary line items in the statement of financial position and the line items of the statement of comprehensive income are presented within the new item "Gain or loss from the net monetary position in accordance with IAS 29". In the 2022 financial year, there was a loss from the net monetary position in the amount of EUR 1,195 thousand.

(3.10) Financial income/financial expenses

	2022 EUR'000	2021 EUR'000
Other interest and similar income	56	48
Income from equity investments	1	8
Financial income	57	56
Interest and similar expenses	1,717	1,460
Loss absorption expenses	6	6
Impairments of non-current financial assets	5	0
Financial expenses	1,728	1,466
Financial result	**- 1,671**	**- 1,410**

(3.11) Net results by measurement categories

The net results by measurement categories break down as follows in the 2022 financial year:

			from subsequent measurement				Net results
		from interest	at fair value	currency translation	from write-downs	from disposal	2022
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets and liabilities measured at fair value through profit or loss	FVPL	- 5	0	0	0	0	- 5
Financial liabilities measured at amortised cost	AC	- 538	0	0	0	0	- 538
Financial assets measured at amortised cost	AC	37	0	0	- 11	0	25
Total		**- 506**	**0**	**0**	**- 11**	**0**	**- 518**

In the previous year, the net result by measurement category broke down as follows:

			from subsequent measurement				Net results
		from interest	at fair value	currency translation	from write-downs	from disposal	2021
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets and liabilities measured at fair value through profit or loss	FVPL	- 5	0	0	0	0	- 5
Financial liabilities measured at amortised cost	AC	- 646	0	0	0	0	- 646
Financial assets measured at amortised cost	AC	36	0	0	53	0	89
Total		**- 615**	**0**	**0**	**53**	**0**	**- 562**

The interest from financial instruments is disclosed under financial income or financial expenses.

The impairment losses on trade receivables are disclosed under other operating expenses.

Changes in the market value of financial instruments measured at fair value are disclosed under other operating income or other operating expenses.

(3.12) Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the consolidated net profit or loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year.

The capital stock of Berentzen-Gruppe Aktiengesellschaft is divided into 9,600,000 shares of common stock (previous year: 9,600,000 shares of common stock). Taking treasury shares into account, there were 9,393,691 weighted average shares outstanding of Berentzen-Gruppe Aktiengesellschaft in the 2022 financial year (previous year: 9,393,691).

Berentzen-Gruppe Aktiengesellschaft has not issued any stock options or convertible bonds; there were no potential diluting instruments that could be exchanged for shares as at December 31, 2022. For this reason, only the basic earnings per share of common stock are presented.

		2022	**2021**
Consolidated profit	EUR'000	2,101	3,662
Number of common shares [1]	in thousands	9,394	9,394
Basic earnings per share of common stock	**EUR**	**0.224**	**0.390**

[1] Weighted average shares outstanding during the financial year.

(4) Other explanatory notes

(4.1) Cash Flow Statement

Cash flow from operating activities

The cash flow from operating activities comprises both the operating cash flow generated from operations as presented in the Group management report (consolidated earnings before interest, taxes, depreciation and amortisation, adjusted for non-cash elements) as the central managerial indicator of liquidity, and cash movements in working capital. In the 2022 financial year, the net cash inflow fell to EUR 4,914 thousand (previous year: EUR 11,623 thousand). The material factors influencing this development are presented below.

The change in what is referred to as trade working capital, i.e., the portion of working capital comprising the cash movements exclusively in inventories, receivables including factoring, alcohol tax liabilities, and trade payables, gave rise to a significant net cash outflow of EUR 8,020 thousand (previous year: cash outflow of EUR 42 thousand). This development resulted particularly from the EUR 12,120 thousand increase in inventories. The increase in other assets caused an additional cash outflow of EUR 2,598 thousand (previous year: cash inflow of EUR 279 thousand), while the change in other liabilities and other non-cash effects led to a cash inflow of EUR 3,197 thousand (previous year: cash outflow of EUR 1,222 thousand).

Cash flow from investing activities

The Group's investing activities led to an overall cash outflow of EUR 9,015 thousand (previous year: EUR 7,299 thousand). Investments in property, plant and equipment and intangible assets totalled EUR 9,055 thousand (previous year: EUR 8,489 thousand). This was accompanied by cash flows from the disposal of assets amounting to approximately EUR 40 thousand (previous year: EUR 1,220 thousand).

Cash flow from financing activities

The Group's financing activities resulted in a net cash outflow of EUR 10,864 thousand (previous year: EUR 2.654 thousand), mainly as a result of the repayment of a EUR 7,500 thousand drawdown taken under the syndicated loan in the 2021 financial year, which was concurrently counter-financed under the same syndicated loan. Other factors contributing to the cash outflow included the dividend payment of EUR 2,067 thousand (previous year: EUR 1,221 thousand) and the lease liability repayments of EUR 1,273 thousand (previous year: EUR 1,203 thousand).

A breakdown of the change in financial liabilities into cash and non-cash components can be found in the following table:

	2022		2021	
	Non-current financial liabilities EUR'000	Current financial liabilities EUR'000	Non-current financial liabilities EUR'000	Current financial liabilities EUR'000
01/01.	1,305	9,488	8,596	1,732
Cash additions and repayments	0	- 8,569	- 7,500	6,555
Non-cash changes				
Exchange rate changes	- 13	- 9	- 29	- 20
Other effects	25	1,681	238	1,221
of which: new and amended lease agreements	25	1,341	27	1,247
12/31	**1,317**	**2,591**	**1,305**	**9,488**

Interest payments are allocated to the cash flow from operating activities and reported under other effects. Interest in the amount of EUR 1,541 thousand (previous year: EUR 1,212 thousand) was paid in the 2022 financial year.

Cash and cash equivalents

At year-end, the cash and cash equivalents as defined in Note (2.9) totalled EUR 13,039 thousand (previous year: EUR 28,004 thousand), of which EUR 8,250 thousand (previous year: EUR 25,812 thousand) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements. As at the end of the 2022 financial year, drawdowns of short-term credit lines and financing instruments classified as such were utilised in the amount of EUR 498 thousand (previous year: EUR 293 thousand).

(4.2) Segment reporting

Business segments

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

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

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

The Group’s business activities were divided into the following segments in the 2021 and 2022 financial years:

- *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 tourism, events and webshop business of the Berentzen Group as well as the Spirits business in Turkey, managed by a local Group company.

Segment data

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

The “contribution margin according to marketing budgets” segment earnings include expenses directly incurred by the areas allocated to the respective segment. For product-related purchased goods as services, other direct costs (shipping, packaging recycling, commissions) and marketing including advertising, it is possible to perform an unambiguous allocation to the individual segments enabling a full presentation of the contribution according to marketing budgets for the segments that can be used as a performance indicator.

The internal reports submitted to the Group’s decision-makers do not include a breakdown of assets and liabilities by segment but only present them at group level. This means that the Executive Board of Berentzen-Gruppe Aktiengesellschaft in its function as chief operating decision maker does not receive any information about segment assets.

Segment report for the period from January 1 to December 31, 2022

	2022					
	Spirits EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments EUR'000	Elimination of intersegment revenues/ expenses EUR'000	Total EUR'000
Revenues with third parties	**103,976**	**44,649**	**18,816**	**6,775**		**174,216**
Intersegment revenues	7,503	261	0	11	- 7,775	
Total revenues	**111,479**	**44,910**	**18,816**	**6,786**	**- 7,775**	**174,216**
Purchased goods and services (product-related only)	- 72,419	- 12,073	- 10,819	- 2,156	7,775	- 89,692
Other direct costs	- 6,006	- 8,626	- 1,695	- 177		- 16,504
Marketing, including advertising	- 1,740	- 1,303	- 148	- 70		- 3,261
Contribution margin after marketing budgets	**31,314**	**22,908**	**6,154**	**4,383**		**64,759**
Other operating income						4,747
Purchased goods and services/change in inventories (if not included in contribution margin)						- 5,264
Personnel expenses						- 28,803
Depreciation and amortisation of assets						- 8,318
Miscellaneous other operating expenses						- 18,784
Consolidated operating profit, EBIT						**8,337**
Gain or loss from the net monetary position in accordance with IAS 29						- 1,195
Exceptional effects		- 1,299				- 1,299
Financial income						57
Financial expenses						- 1,728
Consolidated profit before income taxes						**4,171**
Income tax expenses						- 2,070
Consolidated profit						**2,101**

Segment report for the period from January 1 to December 31, 2021

	2021					
	Spirits EUR'000	Non-alcoholic Beverages EUR'000	Fresh Juice Systems EUR'000	Other segments EUR'000	Elimination of intersegment revenues/ expenses EUR'000	Total EUR'000
Revenues with third parties	**92,657**	**35,346**	**15,363**	**2,743**		**146,109**
Intersegment revenues	291	29	2	10	- 332	
Total revenues	**92,948**	**35,375**	**15,365**	**2,753**	**- 332**	**146,109**
Purchased goods and services (product-related only)	- 54,772	- 9,515	- 8,652	- 1,281	332	- 73,888
Other direct costs	- 4,710	- 4,497	- 1,282	- 73		- 10,562
Marketing, including advertising	- 2,323	- 877	- 72	- 70		- 3,342
Contribution margin after marketing budgets	**31,143**	**20,486**	**5,359**	**1,329**		**58,317**
Other operating income						3,798
Purchased goods and services/change in inventories (if not included in contribution margin)						- 3,764
Personnel expenses						- 26,753
Depreciation and amortisation of assets						- 8,649
Miscellaneous other operating expenses						- 16,238
Consolidated operating profit, EBIT						**6,711**
Financial income						56
Financial expenses						- 1,466
Consolidated profit before income taxes						**5,301**
Income tax expenses						- 1,639
Consolidated profit						**3,662**

Geographical breakdown

The regional breakdown of external revenues is based on the location of the customers, as follows:

	2022 EUR'000	2021 EUR'000
Germany	129,303	111,414
Rest of European Union	33,153	28,133
Rest of Europe	8,796	4,271
Rest of world	2,964	2,291
	174,216	**146,109**

Breakdown of revenues by product group

	2022 EUR'000	2021 EUR'000
Private-label and dealer brands	109,699	94,600
Non-alcoholic beverages	44,649	35,346
Fresh juice systems	18,816	15,363
Other product groups	1,052	800
	174,216	**146,109**

The breakdown of revenues by product group differs from the revenues in the individual segments, as revenues in the spirits products category are generated in both the *Spirits* segment and *Other Segments*.

Dependence on key customers

In the 2022 financial year, more than 10% of consolidated revenues were generated with two (previous year: three) customers in the *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems* segments, broken down as follows:

	2022		2021	
Customer	**Revenues EUR'000**	**Proportion of total revenues**	**Revenues EUR'000**	**Proportion of total revenues**
Customer A	40,207	23.1%	29,483	20.2%
Customer B	27,462	15.8%	25,041	17.1%
Customer C	17,317	9.9%	14,898	10.2%

(4.3) Contingent liabilities

The following contingent liabilities existed at year-end:

	2022 EUR'000	2021 EUR'000
Liabilities from guarantees	872	872
Other contingent liabilities	355	364
	1,227	**1,236**

Berentzen-Gruppe Aktiengesellschaft has issued an absolute maximum-liability guarantee of EUR 864 thousand (previous year: EUR 864 thousand) for the branch of a subsidiary in Brandenburg in favour of Investitionsbank des Landes Brandenburg to secure receivables arising from the subsidy relationship, especially possible future claims to repayment. In both 2007 and 2010, the subsidiary had submitted an ongoing request for the granting of state aid to industry under the regional economic promotion programme over an investment period of three years. The amounts requested by calling down funds were disbursed starting in 2011 and 2012, and were secured by a guarantee. Based on our current assessment, there are no indications to suggest that, if amounts payable under the subsidy relationship – especially a request for repayment of state aid – were to be enforced, which is currently not the case, the guarantee could potentially be utilised.

The other contingent liabilities related to the legal disputes of Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China. More details on this can be found in Note (4.4).

In addition, there are letters of indemnity related to maximum-liability customs bonds in the amount of EUR 776 thousand (previous year: EUR 776 thousand). The current alcohol tax liabilities secured by such guarantees amounted to EUR 37,605 thousand at year-end (previous year: EUR 36,355 thousand).

(4.4) Litigation

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

In connection with the cessation of business activities, claims totalling approximately EUR 414 thousand (previous year: EUR 425 thousand) were asserted, titled and enforced to a minor extent against Berentzen Spirit Sales (Shanghai) Co., Ltd. (which ceased operations many years ago), Shanghai, People's Republic of China, by two former local distribution partners in connection with trade dealings and by the other contractual party under the former lease of the Company's business premises. Berentzen Spirit Sales (Shanghai) Co., Ltd. filed for commencement of an insolvency proceeding due to insolvency in November 2015 and again in August 2016; the motions were rejected by the competent courts for incomprehensible reasons. Considering the economic situation of the Company, however, the Berentzen Group believes that a further assertion of the aforementioned claims will not be successful, for which reason no provisions were formed for legal disputes in this matter.

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

(4.5) Risk management

Organisation

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

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

Liquidity risk

Liquidity risk is the risk that a company is not in a position to procure the funds needed to settle obligations entered into in connection with financial instruments.

Management of liquidity risk

The Executive Board, the Management and the Central Financial Management Department manage the Group’s liquidity risk. The liquidity risk is managed primarily by procuring funds as part of the overall funding of the Berentzen Group, which breaks down as follows for the 2022 financial year:

In December 2021, Berentzen-Gruppe Aktiengesellschaft extended the syndicated loan agreement concluded with a bank syndicate in December 2016 by another five years. The maturity date is therefore now December 31, 2026. A total funding volume of EUR 33.0 million is available to the Berentzen Group in two forms, the first being bilaterally agreed branch lines of credit in the amount of EUR 21.0 million and the second being drawdowns with maturities of one, two, three or six months in the amount of EUR 12.0 million. The parties also agreed on the option of increasing the financing volume through the addition of another repayable-at-maturity facility in the amount of EUR 10.0 million for the financing of acquisitions. Drawdowns bear interest at variable rates based on the EURIBOR reference rate plus an interest margin that is fixed. The syndicated loan agreement is not secured. Three subsidiaries of Berentzen-Gruppe

Aktiengesellschaft are included in the syndicated loan agreement as guarantors as part of a cross-guarantee system taking the form of a guarantor concept based on the minimum fulfilment of certain group inventory levels and flow variables stipulated in the agreement, which Berentzen-Gruppe Aktiengesellschaft as the borrower and the guarantors are obliged to maintain. The borrower is obliged to regularly fulfil two contractually defined covenants, the dynamic gearing ratio and the equity ratio, which are to be measured on the basis of its consolidated financial statements. The syndicated loan agreement, which is essentially based on the international contract standard of the British Loan Market Association ("LMA standard"), also stipulates the customary obligations, conditions, assurances and warranties, particularly on the subject of debt limits, limitations on the sale of assets, and a change-of-control clause. If the covenants, other obligations, conditions, assurances and warranties are breached, and if a change of control occurs, the lenders will be fundamentally entitled to terminate the syndicated loan agreement prematurely and to declare the borrowed funds, outstanding interest, and costs due and payable immediately.

The drawdown of factoring lines represents a further focal point of external funding. In August 2022, the Berentzen Group extended its two existing factoring agreements early by three years each until March 31, 2027 and increased the total funding volume available under these factoring agreements by EUR 5.0 million from EUR 55.0 million to EUR 60.0 million. Added to this is a formally unlimited factoring line under three further, open-ended central settlement and factoring agreements. In the 2022 financial year, this gave rise to an average gross funding volume of EUR 9.6 million (previous year: EUR 8.3 million). The factoring agreements are free of covenants on the whole.

Apart from the syndicated loan agreement, the volume of funding from credit agreements with the providers of working capital to the Berentzen Group totals EUR 1.5 million (previous year: EUR 0.9 million). These credit lines are available to two foreign Group companies and each has an open-ended term. Collateral must be provided for this by a foreign Group company in the translated amount of EUR 1.3 million (previous year: EUR 0.7 million), fundamentally in the form of cash received before the due date or other securities. Furthermore, two surety bonds for alcohol tax in the amount of EUR 0.8 million in total (previous year: EUR 0.8 million) provided by the surety bond issuers are included in the overall financing of the corporate group.

Including the formally unlimited factoring agreements with a central settlement agent, the gross funding volume from factoring arrangements and not falling under the scope of the working capital credit lines of the syndicated loan agreement thus stood at EUR 71.1 million as at December 31, 2022 (previous year: EUR 64.2 million). These short-term external or credit financing arrangements bear interest on the basis of the EURIBOR and EONIA reference interest rates, plus a fixed interest margin, otherwise at interest rates based on local market conditions or at fixed interest rates.

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

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

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

Credit risk/default risk

Credit risk or risk of default is defined as the risk of a financial loss that arises if a contracting party fails to meet its payment obligations.

Management of credit risk/default risk

The management of credit risk or risk of default in the Berentzen Group is substantially geared towards entering into transactions with creditworthy third parties. Credit references or historical data from the business relationship to date are considered for the purpose of avoiding payment defaults. In the event of discernible risks, appropriate value adjustments are charged against receivables.

Approximately 75% (previous year: 76%) of consolidated revenues are billed via foreign branch offices that also assume the credit risk via del credere agreements. In addition, the risk of default is covered under trade credit insurance. As a general rule, balances in excess of EUR 5 thousand are covered under credit insurance. Trade credit insurance reimburses all defaults on receivables on the part of insured customers up to the agreed deductible of 20% for customers residing in Germany and 10% for customers residing abroad. Alongside export credit insurance, security payments or advance payments are frequently agreed with the Group company domiciled outside of Europe. In the wake of the coronavirus pandemic, the trend of corporate bankruptcies is particularly relevant. Even if a substantial rise in corporate bankruptcies is not observable so far, the credit rating particularly in the hospitality sector has deteriorated, so that insolvencies of food and drink establishments will likely increase in the future. The level of risk to the Berentzen Group is deemed to be manageable in this context, however, because most of the risk of default is covered by the aforementioned commercial credit insurance.

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

No trade credit insurance is carried for one of the major trade offices because it has furnished an unconditional absolute guarantee of a major German credit insurer to the company to cover the receivables due from it.

	2022		2021	
	EUR'000	%	EUR'000	%
Trade receivables	**10,827**	**100.00%**	**7,690**	**100.00%**
- of which trade credit-insured	5,609	51.81%	3,406	44.30%
- of which secured by a surety	1,137	10.50%	2,037	26.49%
- of which secured by guarantees	1,929	17.82%	1,233	16.03%
- of which unsecured	1,967	18.17%	840	10.92%
- of which written down	185	1.71%	174	2.26%

With regard to the trade receivables for which no value adjustments have been charged and which are not in default, there were no indications at the reporting date to suggest that the debtors will not fulfil their payment obligations. The intrinsic value of receivables is protected by means of assigning limits to all customers on the basis of the assessments of rating agencies or the credit insurer, and by means of regular payment reminders and constant monitoring of all receivables accounts.

Cash and cash equivalents are invested with major banks and state banks.

In the event of counterparty default, the maximum credit risk of the cash and cash equivalents, financial assets measured at fair value through profit or loss, and other financial assets is equal to the carrying amounts of these instruments.

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

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

Market risk

Market risk is defined as the risk that the fair value of future cash flows from a financial instrument changes due to market price fluctuations. Market risk comprises currency risks, interest rate risks and other price risks.

Management of market risk

Market risk is also managed by the Executive Board, the Management and the Group's Central Financial Management Department.

For presenting market risks, IFRS 7 requires an entity to conduct sensitivity analyses to determine the effects of hypothetical changes in relevant risk variables on net profit and shareholders' equity. Besides currency risks, the Berentzen Group is exposed to interest rate risk and other price risks.

The periodic effects are determined by applying the hypothetical changes in risk variables to the holdings of financial instruments held at the reporting date. The holdings at the reporting date are representative of the full year.

Foreign currency risks arise from the translation of foreign currency items into the Group's functional currency (euro) due to exchange rate changes. According to the Berentzen Group's definition, they generally result from financial items, pending transactions where applicable, and planned transactions denominated in foreign currencies. The foreign currencies relevant for the corporate group particularly include the U.S. dollar and the Turkish lira. In addition to the exchange rate trend, the resulting risk potential also depends on changes in the volume of transactions effected or to be entered into in foreign currencies. So far, the business activities with respect to procurement and sales have been largely settled in euros and US dollars. Furthermore, some currency risk is balanced out in that both procurement as well as sales are carried out in the same foreign currency; as a result, incoming payments offset outgoing payments in the same foreign currency – albeit as a rule not in the same amount or in matching maturities. Without taking consolidation effects into account, liabilities and receivables denominated in foreign currencies amounted respectively to approximately EUR 2.8 million (previous year: EUR 1.9 million) and EUR 2.7 million (previous year: EUR 1.4 million) as at December 31, 2022. Rate-hedging measures are carried out for the most important foreign currency, the U.S. dollar, insofar as an assessment of the foreign currency environment makes this appear to be useful. However, as at December 31, 2022 there were no rate-hedging measures in place (December 31, 2021: no rate-hedging measures).

From the Group's perspective, the value of the Berentzen Group's assets or the nominal amounts of its liabilities located outside of Germany are likewise subject to foreign currency fluctuations. Foreign currency effects arising on the translation of net asset positions from the separate financial statements of foreign Group companies are recognised directly in equity; nevertheless, foreign currency risks that affect profit or loss but not cash flows from the Group's perspective could result from intragroup transactions denominated in foreign currencies, particularly including the financing of foreign companies with the Group's own funds. In the event that foreign subsidiaries are deconsolidated, however, the effects of the foreign currency risks inherent in the currency translation differences previously recognised in Group equity would need to be recognised in profit or loss. No foreign subsidiaries were deconsolidated in the 2022 financial year. As a result, negative currency effects from the translation of Group-internal financing for a Group company in Turkey remain in the Berentzen Group's retained earnings as at December 31, 2022 in the amount of EUR 5.0 million (previous year: EUR 4.4 million). With respect to the Turkish subsidiary, the Berentzen Group is currently subject to sharply rising exchange rates. The exchange rate for Turkish lira rose from 15.23 as at December 31, 2021, to 19.96 as at December 31, 2022. Turkish society is additionally subject to a high inflation rate: in December 2022, the inflation rate compared to the same month of the previous year was 64.3%. As a result of high inflation, Turkey has been considered a hyperinflationary economy as defined in IAS 29 since June 2022. The local business activity of the Turkish subsidiary has not suffered negative impacts from this so far. From the standpoint of the consolidated financial statements, however, there is a risk that the application of IAS 29 may result in a negative impact on consolidated net income in future as well. As at December 31, 2022, the hyperinflation adjustment totalling EUR 0.7 million had a negative effect on the consolidated net income.

The sensitivity of consolidated profit/loss before income taxes and shareholders' equity to a fundamentally possible change in exchange rates according to prudent judgment is presented in the table below using a hypothetical appreciation or depreciation of the euro by 5% vis-a-vis all currencies. All other variables remain constant.

	2022		2021	
	Exchange rate change + 5% EUR'000	Exchange rate change - 5% EUR'000	Exchange rate change + 5% EUR'000	Exchange rate change - 5% EUR'000
USD	441	- 488	437	- 480
TRY	- 47	52	- 47	53
Other	5	- 5	4	- 5
Overall effect on equity and earnings before income taxes	**399**	**- 441**	**394**	**- 432**

Financial instruments are subject to interest rate risk, which results from changes in the market interest rate. Within the Berentzen Group, any utilisation of the syndicated loan agreement, funds provided in connection with two factoring agreements as well as intra-Group loans are subject to variable interest rates on the basis of the EURIBOR reference rate, which means interest rate risks do in principle exist. The effects of any changes in the interest rate can be partially compensated for by the deployment of interest rate hedging instruments. For this reason, the development of interest rates is monitored on an ongoing basis and the possible use of interest rate hedging instruments is regularly reviewed. No financial instruments are currently employed as hedging instruments. Changes in market interest rates affect the interest result of non-derivative variable-interest rate financial instruments and are included in the computation of result-oriented sensitivities.

If the level of market interest rates had been 100 basis points higher in the 2022 financial year, earnings before income taxes would have been EUR 310 thousand (previous year: EUR 131 thousand) lower. If the level of market interest rates had been 100 basis points lower, earnings before income taxes would have been EUR 147 thousand (previous year: EUR 4 thousand) higher. There would not have been any impacts on Other comprehensive income in equity.

The actual average payment term for the entire Group is currently around 33 (30) days. This does not result in elevated liquidity or interest rate risk, because sufficient factoring lines or – particularly outside of Germany – financing instruments with a comparable effect are available for the financing of receivables.

Furthermore, the procurement of raw materials and materials as well as the purchase costs of merchandise and system components are subject to market and/or price risk.

(4.6) Capital management

The objectives of the corporate group with regard to capital management are to secure the continued existence of the Company as a going concern and to support growth targets. In light of these primary objectives, the capital structure needs to be optimised in order to maintain the cost of capital at an appropriate level. The corporate group uses the equity ratio as well as the dynamic debt ratio to monitor its capital.

The equity ratio is calculated as the ratio of adjusted equity to adjusted total consolidated capital (total consolidated assets). Adjusted equity is based on the consolidated capital reported in the Consolidated Statement of Financial Position. If available, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from the figure, while non-current liabilities to shareholders and mezzanine capital are added. Likewise, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from total consolidated capital if available.

The equity ratio is calculated in detail as follows:

	12/31/2022 EUR'000	12/31/2021 EUR'000
Consolidated shareholders' equity	50,110	48,856
Tax accruals	91	150
Adjusted shareholders' equity	**50,019**	**48,706**
Total capital	146,310	142,143
Tax accruals	91	150
Adjusted total capital	**146,219**	**141,993**
Equity ratio	**34.2%**	**34.3%**

The dynamic debt ratio provides information on the period theoretically needed in order to repay financial liabilities using profits. Consequently, the ratio is also suitable for indicating the Berentzen Group's debt servicing ability. This performance indicator is calculated as the ratio of total current and non-current financial liabilities adjusted for cash and cash equivalents to consolidated EBITDA recorded over the past 12 months.

The following table shows the dynamic debt ratio at year-end:

	12/31/2022 EUR'000	12/31/2021 EUR'000
Non-current financial liabilities	1,317	1,305
Current financial liabilities	2,591	9,488
Cash and cash equivalents	13,537	28,297
Total Net Debt	**- 9,629**	**- 17,504**
EBITDA	**16,654**	**15,360**
Dynamic gearing ratio	**- 0.58**	**- 1.14**

Information regarding risk management, particularly the covenants agreed upon, can be found in Note (4.5). As at December 31, 2022, all covenants were met.

(4.7) Related Party Disclosures

The disclosures prescribed by IAS 24 refer to dealings with related entities and persons, to the extent that they are not included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as reporting entities.

Related entities

Berentzen-Gruppe Aktiengesellschaft is the highest-level controlling parent company. Transactions between Berentzen-Gruppe Aktiengesellschaft and those subsidiaries considered to be related entitles were eliminated in the course of consolidation and not explained in the notes to the consolidated financial statements. Transactions with non-consolidated subsidiaries are of minor importance.

Further information about affiliated companies is provided at other points in the present Notes to the Consolidated Financial Statements. The relations between Berentzen-Gruppe Aktiengesellschaft and its subsidiaries in accordance with IAS 24.13 are as shown in the List of Shareholdings for the corporate group (Note 1.7)).

Related persons

Persons related to the reporting entity within the meaning of IAS 24 include persons who either control or have a significant influence over the reporting entity, or who are a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

Executive Board

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

Type of compensation	2022 EUR'000	2021 EUR'000
Short-term benefits	1,359	1,368
Other long-term benefits	96	78
Share-based Payment	583	371
	2,038	**1,817**

In addition to fixed basic salaries, the compensation system for Executive Board members also consists of short- and long-term variable components. The long-term variable components are based on share-based and non-financial performance criteria. Share-based compensation is based on the total shareholder return (TSR) with a performance period of four years. The TSR is calculated as the share price change plus paid dividends at the end of the performance period divided by the share price at the start of the performance period. To determine the extent to which objectives have been met for the TSR, the TSR of Berentzen-Gruppe Aktiengesellschaft and the TSR of a comparable group are ranked and the relative positioning is expressed on the basis of the percentile rank achieved.

Share-based compensation is assessed on the basis of a multivariate Black-Scholes model with Monte Carlo simulations corresponding to IFRS 2 requirements.

The data used in the model for the 2022 financial year encompass the following:

- Exercise price: EUR 1.35 (previous year: EUR 1.01)
- Berentzen Group share price as at December 30, 2022: EUR 5.58 (previous year: EUR 6.30)
- Performance period or term of the option: December 30, 2021 to December 30, 2025 (previous year: December 30, 2020 to December 30, 2024)

The expected price volatility is based on historical volatilities, with a maturity-matched period having been applied. The last 90 trading days before the valuation date was used as the period for the estimates. Correlations are estimated based on historical time series from the three years prior to the valuation day. The estimates are made using Pearson correlation coefficients.

On the basis of this model, a fair value of EUR 495 thousand (previous year: EUR 371 thousand) was determined for share-based compensation for the members of the Executive Board in the 2022 financial year and was recognised on the liabilities side accordingly. In addition, the amount recognised under liabilities for share-based compensation in the 2021 financial year was increased by EUR 88 thousand due to changed parameters. Thus, a total of EUR 955 thousand has been recognised under liabilities as at December 31, 2022 for share-based compensation to members of the Executive Board.

The following total compensation within the meaning of Section 314 (1) No. 6 letter a) HGB or compensation commitments were granted to the members of the Executive Board:

Type of compensation	2022 EUR'000	2021 EUR'000
Non-performance-based components	834	839
Performance-based components	560	560
Total compensation	**1,394**	**1,399**
Committed performance-based components with a long-term incentive effect	**53**	**53**

In addition to the total compensation granted in the respective financial year, commitments of performance-based, non-share-based compensation components were granted to the members of the Executive Board for the respective financial year. The amounts to be paid depend on the level of consolidated EBIT in the respectively following financial year and in the two respectively following financial years. The total amounts so committed amounted to EUR 53 thousand (previous year: EUR 53 thousand).

Share-based compensation with a fair value of EUR 495 thousand (previous year: EUR 371 thousand) was granted to the members of the Executive Board in the 2022 financial year. In addition, the earmark for share-based compensation in the 2021 financial year was increased by EUR 88 thousand due to changed parameters.

No compensation was granted to Executive Board members for exercising mandates on the boards of subsidiaries in the 2022 financial year. Furthermore, neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted loans or advances to members of the Executive Board, nor did they assume contingent liabilities in favour of them in the 2022 financial year.

No compensation was paid to former members of the Executive Board or their surviving dependants in the 2022 financial year. Post-employment benefits or total compensation within the meaning of Section 314 (1) No. 6 letter b) HGB were granted to former managing directors – and their survivors – of Group companies to which Berentzen-Gruppe Aktiengesellschaft is the legal successor in the amount of EUR 28 thousand in the 2022 financial year (previous year: EUR 28 thousand).

As calculated in accordance with IAS 19, the present value of accrued pension obligations for this group of persons amounted to EUR 275 thousand as at December 31, 2022 (previous year: EUR 369 thousand).

Supervisory Board

Short-term benefits within the meaning of IAS 24.17 or total compensation within the meaning of Section 314 (1) No. 6 letter a) HGB in the amount of EUR 187 thousand (previous year: EUR 187 thousand) were granted to the members of the Supervisory Board in their function as members of the Supervisory Board.

The employee representatives on the Supervisory Board received short-term benefits or total compensation in the total amount of EUR 115 thousand (previous year: EUR 105 thousand) for their activity outside their functions as Supervisory

Board members. Neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted subscription rights or other share-based compensation to members of the Supervisory Board in the 2022 financial year, nor do the members of the Supervisory Board hold any such compensation instruments. Similarly, the members of the Supervisory Board were not granted any compensation in the 2022 financial year for positions held with subsidiaries.

Furthermore, neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted loans or advances to members of the Supervisory Board, nor did they assume contingent liabilities in favour of them in the 2022 financial year.

No compensation was granted to former members of the Supervisory Board or their surviving dependants in the 2022 financial year.

Additional related-party disclosures

The outstanding balances due from or to related entities and persons at the end of the financial year as at December 31, 2022, 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 as at December 31, 2022, and therefore no impairments have been recognised for this purpose. No expenses for uncollectible or doubtful receivables due from related parties were recognised in the 2022 financial year, as in the previous year.

(4.8) Announcements and notifications of changes in voting rights arising from shares in Berentzen-Gruppe Aktiengesellschaft pursuant to the German Securities Trading Act

The following persons have notified Berentzen-Gruppe Aktiengesellschaft pursuant to the pertinent provisions of the German Securities Trading Act (WpHG) that the share of voting rights of Berentzen-Gruppe Aktiengesellschaft held by the notifying party has reached, exceeded or fallen below certain thresholds specified in the WpHG:

Person subject to the notification obligation [1]	Names of shareholders [1]	Date when a reporting threshold was reached, exceeded, or fallen below	Reporting threshold reached, exceeded or fallen below [2]	Voting rights	
			%	%	No.
MainFirst SICAV Senningerberg, Luxembourg	MainFirst SICAV	March 2, 2016	> 5	8.50	815,500
Marchmain Invest NV Oud-Turnhout, Belgium	Marchmain Invest NV	December 21, 2022	> 5	5.51	528,925
Lazard Frères Gestion S.A.S. Paris, France	Lazard Frères Gestion S.A.S.	June 22, 2017	> 5	5.07	486,598
Aevum Fondation de Prévoyance Genolier, Switzerland	Aevum Fondation de Prévoyance	October 5, 2022	> 5	5.01	480,503
Aevum Fondation de Prévoyance Genolier, Switzerland	Aevum Fondation de Prévoyance	March 25, 2022	> 3	3.13	300,000
Fondation de Prévoyance Swiss Medical Network Genolier, Switzerland	Fondation de Prévoyance Swiss Medical Network	February 7, 2022	< 3	2.99	286,940
Stichting Administratiekantoor Monolith Amsterdam, The Netherlands	Monolith N.V.	September 29, 2022	< 5	4.99	479,341
Stichting Administratiekantoor Monolith Amsterdam, The Netherlands	Monolith N.V.	December 21, 2022	< 3	0.00	0

1) If the names of the shareholders deviate from those of the people subject to the notification obligation, voting rights will be attributed as per Section 34 of the German Securities Trading Act (WpHG).

2) Only the highest or lowest reporting threshold reached is specified.

(4.9) Declaration of Conformity with the German Corporate Governance Code

The annual Declaration of Conformity by the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG was issued in December 2022. The declaration has been made permanently accessible on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/.

(4.10) Governing bodies of Berentzen-Gruppe Aktiengesellschaft

Executive Board of Berentzen-Gruppe Aktiengesellschaft

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

[1] Non-listed, intra-Group companies.

Supervisory Board of Berentzen-Gruppe Aktiengesellschaft

Name	Term of Supervisory Board membership Member of the Supervisory Board representing the shareholders / employees	Occupation	Membership in other statutory supervisory boards and in comparable domestic and foreign supervisory bodies of business companies
Uwe Bergheim Dusseldorf, Germany Chairman of the Supervisory Board	since May 3, 2018 Member of the Supervisory Board representing the shareholders	Self-employed corporate consultant, Dusseldorf, Germany	
Frank Schübel Gräfelfing, Germany Deputy Chairman of the Supervisory Board	since May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of TEEKANNE Holding GmbH & Co. KG, Dusseldorf, Germany	
Dagmar Bottenbruch Frankfurt/Main, Germany	since July 2, 2020 Member of the Supervisory Board representing the shareholders	Managing Director / Market Manager, Silicon Valley Bank Germany Branch, Frankfurt/Main, Germany	AMG Advanced Metallurgical Group N.V. [1)], Amsterdam, The Netherlands (Member of the Supervisory Board) ad pepper media International N.V. [1)], Amsterdam, The Netherlands (Member of the Supervisory Board)
Heike Brandt Minden, Germany	since May 22, 2014 Member of the Supervisory Board representing the employees	Commercial employee at Berentzen-Gruppe Aktiengesellschaft, Haselünne, Germany	
Bernhard Düing Herzlake, Germany	since June 24, 1999 Member of the Supervisory Board representing the employees	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Hendrik H. van der Lof Almelo, The Netherlands	since May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of Via Finis Invest B.V., Almelo, The Netherlands	

1) Listed, non-Group companies.

(4.11) Total fees paid to the auditor of the consolidated financial statements

At the ordinary annual general meeting of Berentzen-Gruppe Aktiengesellschaft on May 18, 2022, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, was elected as the auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022.

The auditors of the consolidated financial statements in the 2022 and 2021 financial years charged total fees which break down as shown in the following table:

	2022 EUR'000	2021 EUR'000
Financial statements auditing services	229	188
Other certification services	27	26
Tax advisory services	0	26
Other services	0	0
	256	**240**

The services rendered by the independent auditor relate to the statutory audit of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft. The fees for other audit-related services relate to the audit of the compensation report as well as to an additional audit-related service in connection with a reusable bottle system for a subsidiary.

(4.12) Events after the reporting date

No reportable events occurred after the close of the financial year.

Haselünne, March 15, 2023

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann	Ralf Brühöfner
Executive Board member	Executive Board member

D. Declarations and other information

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group, and the group management report, which is combined with the management report of Berentzen-Gruppe Aktiengesellschaft, provides a true and fair view of the development of the business, including the results of operations and the position of the Group as well as a description of the significant opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Haselünne, March 15, 2023

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Oliver Schwegmann Executive Board member	Ralf Brühöfner Executive Board member

Independent Auditor's Report

To Berentzen-Gruppe Aktiengesellschaft, Haselünne

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, Haselünne, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Berentzen-Gruppe Aktiengesellschaft, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report“ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

❶ **Recoverability of the assets allocated to the "Non-alcoholic beverages" cash-generating unit (CGU)**

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ **Recoverability of the assets allocated to the "Non-alcoholic beverages" cash-generating unit (CGU)**

① In the Company's consolidated financial statements a total of EUR 56.0 million (38% of total assets) is reported under the "Intangible assets", "Property, plant and equipment" and "Right-of-use assets" items in the consolidated statement of financial position. These items include assets allocated to the "Non-alcoholic beverages" CGU. The assets are recognized at cost less depreciation, amortization and impairment losses. Intangible assets and items of property, plant and equipment are amortized/depreciated over their expected useful economic lives, and right-of-use assets are depreciated over the term of the underlying lease. The assets attributed to the "Non-alcoholic beverages" CGU were tested for impairment by the Company to determine any possible need for write-downs. The impairment test is carried out at the level of the CGU. The carrying amount of the CGU is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined on the basis of fair value less costs of disposal. The present value of the future cash flows from the CGU normally serves as the basis of valuation.

The present value is calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the CGU. The impairment test determined that a write-down was necessary, and this was allocated pro rata to the assets in the "Non-alcoholic beverages" CGU. In doing so, the carrying amount of an asset is not reduced to below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable), or zero. Valuation reports from an independent expert were obtained to determine the fair value less costs of disposal of individual assets. On that basis, impairment losses amounting to EUR 1.3 million were allocated to the assets. The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the "Non-alcoholic beverages" CGU, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. We discussed and examined supplementary adjustments to the medium-term business plan for the purposes of the impairment test with the members of the Company's staff responsible. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied and the growth rates can have material effects on the recoverable amount calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company and carried out our own sensitivity analysis. With respect to the valuations carried out by the independent experts, we assessed the methodology and the transparency of the valuation, and verified they were up-to-date. We also evaluated the allocation of the impairment loss to the assets of the CGU. The valuation parameters and assumptions used by the executive directors are within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to intangible assets, property, plant and equipment, and right-of-use assets, as well as to impairment testing, are contained in notes 1.8, 2.1–2.4 and 3.7 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "(Group) Declaration on Corporate Governance" of the group management report

- the sections "Internal control system (disclosure not in management report)" and "Statement of the Executive Board on the Effectiveness and Appropriateness of the Internal Control System and the Risk Management System (disclosure not in management report)" in the group management report

The other information comprises further

- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible

- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulartory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file berentzen_KA_LB_2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 18 May 2022. We were engaged by the supervisory board on 29 November 2022. We have been the group auditor of the Berentzen-Gruppe Aktiengesellschaft, Haselünne, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter - Use of the Auditor‘s Report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Prof. Dr. Gregor Solfrian.

Osnabrück, 16 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Prf. Dr. Gregor Solfrian	Stefan Geers
German Public Auditor	German Public Auditor

E. Corporate Governance

(Group) Declaration on Corporate Governance

The present (Group) Declaration on Corporate Governance contains the report of the Executive Board and the Supervisory Board – each of which responsible for the disclosures applicable to them – pursuant to Sections 315d, 289f of the German Commercial Code (Handelsgesetzbuch, HGB), and in this context, the supplementary statements pursuant to Principle 23 of the German Corporate Governance Code (GCGC), for the 2022 financial year in both cases.

The Declaration on Corporate Governance for Berentzen-Gruppe Aktiengesellschaft and the Group Declaration on Corporate Governance for the Berentzen Group are combined in the present (Group) Declaration on Corporate Governance. The term Berentzen Group or the synonymous corporate group refers to Berentzen-Gruppe Aktiengesellschaft and its Group companies and subsidiaries.

The (Group) Declaration on Corporate Governance is an integral part of the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft. Unless indicated otherwise, the following statements apply both for the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft. Pursuant to Section 317 (2) sentence 6 HGB, the independent auditor's review of the statements pursuant to Sections 315d, 289f HGB is limited to verifying whether the statements were made.

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

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft also addressed the recommendations set out in the German Corporate Governance Code (GCGC) in the 2022 financial year. Previously in December 2021, the Executive Board and Supervisory Board had jointly issued the Annual Declaration of Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 German Stock Corporations Act (Aktiengesetz, AktG) on the basis of the version of the GCGC dated December 16, 2019. This was updated by the jointly issued Declaration in February 2022, likewise on the basis of the version of the GCGC dated December 16, 2019.

The Annual Declaration of the Berentzen-Gruppe Aktiengesellschaft on the German Corporate Governance Code pursuant to Section 161 AktG issued jointly by the Executive Board and Supervisory Board in December 2022 on the basis of the versions of the GCGC dated April 28, 2022 and December 16, 2019 is reproduced in the following.

The joint Declarations of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft on the GCGC pursuant to Section 161 AktG have been made permanently available to the public on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company.

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

Pursuant to Section 161 AktG, the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft are required to issue an annual declaration stating that the recommendations of the Government Commission on the German Corporate Governance Code, as published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette (Bundesanzeiger), have been and are being followed, or stating those recommendations that have not been or are not being followed, and why not.

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft last jointly issued the Annual Declaration on the German Corporate Governance Code pursuant to Section 161 AktG in December 2021 and updated it in February 2022.

After due examination, the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft jointly issue the following updated Declaration on the German Corporate Governance Code pursuant to Section 161 AktG:

I.

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft declare that the recommendations of the Government Commission for the German Corporate Governance Code (in the version dated April 28, 2022) published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette on June 27, 2022 are followed, with the following exceptions:

1. The Chairperson of the Finance and Audit Committee of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft possesses expertise in the field of financial statements auditing within the meaning of Section 107 (4) sentence 3 in conjunction with Section 100 (5) AktG and the correspondingly identical Principle 15 of the GCGC in the version dated April 28, 2022; however, this person currently does not possess expertise in the field of auditing sustainability reports, contrary to the Recommendations D.3 sentences 1 to 3 of the GCGC in the version dated April 28, 2022.

   According to Section 107 (4) sentence 3 in conjunction with Section 100 (5) AktG and Principle 15 of the GCGC in the version dated April 28, 2022, at least one member of the Audit Committee must possess expertise in the field of financial reporting and at least one other member must possess expertise in the field of financial statements auditing.

   According to Recommendations D.3 sentences 1 to 3 of the GCGC in the version dated April 28, 2022, the expertise in the field of financial reporting should consist of particular knowledge and experience in the application of financial reporting standards, internal control systems, and risk management systems and the expertise in the field of financial statements auditing should consist of particular knowledge and experience in the auditing of financial statements. Financial reporting and financial statements auditing also refer to sustainability reports and the auditing of such reports. The Chairperson of the Audit Committee should be an expert in at least one of these two fields.

Based on the self-assessment of its members, one member of the Finance and Audit Committee of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft possesses expertise in the field of financial reporting and the Chairperson of the Finance and Audit Committee of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft is the other member possessing expertise in the field of financial statements auditing within the meaning of and in accordance with the regulations of Section 107 (4) sentence 3 in conjunction with Section 100 (5) AktG and the correspondingly identical Principle 15 of the GCGC in the version dated April 28, 2022. However, the more detailed Recommendations D.3 sentences 1 to 3 of the GCGC in the version dated April 28, 2022, according to which financial reporting also refers to sustainability reports and financial statements auditing also refers to the auditing of such reports and therefore the required expertise must also cover these areas, are not followed insofar as the Chairperson of the Finance and Audit Committee of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft currently does not possess expertise in the field of auditing sustainability reports.

Although Berentzen-Gruppe Aktiengesellschaft has issued a Sustainability Report already since 2017, it was and is not required by the currently relevant regulations of Sections 289b, 315b HGB to issue the (Group) Non-Financial Declaration to which reference is made in the aforementioned Recommendations of the German Corporate Governance Code, so that the Sustainability Report is issued voluntarily. Accordingly, neither Berentzen-Gruppe Aktiengesellschaft pursuant to Section 317 (2) sentence 4 HGB nor the Supervisory Board or the Finance and Audit Committee of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft pursuant to Sections 170 (1) sentence 3, 171 (1) sentence 4, 111 (2) sentence 4 AktG was or is currently required by law to audit the Sustainability Report.

2. Contrary to Recommendation G.12 of the version of the GCGC dated April 28, 2022, the contracts of Executive Board members stipulate that severance payments are to be disbursed on a short-term basis if a special right of termination agreed therein is exercised.

   According to Recommendation G.12 of the version of the GCGC dated April 28, 2022, if an Executive Board member’s contract is terminated, the disbursement of any remaining variable compensation components attributable to the period up until contract termination should be based on the originally agreed targets and comparison parameters and on the due dates or holding periods stipulated in the contract.

   The existing Executive Board contracts provide for a special right of termination in the event of specific change-of-control circumstances defined in the contract, each of which entails a change of the shareholder structure involving a new majority shareholder. If the special right of termination is exercised, the Executive Board members will have a right to severance awards. In this case, the monetary value of the variable compensation components applicable at the time when the special right of termination is exercised will be disbursed. The severance award, which may not exceed twice the annual compensation, will be due and payable in one lump sum 14 days after the special right of termination is exercised. The Supervisory Board and Executive Board are of the view that a change of control regularly entails changes in the Company, which do not justify making the amount of the disbursement of long-term variable compensation components contingent upon the performance of the company and its share price after the change of control. In the view of the Supervisory

Board and Executive Board, this contractual provision does not impair the alignment of compensation with the company's sustainable, long-term performance because the Executive Board members cannot anticipate a later change of control in the course of performing their Executive Board duties.

II.

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft declare that since the issuance of their last, updated Declaration on the German Corporate Governance Code pursuant to Section 161 AktG in February 2022, the recommendations of the Government Commission on the German Corporate Governance Code (in the version of the GCGC dated December 16, 2019), as published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette on March 20, 2020, were followed in the time until June 26, 2022 and that the recommendations of the Government Commission on the German Corporate Governance Code (in the version of the GCGC dated April 28, 2022), as published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette on June 27, 2022, were followed – insofar as the content remained unchanged – in the time from June 27, 2022, with the following exceptions:

1. Contrary to the Recommendations G.7 sentence 1 and G.8 of the GCGC in the versions dated December 16, 2019 and April 28, 2022, the Supervisory Board updated one of the performance criteria for the variable compensation components of Executive Board members for the 2022 financial year at the beginning of the 2022 financial year and therefore after the end of the preceding 2021 financial year.

   According to Recommendation G.7 sentence 1 of the GCGC in the versions dated December 16, 2019 and April 28, 2022, the Supervisory Board should establish the performance criteria for all the variable compensation components for each Executive Board member, which should be geared mainly to strategic goals in addition to operating targets, for the forthcoming financial year.

   According to Recommendation G.8 of the GCGC in the versions dated December 16, 2019 and April 28, 2022, subsequent changes to the target values or comparison parameters should be excluded.

   Under the compensation system for Executive Board members resolved by the Supervisory Board on December 10, 2020 with effect as of January 1, 2021 and approved by the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft on May 11, 2021, the consolidated operating result of Berentzen-Gruppe Aktiengesellschaft (consolidated EBIT) is the performance criterion for the one-year variable compensation (Short-Term Incentive, STI). Thus, the operating performance of a given financial year (STI Performance Period) is considered and the annual contribution to the operational implementation of the corporate strategy is rewarded. Under the compensation system for Executive Board members, the Supervisory Board established a target value for consolidated EBIT for the respective STI Performance Period at the beginning of the respective financial year. This target value is equivalent to the value of the consolidated EBIT given in the business plan approved by the Supervisory Board for the respective financial year.

   The Supervisory Board had approved the business plan for the 2022 financial year in December 2021 and –

in conformity with Recommendation G.7 sentence 1 of the GCGC in the versions dated December 16, 2019 and April 28, 2022 – therefore concurrently established the target value for the consolidated EBIT for this STI Performance Period.

Due to the development of performance-relevant general economic conditions, the occurrence and extent of which were unforeseeable at the aforementioned date, it was necessary in the interest of diligence to update this business plan at the start of the 2022 financial year. This update also entailed a moderate change of the planned consolidated EBIT and therefore the performance criterion for the STI. The Supervisory Board approved the updated business plan for the 2022 financial year submitted by the Executive Board in January 2022 and – in accordance with the compensation system for Executive Board members – likewise concurrently updated the target value for the consolidated EBIT for this STI Performance Period.

2. Contrary to Recommendation G.12 of the GCGC in the versions dated December 16, 2019 and April 28, 2022, the contracts of Executive Board members stipulated that severance payments were to be disbursed on a short-term basis if a special right of termination agreed therein was exercised, for the reasons described above in Part I, para. 2.

Haselünne, December 2022

Berentzen-Gruppe Aktiengesellschaft

For the Executive Board

Ralf Brühöfner

Member of the Executive Board

Oliver Schwegmann

Member of the Executive Board

For the Supervisory Board

Uwe Bergheim

Chairperson of the Supervisory Board

(2) Compensation of members of the Executive Board and Supervisory Board – Compensation report / compensation system

The applicable compensation system for members of the Executive Board pursuant to Section 87a (1) and (2) sentence 1 AktG, which was approved by the Annual General Meeting on May 11, 2021, and the resolution adopted by the Annual General Meeting on May 11, 2021 pursuant to Section 113 (3) AktG on the confirmation of the compensation and the compensation system for members of the Supervisory Board are publicly available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company. The Compensation Report for the 2022 financial year and the corresponding auditor's report pursuant to Section 162 AktG are also publicly available at www.berentzen-gruppe.de/en/investors/public-limited-company.

(3) Relevant disclosures on corporate governance practices

(3.1) Foundations of corporate governance

Berentzen-Gruppe Aktiengesellschaft with its registered head office in Haselünne, Germany, entered in the Commercial Register of the Osnabrück Local Court (HRB 120444), is a stock corporation under German law and therefore has three governing bodies: the Annual General Meeting, the Supervisory Board, and the Executive Board. The duties and powers of each governing body are mainly based on the German Stock Corporations Act and the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. Additional information on this subject is provided below in Section (3.2) in relation to the Annual General Meeting and in Section (4) in relation to the Executive Board and Supervisory Board.

The business activity of Berentzen-Gruppe Aktiengesellschaft and its Group companies and subsidiaries comprises the production and distribution of spirits and non-alcoholic beverages and the development and distribution of fresh juice systems.

(3.2) Shareholders and Annual General Meeting

The shareholders of Berentzen-Gruppe Aktiengesellschaft regularly exercise their membership rights in the Annual General Meeting. The Annual General Meeting is the principal forum for shareholders, particularly for exercising their voting rights, obtaining information, and conducting a dialogue with the Executive Board and Supervisory Board. According to the Articles of Association, the Annual General Meeting must be held in the first eight months, but is usually held in practice in the first five months of the financial year.

The Annual General Meeting decides on all matters reserved to it by law, particularly including the utilisation of profit, the ratification of the actions of Executive Board and Supervisory Board members, the election of shareholder representatives to the Supervisory Board, the election of the financial statements auditor, amendments to the Articles of Association, and important business measures such as capital measures, intercompany agreements, and conversions. Furthermore, the Annual General Meeting decides in an advisory capacity on the approval of the compensation system for Executive Board members presented by the Supervisory Board and on the specific compensation of the Supervisory Board and in a recommendatory capacity on the approval of the Compensation Report under German stock corporation law for the preceding financial year.

The Annual General Meeting is chaired by the Chairperson of the Supervisory Board, as a general rule.

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

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

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

Against the background of the worldwide coronavirus pandemic that took hold in 2020, the legal basis was created for holding Annual General Meetings with no physical attendance by shareholders or their representatives (virtual Annual General Meetings) in 2020, 2021 and up to and including August 2022, to which, unlike a usual Annual General Meeting held in person, special provisions apply in terms of specific deadlines and the shareholders' rights to put forward motions and ask questions. Berentzen-Gruppe Aktiengesellschaft made use of this option to an appropriate extent for its ordinary Annual General Meetings in 2020, 2021 and 2022 in order to protect the health of its shareholders, employees, and service providers.

(3.3) Corporate Governance and Codes of Conduct of the Berentzen Group

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

In order to implement good corporate governance, Berentzen-Gruppe Aktiengesellschaft has adopted a Code of Conduct applicable to all employees of the Berentzen Group. Furthermore, another two Codes have been adopted, namely the Berentzen Group Marketing Code and the Berentzen Group Supplier Code. These three Codes are based on applicable laws and established standards. They represent the guidelines for responsible conduct at Berentzen-Gruppe Aktiengesellschaft and its subsidiaries.

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

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

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

Employees of the Berentzen Group and third parties are given the opportunity to provide tips of possible violations of national and international laws and regulations, the Codes of the Berentzen Group, and its other internal guidelines confidentially and even anonymously under a whistle-blower system implemented by the Group.

The Codes of the Berentzen Group and additional information about its whistle-blower system are available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/responsibility.

(3.4) Compliance, risk management and internal auditing

(3.4.1) Compliance

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

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

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

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

Furthermore, a whistle-blower system has been implemented to receive reports of possible compliance violations or related suspicions. Additional information about the Berentzen Group Codes and the whistle-blower system can be found in the preceding section (3.3).

(3.4.2) Risk management

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

The principal characteristics of the risk management system are described in the Annual Report 2022 of Berentzen-Gruppe Aktiengesellschaft, which is available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/reports, in the section entitled "Report on risks and opportunities" of the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft, which provides details on both the management of risks and opportunities and the internal control system of the Berentzen Group.

(3.4.3) Internal Audit

In addition, the corporate group's Internal Audit Department, which is organisationally centralised at Berentzen-Gruppe Aktiengesellschaft, coordinates and monitors compliance, risk management, and the internal control system.

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

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

(3.5) Sustainability

As a broad-based beverage company with a corporate history dating back more than 260 years, long-term thinking is firmly embedded in the corporate culture of the Berentzen Group. The Berentzen Group understands itself to be a responsible employer and a vibrant member of society. As a producing enterprise, the Berentzen Group bears responsibility for its products and consumers and is therefore placing an ever stronger emphasis on the sustainability of its value chain and offering a range of products that promote responsible enjoyment and/or are especially natural and healthy. In a time when environmental protection is an essential global challenge, the Berentzen Group sees it as part of its corporate responsibility to preserve the natural resources on which life depends for subsequent generations.

In view of the growing challenges associated with climate change, increasingly scarce resources, and the rising demands of its stakeholders, the Berentzen Group is especially focused on sustainability and strives for continuous improvement of its sustainability management programme as part of its sustainability strategy.

Sustainability strategy

Responsible corporate governance makes an essential contribution to securing the future of the Berentzen Group. The framework for responsible corporate governance is the Group's sustainability strategy, the goals of which are to be implemented by the year 2025, yielding positive effects long afterwards. The strategy is based on the Berentzen Group's understanding of sustainability, which is to be economically successful over the long term while also exercising responsibility for society and the environment.

Based on the three areas of activity of People, Planet, and Products, which were deemed to be relevant in the Group's materiality analysis, and with reference to the relevant Sustainable Development Goals of the United Nations, the Berentzen Group has formulated concrete goals, measures, and action plans that make it possible to measure and steer the sustainable development of the Berentzen Group.

Sustainability management

In the exercise of its entrepreneurial responsibility, the Berentzen Group adheres to nationally and internationally recognised standards such as the International Labour Standards of the International Labour Organisation (ILO) and the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD). Berentzen-Gruppe Aktiengesellschaft is also a participant in the United Nations Global Compact, the world's biggest initiative for responsible corporate governance. As a signatory to its Ten Principles in the areas of human rights, labour, environment, and anti-corruption, the Berentzen Group is committed to the fundamental tenets of entrepreneurial sustainability.

Among the most important functions of sustainability management are to systematically embed sustainability in the structures and operational processes of the Berentzen Group and to raise awareness for the importance of sustainability and the Group's sustainability strategy in the minds of employees and external stakeholders.

The responsibility for the sustainability strategy, including its goals for sustainability, lies with the Executive Board of Berentzen-Gruppe Aktiengesellschaft. In the exercise of this responsibility, the Executive Board ensures that the risks and opportunities for the Group associated with social and environmental factors and the ecological and social impacts of the Group's business activity are systematically identified and assessed. In the Group's business strategy, appropriate consideration is given not only to long-term business goals, but also ecological and social goals. The business plan comprises both appropriate financial goals and appropriate sustainability-related goals. In accordance with the division of responsibilities prescribed by the German Stock Corporations Act, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft is also responsible for supervising and advising the Executive Board in matters of sustainability.

A Sustainability Council has been established to ensure the efficient coordination of sustainability management. The goals of this coordinating body are to continuously optimise the sustainability strategy and to decentralise and integrate sustainability topics successfully into corporate processes, central divisions, and specialist departments. The Executive Board of Berentzen-Gruppe Aktiengesellschaft is the sponsor of the Sustainability Council and attends its meetings together with the heads of various relevant specialist departments and central functions.

As a central function, the Corporate Social Responsibility Department coordinates the Groupwide sustainability activities while also acting as an initiator and reports directly to the member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft who bears responsibility for this department.

The operational implementation of measures within the scope of sustainability management is performed by the heads of the departments of Berentzen-Gruppe Aktiengesellschaft and its Group companies and subsidiaries.

Sustainability reporting

The Berentzen Group provides extensive information about its sustainability activities in its voluntary, separate Sustainability Reports. The GRI Standards and the German Sustainability Code are applied as the framework for the Sustainability Reports. The Sustainability Reports of the Berentzen Group are available to the public on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/responsibility.

(3.6) Financial reporting and audit of the financial statements

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

The Annual General Meeting elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, as the auditor of the consolidated and separate financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2022 after the auditor had previously again declared in writing its independence according to applicable European and German laws and the applicable professional code and Article 6 (2) letter a) of Regulation (EU) No. 537/2014, and after the Supervisory Board's Finance and Audit Committee had again assured itself of the auditor's independence. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has been the auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft since the 2021 financial year. The undersigning audit partners responsible for the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2022 are Prof. Dr Gregor Solfrian (since the 2021 financial year) and Mr Stefan Geers (since the 2021 financial year). The applicable European and German laws and the applicable professional code relating to the election of an auditor and exclusion criteria, as well as to the rotation obligations to which the auditor and the responsible audit partners are subject, are fulfilled.

With regard to the audit for the 2022 financial year, it was agreed with the auditor that the auditor would immediately inform the Supervisory Board of any material findings and events of importance to the tasks of the Supervisory Board that come to the auditor's attention during the audit of the financial statements. Furthermore, it was agreed for this audit that the auditor would inform the Supervisory Board and document in the audit report all facts noted in the course of the audit that are inconsistent with the Declaration on the German Corporate Governance Code issued by the Executive Board and Supervisory Board in accordance with Section 161 AktG.

(3.7) Transparency

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

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

The management and supervision structure of Berentzen-Gruppe Aktiengesellschaft and the Berentzen Group is described in the following.

(4.1) Dual governance system

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

(4.2) Executive Board

Work of the Executive Board

As the management body of Berentzen-Gruppe Aktiengesellschaft, the Executive Board manages the Company under its own responsibility and in the Company's interest, which is to say, with due regard to the interests of the shareholders, employees, and other stakeholders, while being obligated to ensure the corporate group's continuance as a going concern and the sustainable creation of value.

The management function of the Executive Board includes a responsible approach to dealing with the risks inherent in the corporate group's business activities within the scope of an appropriate and effective control system and risk management system that also comprises sustainability-related goals. The Executive Board is also required to ensure compliance with the provisions of law and the Company's internal guidelines throughout the corporate group. Therefore, the internal control system and risk management system also comprise a compliance management system aligned with the Company's risk profile.

The Executive Board informs the Supervisory Board regularly, promptly, and extensively on all issues relevant to the Berentzen Group, specifically relating to strategy, planning, business development, cash flows and financial performance, risk profile, risk management, and compliance.

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

In filling managerial positions within the Company, the Executive Board gives due consideration to diversity. The Executive Board adopts targets for the percentage of positions to be held by women in the two management levels beneath the Executive Board; these gender-related targets, other gender-related targets to be adopted by law, and the corresponding statements to be included in the (Group) Declaration on Corporate Governance are summarised in section (6) below.

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

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

Composition of the Executive Board

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

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

The diversity plan adopted by the Supervisory Board, which is described in section (5.1), sets out other important aspects or goals related to the composition of the Executive Board.

In accordance with its obligation under the Stock Corporations Act, the Supervisory Board has adopted targets for the percentage of women on the Executive Board. These gender-related targets, other gender-related targets to be adopted by law, and the corresponding statements to be included in the (Group) Declaration on Corporate governance are summarised in section (6) below.

The following persons were members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft in the period from January 1 to December 31, 2022:

Name	Executive Board member since	Occupation / responsibilities	Membership in other statutory supervisory boards and in comparable domestic and foreign supervisory bodies of commercial enterprises
Ralf Brühöfner Lingen, Germany	June 18, 2007	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Finance, Controlling, Human Resources, Information Technology, Legal Affairs, Corporate Communications, Investor Relations, Corporate Social Responsibility	Doornkaat Aktiengesellschaft, Norden [1], Germany (Deputy Chairman of the Supervisory Board)
Oliver Schwegmann Timmendorfer Strand, Germany	June 1, 2017	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Marketing, Sales, Production, Logistics, Purchasing, Research and Development	Doornkaat Aktiengesellschaft, Norden [1], Germany (Chairman of the Supervisory Board)

[1] Group company, not-exchange listed.

Additional information about the members of the Executive Board can be found in their curricula vitae, which are available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company.

(4.3) Supervisory Board

Work of the Supervisory Board

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

As a complement to the duties incumbent upon the Executive Board to inform and report to the Supervisory Board, the latter is itself required to ensure that it is appropriately informed; the Executive Board's rules of procedure include detailed rules on this subject.

The Supervisory Board reviews the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, the combined management report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft, and the proposal for the utilisation of the distributable profit of Berentzen-Gruppe Aktiengesellschaft. It also approves the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, as a rule. It performs this task on the basis of and with due regard to the audit reports of the independent auditor and the findings of the prior deliberations of the Finance and Audit Committee and its recommendations on this subject. The Supervisory Board is also required to review the separate Non-Financial Report and Group Report (Sections 289b and 315b HGB) if such are drafted.

Details concerning the duties of the Supervisory Board and its committees, as well as its composition, are set out in the law, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft, and the rules of procedure for the Supervisory Board, which have been made available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company. The rules of procedure for both the Supervisory Board and the Executive Board also stipulate, among other things, that the Supervisory Board's approval is required for transactions and measures of fundamental importance; decisions concerning the statutory requirement of Supervisory Board approval of the Company's transactions with related persons are also made by the Supervisory Board (Section 111b AktG). In addition, the German Corporate Governance Code provides further recommendations on the functioning of the Supervisory Board and its committees.

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

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

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

Composition of the Supervisory Board

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

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

In particular, the Stock Corporations Act explicitly sets out two qualifications-related requirements for the entire Supervisory Board or individual members thereof, which influence the Board's composition: "sector expertise" and – summarised briefly – "financial expertise". The Audit Committee set up by the Supervisory Board as required by the Stock Corporations Act must also fulfil these two requirements. Information on the composition of the Finance and Audit Committee can be found below in section (4.4).

Another basis for the composition of the Supervisory Board is the diversity plan adopted by the Supervisory Board, which sets out important aspects or goals for the composition of the Supervisory Board. The diversity plan is described in section (5.2).

In fulfilment of its obligation under the Stock Corporations Act, the Supervisory Board has adopted targets for the percentage of women on this Board. These gender-related targets, other gender-related targets to be adopted by law, and the corresponding statements to be included in the (Group) Declaration on Corporate governance are summarised in section (6) below.

The following persons were members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft in the period from January 1 to December 31, 2022:

Name	Supervisory Board since Member of the Supervisory Board representing the shareholders / employees	Occupation	Membership in other statutory supervisory boards and in comparable domestic and foreign supervisory bodies of commercial enterprises
Uwe Bergheim Dusseldorf, Germany Chairman of the Supervisory Board	May 3, 2018 Member of the Supervisory Board representing the shareholders	Independent business consultant, Dusseldorf, Germany	
Frank Schübel Gräfelfing, Germany Deputy Chairman of the Supervisory Board	May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of TEEKANNE Holding GmbH & Co. KG, Dusseldorf, Germany	
Dagmar Bottenbruch Frankfurt/Main, Germany	July 2, 2020 Member of the Supervisory Board representing the shareholders	Managing Director / Market Manager, Silicon Valley Bank Germany Branch, Frankfurt/Main, Germany	AMG Advanced Metallurgical Group N.V. [1], Amsterdam, The Netherlands (Member of the Supervisory Board) ad pepper media International N.V. [1], Amsterdam, The Netherlands (Member of the Supervisory Board)
Heike Brandt Minden, Germany	May 22, 2014 Member of the Supervisory Board representing the employees	Commercial employee at Berentzen-Gruppe Aktiengesellschaft, Haselünne, Germany	
Bernhard Düing Herzlake, Germany	June 24, 1999 Member of the Supervisory Board representing the employees	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Hendrik H. van der Lof Almelo, The Netherlands	May 19, 2017 Member of the Supervisory Board representing the shareholders	Managing Director of Via Finis Invest B.V., Almelo, The Netherlands	

[1] Non-Group company, exchange-listed.

Additional information about the members of the Supervisory Board can be found in their curricula vitae, which are available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company.

(4.4) Committees of the Supervisory Board

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

(4.4.1) Personnel and Nomination Committee of the Supervisory Board

Work of the Personnel and Nomination Committee

The Personnel Committee is responsible for preparing resolutions to be voted on by the Supervisory Board and for recommending resolutions to the Supervisory Board pertaining to the appointment and dismissal of Executive Board members, the setting, implementation and review of the compensation system for Executive Board members, documents for the Annual General Meeting pertaining to approval of the compensation system for Executive Board members, the adoption of resolutions on the compensation of Supervisory Board members and approval of the Compensation Report, and other resolutions of the Supervisory Board involving Executive Board matters.

The following resolution authorities in particular are delegated to the Personnel Committee: conclusion, amendment, and termination of contracts, particularly employment contracts, with Executive Board members, with the exception of resolutions setting the overall compensation of individual Executive Board members and resolutions that reduce compensation and benefits, which are the sole responsibility of the full Supervisory Board pursuant to the German Stock Corporations Act; also the approval of material transactions with persons or undertakings related to a member of the Executive Board, the conduct of other transactions in relation to the Executive Board, and the approval of contracts with Supervisory Board members or persons or undertakings related to them, and the granting of loans to board members.

The Personnel Committee is also the Nomination Committee within the meaning of the German Corporate Governance Code. In this function, it presents a list of suitable candidates to the Supervisory Board to be proposed to the Annual General Meeting for election to the Supervisory Board as shareholder representatives. The Nomination Committee is a preparatory committee; it cannot adopt any resolutions for the Supervisory Board.

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

Composition of the Personnel and Nomination Committee

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

The following persons were members of the Personnel and Nomination Committee in the period from January 1 to December 31, 2022:

Name	Member of the Supervisory Board committee since	Function in the committee
Uwe Bergheim Chairman of the Supervisory Board	May 3, 2018	Chairman of the Personnel and Nomination Committee
Dagmar Bottenbruch	September 17, 2020	Member of the Personnel and Nomination Committee
Heike Brandt	May 19, 2017	Member of the Personnel Committee
Frank Schübel Deputy Chairman of the Supervisory Board	May 19, 2017	Member of the Personnel and Nomination Committee

(4.4.2) Finance and Audit Committee of the Supervisory Board

Work of the Finance and Audit Committee

The work of the Finance and Audit Committee particularly comprises the supervision of the financial reporting process, the effectiveness of the internal control system, and the risk management system including the compliance management system and the internal auditing system, and the auditing of the annual financial statements.

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

In relation to the audit of the financial statements, it is also the responsibility of the Finance and Audit Committee to issue a proposal to the Supervisory Board for its recommendation to the Annual General Meeting on the election of the auditor – if necessary after conducting a selection and proposal process – with due regard to the relevant provisions of Regulation (EU) No. 537/2014 dated April 16, 2014 on specific requirements regarding statutory audits of public-interest entities (Regulation (EU) No. 537/2014). In this context and on a continuous basis, the Finance and Audit Committee also deals with the independence of the auditor and the additional services provided by the auditor, as well as the issuance of the audit engagement to the auditor and the agreement on fees, for which it is responsible. This also includes the requirement of the Finance and Audit Committee's approval for the provision of other than prohibited non-auditing services within the meaning of the aforementioned Regulation by the financial statements auditor. On the subject of the financial statements audit, the Finance and Audit Committee also deals with the determination of key audit matters, the discussion of the assessment of audit risks, the audit strategy, and the audit findings with the independent auditor, and the quality of the financial statements audit.

Each member of the Finance and Audit Committee may ask the committee chairperson to elicit information directly from the heads of the central functions of Berentzen-Gruppe Aktiengesellschaft who are responsible for the tasks that relate to the Finance and Audit Committee. The committee chairperson must then share the information so obtained with all members of the Finance and Audit Committee. The Executive Board must be informed immediately whenever such information is obtained.

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

Composition of the Finance and Audit Committee

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

According to the provisions of the Stock Corporations Act, the members of the Supervisory Board and the Finance and Audit Committee must be familiar as a group with the sector in which the Company operates (sector expertise).

According to the Stock Corporations Act as amended by the German Act to Strengthen Financial Market Integrity (Finanzmarktintegritätsstärkungsgesetz, FISG), moreover, at least one member of the Supervisory Board and the Finance and Audit Committee should have expertise in the field of financial reporting and at least one other member of the Supervisory Board and the Finance and Audit Committee should have expertise in the field of financial statements auditing (finance experts). According to the more detailed recommendations of the German Corporate Governance Code, the expertise in the field of financial reporting should consist of particular knowledge and experience in the application of financial reporting standards, internal control systems, and risk management systems, while the expertise in the field of financial statements auditing should consist of particular knowledge and experience in the auditing of financial statements, it being understood that financial reporting and financial statements auditing also refer to sustainability reports and the auditing of such reports. The Chairperson of the Audit Committee should be an expert in at least one of these two fields and should also be independent. Furthermore, the Chairperson of the Supervisory Board should not be the Chairperson of the Finance and Audit Committee.

The following persons were members of the Finance and Audit Committee in the period from January 1 to December 31, 2022:

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

According to the self-assessment of the members of the Supervisory Board, which is disclosed in the qualifications matrix presented in section (5.2.5) below, the current composition of the Finance and Audit Committee fulfils the two statutory requirements for sector expertise and financial expertise mentioned above.

With respect to the latter requirement, the Finance and Audit Committee and therefore the Supervisory Board has at least one member with expertise in the field of financial statements auditing, that being Hendrik H. van der Lof, and at least one other member with expertise in the field of financial reporting, that being Frank Schübel.

By virtue of its training as a registered public auditor, his many years of experience working for two large, international auditing firms, and his experience as a member of the audit committee of an internationally active, exchange-listed brewing company, the Chairperson of the Finance and Audit Committee, Hendrik H. van der Lof, possesses particular knowledge and experience and therefore expertise in the field of financial statements auditing. By virtue of the same experience, he also possesses particular knowledge and experience in the application of financial reporting standards, internal control systems, and risk management systems, and therefore also possesses expertise in the field of financial reporting. Moreover, Hendrik H. van der Lof is independent and is not concurrently the Chairperson of the Supervisory Board.

By virtue of his academic and professional background, Frank Schübel likewise possesses expertise in the field of financial reporting and therefore also particular knowledge and experience in the application of financial reporting standards, internal control systems, and risk management systems, as well as expertise in the field of financial statements auditing, including sustainability reports and the auditing of such reports. He is therefore qualified as a financial expert within the meaning of the regulations of the German Stock Corporations Act and the corresponding, in some cases more detailed Recommendations of the German Corporate Governance Code. Among other things, Frank Schübel has completed a training programme for “Certified Supervisory Board and Advisory Board Members”, the contents of which included finance, financial reporting, financial statements auditing, law, risk management, and compliance. His experience in these areas was acquired particularly from his current role, which he has held for many years, as sole Managing Director of an international tea trading group. In this role, he also bears sole responsibility for financial reporting and financial statements auditing. Moreover, he is responsible for the sustainability management function of the said group, including the preparation of sustainability reports and the auditing of such reports.

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

The Supervisory Board makes a regular assessment, either internally or with external support, of how effective the Supervisory Board as a whole and its committees fulfil their duties.

Internal self-assessments are done in the form of an ongoing self-evaluation as a means of measuring the effectiveness and efficacy of the work of these bodies and their cooperation with the Executive Board with the objective of ensuring that duties are fulfilled in an efficient and proper manner and optimising their work. Relevant aspects, findings, and any necessary, expedient measures are discussed in the Supervisory Board, which adopts and implements any necessary resolutions.

With the support of a prestigious outside consultant, the Supervisory Board performed an extensive self-assessment on the basis of an evaluation form tailored to the Company's specific circumstances in the 2022 financial year. The Supervisory Board's assessment of the efficiency of its work, the work of its committees, and its internal structure was exceedingly positive; high-level improvement potential was identified only in partial aspects of the Supervisory Board's work. No material deficiencies were found. The Supervisory Board discussed the results of this self-assessment after it was completed.

(4.6) Cooperation between the Executive Board and the Supervisory Board

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft work closely together in a trustful manner for the good of the Berentzen Group. The Executive Board coordinates the strategic orientation of the Company with the Supervisory Board and discusses the status of strategy implementation with it at regular intervals of time. The Executive Board informs the Supervisory Board regularly, promptly, and extensively on all issues of relevance to the Berentzen Group, specifically relating to strategy, planning, business performance, risk profile, risk management, and compliance. Deviations in business performance from the prepared plans and objectives of the Company and the Group are likewise reported and explained immediately to the Supervisory Board.

As a general rule, the members of the Executive Board attend the meetings of the Supervisory Board, provide written and oral reports on the individual agenda items and draft resolutions, and answer the questions of the Supervisory Board. Irrespective of the foregoing, the Supervisory Board may also meet regularly without the presence of the Executive Board. If the auditor is invited to a meeting of the Supervisory Board or one of its committees in the role of an expert, the Executive Board does not take part in this meeting unless the Supervisory Board or the committee deems its participation to be necessary.

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

The Chairperson of the Supervisory Board maintains regular contact with the Executive Board between meetings and discusses with it issues relating to the Company's strategy, business performance, risk profile, risk management, and compliance.

Insofar as transactions or measures of the Executive Board require the consent of the Supervisory Board, the Chairperson of the Executive Board provides extensive information about the intended transaction or measure to the Supervisory Board and obtains the Supervisory Board's approval thereof.

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

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

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

Again in the 2022 financial year, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft thoroughly dealt with the goals for the composition of the Executive Board and the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft, which are set out in the diversity plans adopted by the Supervisory Board at the end of the preceding financial year for the 2022 financial year. These diversity plans are described in the following.

A time limit or time frame of December 31, 2022 has been set for the attainment of the aspects and goals included in each diversity plan. The time limits or time frames for the attainment of the targets for the percentage of women on the Executive Board and the Supervisory Board were and are separate from the foregoing. A time limit or time frame of December 31, 2026 was set for this purpose after the Supervisory Board's further deliberations on this subject at the end of the 2021 financial year. Additional information on this subject is presented in summarised form in section (6) below.

In accordance with the voluntary commitments set out in the diversity plans, the Supervisory Board reviewed them again completely both in terms of content and with regard to the results achieved in the 2022 financial year.

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

(5.1) Executive Board

(5.1.1) Description of the diversity plan

The diversity plan for the composition of the Executive Board comprises the aspects and targets described in the following.

Age

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

Gender

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

Information on this subject is summarised in the following section (6) along with the other gender-related targets to be adopted by law and the corresponding statements to be included in the (Group) Declaration on Corporate Governance.

Educational background

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

Professional background

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

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

International background

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

Expertise in sustainability issues

In view of the current and ever increasing importance of sustainability and corporate social responsibility to society in general and to the Company and its stakeholders in particular, as well as the Company's size, the Executive Board should have at least one member with expertise in sustainability issues.

Other aspects

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

(5.1.2) Goals of the diversity plan

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

(5.1.3) Manner of implementing the diversity plan

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

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

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

(5.1.4) Results achieved in the past financial year

In the judgment of the Supervisory Board, the composition of the Executive Board of Berentzen-Gruppe Aktiengesellschaft at December 31, 2022 fulfils all aspects of the diversity plan described above. With regard to the aspect of gender, please refer to the comments made in section (6) below. This section particularly contains separate information on the achievement of targets for the percentage of women on the Executive Board insofar as this must be reported within the scope of the specifications made in the present (Group) Declaration on Corporate Governance.

(5.1.5) Long-term succession planning for the Executive Board

The Supervisory Board ensures long-term succession planning for the Executive Board with the involvement of its Personnel Committee and in cooperation with the Executive Board.

In addition to the requirements of the Stock Corporations Act, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft, and the recommendations of the German Corporate Governance Code, as well as the rules of procedure for the Supervisory Board and the Executive Board, the aspects and objectives set out in the diversity plan for the composition of the Executive Board described above are taken into consideration within the scope of long-term succession planning with due regard to the current terms of office of Executive Board members.

Based on the specific qualifications required for Executive Board members and with due regard to the requirements, aspects, and objectives described above, the Personnel Committee of the Supervisory Board – also working together and exchanging ideas and information with the Executive Board – develops a qualifications profile for Executive Board positions to be filled. This is the starting point for selecting those available candidates to be considered on the basis of their professional and personal aptitude for the position as part of a structured selection process. In the course of this process, the Personnel Committee issues a recommendation to the Supervisory Board, which makes the final decision and adopts the necessary resolution. Where necessary, external advisers are brought into the selection process to assist the bodies involved in developing qualifications profiles and selecting candidates and insofar as necessary to provide advice on the decision-making process relative to the appointment of Executive Board members.

(5.2) Supervisory Board

(5.2.1) Description of the diversity plan

The diversity plan for the composition of the Supervisory Board comprises the aspects and targets described in the following.

Age

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

Gender

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

Information on this subject is summarised in section (6) below along with the other gender-related targets to be adopted by law and the corresponding statements to be included in the (Group) Declaration on Corporate Governance.

Educational background

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

Professional background

With respect to the professional background of its members, the Supervisory Board should have at least two shareholder representatives who possess experience in the management or supervision of other medium-sized or large corporations, but should also have not more than one member who is a former member of the Executive Board. Furthermore, members of the Supervisory Board should not exercise any governing body or consulting functions with major competitors of the Company or have a personal relationship with a major competitor.

International background

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

Expertise in sustainability issues

The aspects to be considered in making the specification pertaining to expertise in sustainability issues defined in the diversity plan for the composition of the Executive Board, as mentioned in section (5.1) above, also apply to the composition of the Supervisory Board.

Accordingly, the diversity plan for the Supervisory Board specifies that the Supervisory Board should have at least one member with expertise in sustainability issues.

Other aspects

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

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

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

In accordance with the recommendations of the German Corporate Governance Code, more than half of the shareholder representatives should be independent from the Company and the Executive Board. A Supervisory Board member is considered independent from the Company and its Executive Board if he or she does not have a personal or business relationship with the Company or its Executive Board that could give rise to a material and not only temporary conflict of interest. The German Corporate Governance Code provides indications to assist the shareholder representatives in assessing the independence of shareholder representatives through the exercise of their best judgment.

In accordance with the other relevant recommendations of the German Corporate Governance Code, at least one shareholder representative should be independent from the controlling shareholder if the Company has a controlling shareholder and if the Supervisory Board has six or fewer members. According to these recommendations, a Supervisory Board member is considered independent from the controlling shareholder if he or she or a close family member is neither a controlling shareholder nor a member of the managing body of the controlling shareholder and does not have a personal or business relationship with the controlling shareholder that could give rise to a material and not only temporary conflict of interest.

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

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

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

(5.2.2) Goals of the diversity plan

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

(5.2.3) Manner of implementing the diversity plan

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

As representatives of the shareholders, two thirds of the Supervisory Board members are elected by the Annual General Meeting, to which the Supervisory Board makes suitable election proposals. By law, however, the Supervisory Board has no influence on the appointment of the third of the seats to which the representatives of the employees are entitled: The freedom of employees to elect the Supervisory Board members who represent them is protected under the One-Third Participation Act; thus, the Supervisory Board has no right to propose candidates. Insofar as the aspects of the diversity plan refer to or include the Supervisory Board members who represent the employees, the diversity plan is not to be understood as a requirement for those entitled to elect their representatives or a restriction of their freedom to vote.

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

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

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

(5.2.4) Results achieved in the past financial year

In its own judgment, the composition of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft at December 31, 2022 fulfils all aspects of the diversity plan described above.

Accordingly, the specifications set out in the diversity plan regarding the independence of shareholder representatives on the Supervisory Board are fulfilled in accordance with the recommendations of the German Corporate Governance Code on which the diversity plan is based. In the judgment of the Supervisory Board, all its current shareholder representatives are independent within the meaning of the aforementioned recommendations, i.e. the body has four independent members representing the shareholders according to this meaning. The Supervisory Board members representing the shareholders referred to in this context are named in section (4.3) above.

With regard to the aspect of gender, including separate information on the achievement of targets for the percentage of women on the Supervisory Board, insofar as this must be reported within the scope of the specifications made in the present (Group) Declaration on Corporate Governance, please refer to section (6) below.

(5.2.5) Competency profile and qualifications matrix

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

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

In its own judgment, the current composition of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft fulfils the criteria of the competency profile applicable to the current composition of the Supervisory Board.

The degree of completion of the competency profile is disclosed in the qualifications matrix below.

Qualifications matrix of the Supervisory Board		Uwe Bergheim	Frank Schübel	Dagmar Botten-bruch	Heike Brandt	Bernhard Düing	Hendrik H. van der Lof
Length of membership	Supervisory Board member representing ...	Share-holders	Share-holders	Share-holders	Employees	Employees	Employees
	Member of the Supervisory Board since	May 3, 2018	May 19, 2017	July 2, 2020	May 22, 2014	June 24, 1999	May 19, 2017
Personal aptitude and diversity (personal requirements)	Gender	M	M	F	F	F	F
	Year of birth	1956	1964	1960	1975	1959	1962
	International background: Nationality [1)]	DE	DE	DE / US	DE	DE	NL
	Independence[2) 3)]	✓	✓	✓	✓	✓	✓
	Not a former member of the Executive Board	✓		✓	✓	✓	✓
	No governing body seat or advisory duties with major competitors, no personal relationship with a major competitor[3)]	✓	✓	✓	✓	✓	✓
	No material and not only temporary conflicts of interest[3)]	✓	✓	✓	✓	✓	✓
	No overboarding[3)]	✓	✓	✓	✓	✓	✓
Professional qualifications and diversity (knowledge, skills and professional experience)	Educational background: university or polytechnic degree or comparable international academic degree	✓	✓	✓			✓
	Professional background: experience in corporate management and supervision [2)]	✓	✓	✓		✓	✓
	Internationality background: experience in the management and supervision of internationally active enterprises[2)]	✓	✓	✓			
	Expertise in business, economics, market environment, and location[*) 1)]	✓	✓	✓	✓	✓	✓
	Expertise in sustainability issues	✓	✓	✓			
	Expertise in finance[1)]		✓	✓			✓
	Expertise in law, taxes, corporate governance [*) 4)]	✓	✓	✓			✓
	Expertise in human resources[1)]	✓	✓	✓	✓	✓	
	Expertise in information technology, digitalisation[*) 1)]		✓	✓			

Qualifications matrix of the Supervisory Board		Uwe Bergheim	Frank Schübe	Dagmar Botten-bruch	Heike Brandt	Bernhard Düing	Hendrik H. van der Lo
Special qualifications	Expertise in financial reporting and financial statements auditing[4]						
	Financial reporting						
	Expertise in financial reporting (financial reporting processes, application of financial reporting standards)		✓				✓
	Expertise in internal control systems	✓	✓				✓
	Expertise in risk management (systems)	✓	✓	✓			✓
	Expertise in sustainability reports		✓	✓			
	Financial statements auditing						
	Expertise in financial statements auditing	✓	✓			✓	✓
	Expertise in in the auditing of sustainability reports		✓				
	Sector expertise[5]	✓	✓	✓	✓	✓	✓

✓ Qualifications fulfilled based on an annual self-assessment of the Supervisory Board.

*) Aggregated presentation for purposes of this qualifications matrix. If marked, at least one of the mentioned qualifications is fulfilled.

1) No explicit specifications in the diversity concept / competency profile for Supervisory Board members.

2) No explicit specifications in the diversity concept / competency profile for Supervisory Board members representing employees.

3) Within the meaning of or according to the German Corporate Governance Code.

4) According to Section 100 (5) AktG and the German Corporate Governance Code.

5) According to Section 100 (5) AktG.

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

(6.1) Overview

For companies that are exchange-listed or whose Supervisory Board is not subject to the parity co-determination requirement, Section 111 (5) AktG requires that the Supervisory Board adopt targets for the percentage of women on the Supervisory Board and Executive Board and concurrently also set time limits for the attainment of these targets. For companies that are exchange-listed or subject to the co-determination requirement, Section 76 (4) AktG also requires that the Executive Board of such companies adopt targets for the percentage of women holding positions in the two management levels beneath the Executive Board and concurrently also set time limits for the attainment of these targets. In both cases, the time limits for the attainment of the targets may not be longer than five years.

Berentzen-Gruppe Aktiengesellschaft is the only company of the Berentzen Group affected by these obligations. As a Company that is indeed exchange-listed, but whose Supervisory Board is not also subject to the parity co-determination requirement, it is not subject to a fixed gender quota with regard to the balance of men and women on the Supervisory Board or to the additional requirement of having at least one woman and at least one man serving as members of an Executive Board composed of at least four persons.

Accordingly, the Supervisory Board and Executive Board of Berentzen-Gruppe Aktiengesellschaft have adopted targets for the percentage of women within their respective areas of responsibility. The targets were set in observance of the legal requirements, particularly those according to which targets may not be less than the percentage already achieved in each case if the percentage of women was less than 30 percent at the time the target was set, as well as those according to which the targeted percentage of women on the full board and/or at the management level in question corresponds to whole numbers of persons when the targets are expressed in the form of percentages.

The table below provides information on the targets set by the Supervisory Board and Executive Board most recently at the end of the 2021 financial year and the time limits established for the attainment of these targets.

	Number / % [1]	Specified target and deadline for achievement by 12/31/2026
Supervisory Board	No. (≙ %)	1 (17)
Executive Board	No. (≙ %)	0 (0) / 1 (≤ 33) [2) 3)]
First management level beneath the Executive Board	%	27 [4)]
Second management level beneath the Executive Board	%	31 [4)]

1) Figures in %: All figures given in percentages have been mathematically rounded without decimal places.

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

3) Executive Board: The Executive Board was composed of two members at December 31, 2022.

4) First and second management levels beneath the Executive Board: The targeted percentage of women expressed as a percentage corresponds to whole numbers of persons before rounding.

(6.2) Supervisory Board

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

(6.3) Executive Board

The targets likewise adopted by the Supervisory Board for the percentage of women on the Executive Board reflect or reflected the fact that the Executive Board of Berentzen-Gruppe Aktiengesellschaft is adequately staffed with two members, in accordance with the Articles of Association, particularly also in view of the Company’s size. Implementing a quota of women on the Executive Board that extends beyond the previous and current status, i.e. having at least one female member, would therefore not have been or be feasible without expanding the Executive Board. Furthermore, the Supervisory Board’s resolutions on appointments to the Executive Board have up to now been guided, in the interests of the Company, primarily by the suitability of candidates regardless of gender, with the aim of staffing the Executive Board in such a way that its members as a group have the knowledge, skills, and specialist experience required to carry out their tasks properly. These aspects should also be the main criteria in the future, although particular emphasis is still to be placed on actively searching for qualified female candidates to fill any open Executive Board positions. In the opinion of the Supervisory Board, however, setting a target of having at least one female member (and thus going beyond the target of zero) on an Executive Board composed of only two members would have led to or would lead to an undue limitation in the selection of suitable, qualified male or female candidates. Mindful of the statutory regulations of the Stock Corporations Act and considering the realistic possibility of increasing the number of Executive

Board members owing to the size of the Company, the Supervisory Board has found it appropriate to resolve as its target for the percentage of women on the Executive Board that at least one member of the Company's Executive Board should be a woman.

(6.4) First and second management level beneath the Executive Board

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

The Executive Board has decided to enhance the measures to be taken to attain its adopted targets for the percentage of women in the two management levels beneath the Executive Board. In addition to promoting an appreciative culture of diversity within the Company and strengthening measures to reconcile work and family life, such as introducing more flexible working schedules, these measures include the intensification of internal employee development from the point of view of selecting, promoting, and preparing women for management duties and the more targeted recruitment of external female candidates from outside the company to fill open positions for experts and managers, also with the support of specialised outside consultants.

(7) Publication of the (Group) Declaration on Corporate Governance

The present (Group) Declaration on Corporate Governance will be made available to the public on the corporate website of Berentzen-Gruppe Aktiengesellschaft at www.berentzen-gruppe.de/en/investors/public-limited-company.

Haselünne, February 27, 2023

Berentzen-Gruppe Aktiengesellschaft

For the Executive Board		For the Supervisory Board
Ralf Brühöfner	Oliver Schwegmann	Uwe Bergheim
Member of the Executive Board	Member of the des Executive Board	Chairperson of the Supervisory Board

Compensation Report of Berentzen-Gruppe Aktiengesellschaft for the 2022 financial year

The present Compensation Report presents in a clear and comprehensible manner the compensation individually granted and owed by Berentzen-Gruppe Aktiengesellschaft to the present and former members of its Executive Board and Supervisory Board in the 2022 financial year and includes, by name, the necessary details and explanations to the extent such information is actually available.

This Compensation Report was compiled jointly by the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft in accordance with the statutory requirements of the German Stock Corporations Act (Section 162 AktG).

According to Section 162 (3) sentence 1 AktG (German Stock Corporations Act), the independent auditor is obliged to audit the Compensation Report. Within the scope of this statutory audit duty, the independent auditor must review whether the information pursuant to Section 162 (1) and (2) AktG has been provided, i.e. the independent auditor is only obliged to perform an audit of formal requirements. Furthermore, the Supervisory Board voluntarily engaged the independent auditor for the consolidated financial statements and the annual financial statements of Berentzen-Gruppe Aktiengesellschaft as at December 31, 2022, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, with a review of the content of the Compensation Report for the 2022 financial year. The review of the Compensation Report is a separate review pursuant to the German Stock Corporations Act and is not part of the audit of financial statements.

(1) Review of the 2022 financial year from a compensation point of view

(1.1) Business performance and business result in the financial year

In a competitive environment that was impacted by the effects of the war between Russia and Ukraine and generally difficult framework conditions burdening the economy, the Berentzen Group achieved consolidated revenues of EUR 174.2 million (EUR 146.1 million); its adjusted consolidated earnings (consolidated EBIT) increased to EUR 8.3 million (EUR 6.7 million) and its adjusted consolidated earnings before depreciation and amortisation (consolidated EBITDA) likewise increased to EUR 16.7 million (EUR 15.4 million). The key financial performance indicators of the Berentzen-Gruppe Aktiengesellschaft group are therefore within the forecast ranges, which were revised upwards twice during the 2022 financial year. Overall, despite the aforementioned challenges, which were manifest in particular in fragile supply chains and huge increases in material and energy costs, the Berentzen Group closed this financial year much more positively and sucessfully than expected at its start.

The current compensation system for the members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft applicable in the 2022 financial year is based on a “pay for performance” principle. Accordingly, the very successful performance in the 2022 financial year, in which the financial performance criteria set by the Supervisory Board in December 2021 and updated in January 2022 were exceeded, is reflected in the short-term variable compensation of the members of the Executive Board for this financial year. This compensation component will be paid in the 2023 financial year, subject to its adoption by the Supervisory Board, which will take place after this Compensation Report has been prepared.

In supplement to the financial performance indicators resulting directly from the compensation system, in December 2021 the Supervisory Board set the non-financial performance criteria with regard to the multiple-year variable compensation of the members of the Executive Board for the financial years 2022 to 2025. This will be paid, again subject to adoption by the Supervisory Board in the 2026 financial year, after the end of this performance period, if and to the extent that the applicable and adopted performance criteria have been met.

(1.2) Composition of the Executive Board, the Supervisory Board and the Personnel Committee of the Supervisory Board

There were no changes to the composition of the Executive Board of Berentzen-Gruppe Aktiengesellschaft in the 2022 financial year.

There were also no changes in this financial year to the composition of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft or its Personnel Committee, which essentially does the preparatory work for the Supervisory Board on the components of compensation for the members of the Executive Board and the Supervisory Board.

(1.3) Resolution to approve the Compensation Report for the past 2021 financial year

The Compensation Report for the 2021 financial year was prepared for the first time in accordance with the statutory requirements of the German Stock Corporations Act (Section 162 AktG) and also voluntarily subjected to an audit of the content by the auditor beyond the statutory requirements of Section 162 (3) sentence 1 AktG. It was approved by the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on May 18, 2022 with a majority of 81.02 % of the votes cast in this resolution in accordance with Section 120a (4) AktG. Against the background of this vote, in the opinion of the Executive Board and the Supervisory Board there was no need to question or make any changes in this respect to the reporting on the compensation of the members of the Executive Board and the Supervisory Board or the application of the respective compensation system.

(2) Compensation of members of the Executive Board

(2.1) Compensation system for Executive Board members

(2.1.1) Method of setting, reviewing and implementing the compensation system for the members of the Executive Board

The compensation system for the members of the Executive Board and compensation for individual members of the Executive Board are set by the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft, with preparation of the corresponding Supervisory Board resolutions having been transferred to the Supervisory Board’s Personnel Committee. The Supervisory Board and its Personnel Committee may consult external advisers as necessary. When external compensation experts are engaged, it is ensured that they are independent of the Executive Board and the Company.

As a general principle, the Supervisory Board's Personnel Committee prepares the regular Supervisory Board reviews of the system of compensation of the Executive Board members. When necessary, the Personnel Committee makes recommendations for changes to the Supervisory Board.

In the event of material changes, but no less than once every four years, the compensation system is presented to the annual general meeting for approval. If the annual general meeting does not approve the compensation system submitted to it for voting, a reviewed compensation system will be submitted for resolution no later than the subsequent ordinary general meeting.

(2.1.2) Voting of the annual general meeting on the compensation system for the members of the Executive Board

The current system for the compensation of the members of the Executive Board was passed on December 10, 2020, by the Supervisory Board at the recommendation of its Personnel Committee and there were no changes to it in the 2022 financial year. It has been in force since January 1, 2021, and takes account of the relevant statutory specifications of the German Stock Corporations Act and, with one exception, the recommendations of the German Corporate Governance Code (DCGK), both in the version of December 16, 2019, which was applicable at this time, and the current version of April 28, 2022. This compensation system was submited for approval to the annual general meeting of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 120a (1) sentence 1 AktG on May 11, 2021, and approved with a majority of 82.54 % of the votes cast.

If there are any material changes to the compensation system, it will be submitted to the annual general meeting again for approval, but no later than the ordinary general meeting held in the year 2025.

In their preparation of the amended compensation system for the members of the Executive Board, the Supervisory Board and its Personnel Committee received assistance from independent external compensation experts from Deloitte Consulting GmbH, Düsseldorf. As part of this process, an assessment was performed at the same time of the customariness and appropriateness of the Executive Board compensation under the amended compensation system in accordance with the requirements of stock corporation law and the recommendations of the DCGK in this context.

(2.1.3) Application of the compensation system for the members of the Executive Board

The current compensation system for the members of the Executive Board was applied to all current members of the Executive Board in the 2022 financial year. Employment contracts that correspond with this compensation system have been concluded with the current members of the Executive Board.

Furthermore, the members of the Executive Board were granted individual compensation components in the 2022 financial year that had been committed in previous financial years under the compensation system valid at that time for the members of the Executive Board and in accordance with their employment contracts concluded under this. These compensation components are also presented and explained, where relevant.

In accordance with the current compensation system, after the end of the 2021 financial year the Supervisory Board made in its meeting on March 22, 2022, the necessary findings with regard to target achievement for the variable compensation components and adopted these accordingly for the 2021 financial year. In this financial year the Supervisory Board has not exercised the option established in the compensation system by law of deviating temporarily from the compensation system in the interest of the long-term well-being of the company, as detailed in this compensation system.

(2.1.4) Fundamentals and general objective of the compensation system for the members of the Executive Board

The current system of Executive Board compensation promotes the implementation of the long-term corporate strategy of profitable growth. It promotes implementation of non-financial strategic objectives and provides incentives for creating long-term and sustainable value while, at the same time, avoiding undue risks. In addition, this approach also specifically promotes the interests of the shareholders in an appropriate long-term return. It is intended for the Executive Board members to be granted, within the relevant legal framework, a market-based but competitive compensation package in order to encourage the loyalty of qualified Executive Board members to Berentzen-Gruppe Aktiengesellschaft and to attract new Executive Board members to the Company.

The compensation system for the members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft consists of non-performance-based (fixed) and performance-based (variable) components. In the event of performance targets being 100 % reached in each case, the ratio of the short-term, single-year variable compensation (short-term incentive, STI) to long-term, multiple-year variable compensation (long-term incentive, LTI) stands at 40:60 after rounding. In the case of special achievements or special project successes, which in particular make a contribution to sustainable corporate performance, the Supervisory Board may further decide to award an additional voluntary special allowance.

The following overview provides a summary of the individual components of the current compensation system for the members of the Executive Board and of the underlying objectives including the link to strategy and the specific structure of the individual compensation components. These are explained in detail in section (2.1.6) below. The variable compensation components granted and owed in the 2022 financial year and their structure that, due to commitments from financial years prior to the entry into effect of the compensation system that has been definitive for the members of the Executive Board since January 1, 2021, did not correspond to the latter system are presented in section (2.2) below.

Compensation component	Structure / parameter	Purpose / Link to strategy
Target total compensation	Composition: Fixed and variable compensation components	
	Ratio of single-year to multiple-year variable compensation (STI / LTI): around 40:60 with a degree of target achievement of 100 % in each case	
	Voluntary variable special allowance possible	
Fixed compensation components		
Basic compensation	Annual basic compensation, paid in twelve monthly instalments	Basis for attracting and retaining highly qualified members for the Executive Board for implementing the long-term corporate strategy of profitable growth and further corporate objectives
Fringe benefits	Company car, including private use	Granting of an overall market-based but competitive compensation package
	Pensions: Designated payment of EUR 12 thousand p.a.	
	Continued payment in the event of illness	
	Accident insurance	
	D&O insurance with deductible	
Variable compensation components		
Single-year variable compensation (STI)	Performance parameter: Consolidated operating profit (consolidated EBIT)	Taking account of the operating result in a financial year, compensation for the annual contribution on the part of the Executive Board members to the operational implementation of the corporate strategy and supporting the stakeholders' interests in an appropriate long-term return
	Performance period: Financial year	
	Range of degree of target achievement: 75 to 120 % of the target value The target value corresponds to the value of the performance parameter (consolidated EBIT) resulting from the business plan approved by the Supervisory Board for the respective performance period (the financial year in question).	
	STI target amount (degree of target achievement 100 %): EUR 140 thousand	
	Cap: 200 % of the STI target amount	
Multiple-year variable compensation (LTI)	Performance period: 4 years	Consideration of successful implementation of the corporate strategy over the long term
	LTI target amount (degree of target achievement 100 %): EUR 210 thousand	

Compensation component	Structure / parameter		Purpose / Link to strategy
	Share-based performance parameter (TSR)	Weighting: 87.5 % of the LTI	Incentivisation with regard to a sustainable return on the Berentzen-Gruppe Aktiengesellschaft share, consideration of the quantitative shareholder interests
		Performance parameter: Total shareholder return (TSR) (1) Ratio of the change in the share price plus dividends paid at the end of the performance period to the share price at the beginning of the performance period (2) Comparison of the TSR determined pursuant to (1) with the development of the TSR in SDAX-listed companies	
		Range of degree of target achievement: Range of degree of target achievement: 0 to 200 % depending on the percentile rank achieved (minimum 25th, maximum 75th percentile rank)	
	Non-financial performance parameter	Weighting: 12.5 % of the LTI	Consideration of the Executive Board's contribution to implementation of the corporate strategy and to the long-term development of the Company
		Performance parameter: (1) Derivation of two to four, generally identically weighted non-financial targets from the CSR strategy and from the corporate strategy (2) Parameters are defined when setting the non-financial targets and can be of a qualitative and quantitative nature	
		Range of degree of target achievement: 0 bis 200 %. Degree of target achievement of 100% is defined when setting the non-financial targets	

Compensation component	Structure / parameter	Purpose / Link to strategy
Voluntary special allowance	One-off payment without legal entitlement	Consideration of the contribution of individual Executive Board members to sustainable business performance
	Performance parameter: Special achievements on the part of an Executive Board member or special project successes which in particular make a contribution to sustainable corporate performance	
	Definition at the reasonable discretion of the Supervisory Board - on an individual basis - to the extent that special achievement/special project success not already considered in the single-year variable compensation for the relevance performance period	
	Cap: Total of voluntary special allowance + single-year variable compensation < target amount for multiple-year variable compensation in the relevant performance period	
Maximum compensation (cap on total compensation granted pursuant to Section 87a (1) Sentence 2 No. 1 AktG)	Total of the maximum amount of all fixed and variable compensation components for the financial year in question – irrespective of whether these will be paid out in the financial year in question or at a later point in time – taking into consideration the respective upper limits (cap or highest percentage of the range) of the single- and multiple-year compensation components	
Other compensation policies		
Reduction in (malus) and reclaiming of (clawback) variable compensation components	Malus: In the event of breaches of duty or compliance violations, the Supervisory Board may reduce variable compensation components. The Supervisory Board will decide on the extent of the reduction depending on the severity of the breach of duty at its reasonable discretion.	
	Clawback: Possibility to reclaim variable compensation payments that is linked to the achievement of the relevant targets and were wrongly paid out on the basis of incorrect data (difference). The Supervisory Board will decide at its reasonable discretion on whether this reservation is exercised.	
Payments in the event of premature termination of Executive Board activity (severance cap)	Severance payment in the event of premature termination of the employment contract for good cause for a reason for which the member of the Executive Board is not responsible and – where agreed in the employment contract – due to a “change of control” event having occurred	
	Cap: A maximum of two total compensation payments or of an amount corresponding to the total compensation pro rata temporis that would have been payable overall for the remaining term of the contract	

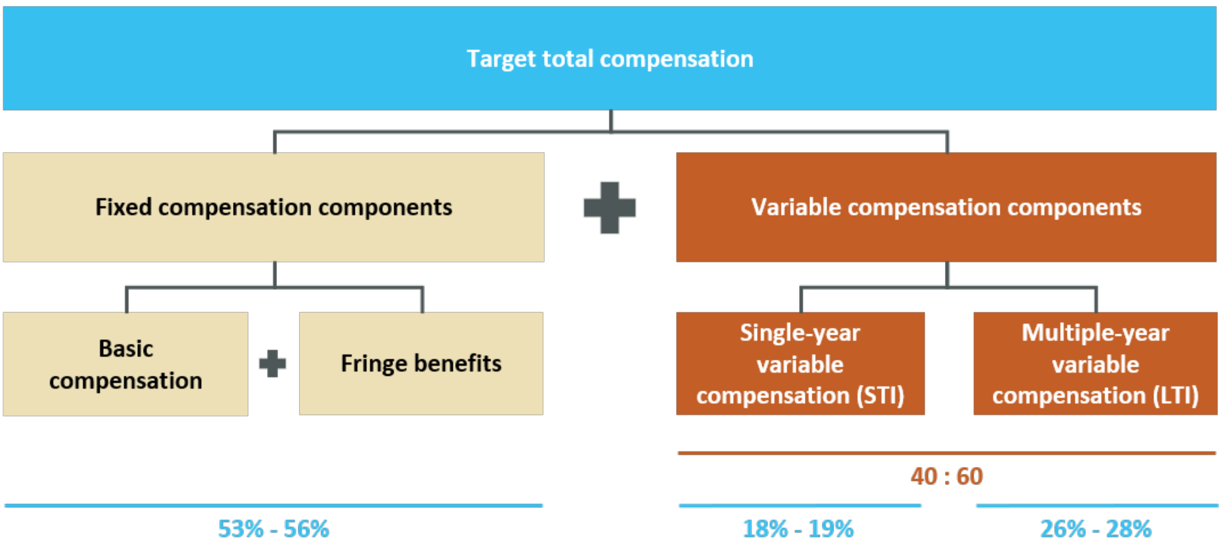
(2.1.5) Target total compensation

The target total compensation is such compensation that would be paid to an Executive Board member for a financial year (performance period) as an aggregate of all fixed and variable compensation components that would be paid overall if the degree of target achievement amounts to 100 % in both of the two compensation components, STI and LTI. This is independent of whether the individual compensation component is granted or owed in the financial year in question or at a later point in time.

The Supervisory Board determines in compliance with the compensation system the amount of the target total compensation for each Executive Board member. In this context, the Supervisory Board not only takes into consideration an appropriate relationship to the tasks and performance of the Executive Board member but also the economic situation of Berentzen-Gruppe Aktiengesellschaft.

The following table contains an overview of the relative shares of the individual compensation components in the target total compensation:

Composition of target total compensation
with a degree of target achievement in relation to the variable compensation components of 100%



(2.1.6) Compensation components

The compensation of the members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft generally consists of the fixed compensation components of basic compensation and fringe benefits as well as the variable compensation components of STI and LTI. Furthermore, it is possible under certain circumstances to additionally pay a voluntary variable special allowance.

(2.1.6.1) Basic compensation

Each Executive Board member receives a fixed annual basic compensation. This amount is paid out in twelve monthly instalments.

Together with the other compensation components, the annual basic compensation forms the basis for attracting and retaining highly qualified members for the Executive Board in order to be able to implement the long-term corporate strategy of profitable growth and further corporate objectives.

(2.1.6.2) Fringe benefits

The fringe benefits comprise in detail:

– Company car that individual Executive Board members may also use for private purposes

– Designated payment of an annual amount of EUR 12 thousand for use of a financial instrument suitable for a pension plan

– Continued payment for a period of up to six weeks and subsequent sick pay of the difference between the – hypothetical – sick pay of the statutory health insurance for a period of up to nine months but no longer in each case than until termination of the employment contract as a member of the Executive Board

– Accident insurance (in the form of participation in the group accident insurance with an annual amount of EUR 1,500)

– D&O insurance with deductible as specified in the Stock Corporations Act (AktG)

The fringe benefits are intended to create an attractive working environment for the members of the Executive Board and furthermore contribute to granting the Executive Board members a both market-based and competitive compensation package overall.

(2.1.6.3) Single-year variable compensation (STI)

(2.1.6.3.1) Performance parameter and computation of STI

The performance parameter for STI is the consolidated operating profit of Berentzen-Gruppe Aktiengesellschaft (consolidated EBIT).

For this purpose, the Supervisory Board sets a target value for the consolidated EBIT at the beginning of the financial year for the respective STI performance period. This target value corresponds to the value of the consolidated EBIT resulting from the business plan approved by the Supervisory Board for the respective financial year. Target achievement is determined after the end of the financial year on the basis of the audited consolidated financial statements as a comparison of the target value with the consolidated EBIT actually achieved for the respective financial year, expressed as a degree of target achievement.

The degree of target achievement relevant to the STI ranges between 75 % and 120 % of the target value.

A degree of target achievement of 75 % forms the lower limit for the STI, i.e. in the event of a degree of target achievement of less than 75 %, no STI will be granted.

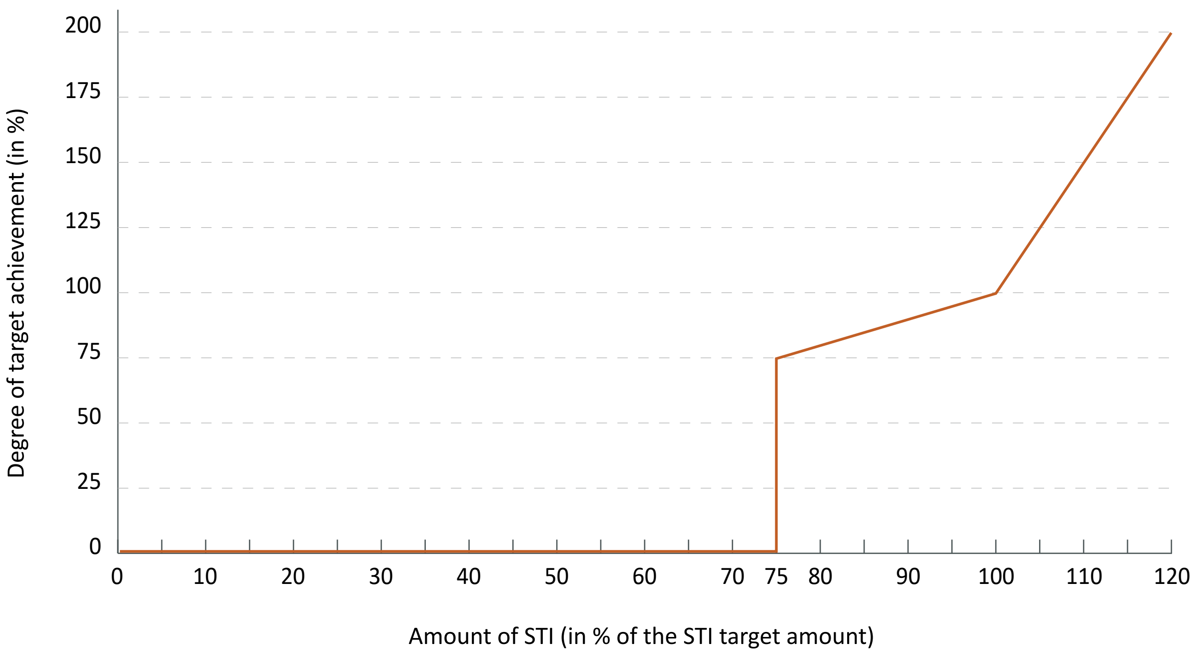
The degree of target achievement is capped at 120 % of the target value, which in turn means that the STI is capped at 200 % of the STI target amount.

The ratio between the degree of target achievement and the amount of the STI correlates in detail as follows:

Degree of target achievement (in % of the target value)	Amount of STI (% of target amount)
< 75	No STI is granted
= 75	75 % of the STI target amount
> 75 to 100	Straight line increase from 75 % to 100% of the STI target amount
> 100 to 120	100 % of the STI target amount plus 5 % per percentage point that the target value is exceeded, thus a maximum of 200 % of the STI targets amount

The following overview contains a graphic representation of the relationship between the degree of target achievement and the resulting amount of STI, subject to any adjustment in the event of extraordinary developments (for more details on this, see section (2.1.6.3.3)):

Ratio of degree of target achievement to the amount of STI



(2.1.6.3.2) Objective of the STI

With the consolidated EBIT being the definitive performance parameter for the STI, the granting of the STI takes into account the operating performance in a financial year (STI performance period) and at the same time compensation is made for the contribution in that year by the Executive Board members to operational implementation of the corporate strategy. Furthermore, the shareholder interests in an appropriate long-term return are promoted in this way.

(2.1.6.3.3) Setting and payment of the STI

The STI for the financial year in question is set in two steps:

In a first step, the degree of target achievement is multiplied by the STI target amount. In the event of extraordinary developments, the Supervisory Board may adjust the resulting computed result by using a discretionary multiplier of between 80 % and 120 %. Any adjustment to more than 200 % of the STI target amount is excluded.

In a second step, the Supervisory Board reviews whether any breaches of duty or compliance violations on the part of the Executive Board member in the STI performance period make it necessary to adjust downwards the STI determined in the first step. The Supervisory Board will decide on the extent of the reduction depending on the severity of the breach of duty at its reasonable discretion.

The STI determined following conclusion of the second step constitutes its amount payable and is paid out to the Executive Board member in cash. This amount is due as at March 31 of the financial year following the STI performance period in question to the extent that the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft have already been approved by the Supervisory Board at this point; otherwise, it is due immediately after approval of the consolidated financial statements by the Supervisory Board.

(2.1.6.4) Multiple-year variable compensation (LTI)

(2.1.6.4.1) Performance parameters of the LTI

The LTI is intended to take into account successful implementation of the corporate strategy over the long term. It comprises a share-based performance parameter and a non-financial performance parameter. The performance period for the LTI is four years (LTI performance period), beginning with the financial year for which the specific LTI is committed.

Share-based performance parameter (TSR) – objective, computation and weighting

The share-based performance parameter has the purpose of incentivising the members of the Executive Board with regard to a sustainable return on the Berentzen-Gruppe Aktiengesellschaft share and the associated broad consideration of the quantitative interests of its shareholders. Concrete incentivisation is achieved with the performance parameter of total shareholder return (TSR) that represents at the same time the share-based portion of the variable compensation. TSR is weighted at a value of 87.5 % of the LTI.

TSR includes the total return received by the shareholder over the LTI performance period and is calculated from the ratio of the price development of the share plus dividends paid at the end of the LTI performance period to the share price at the beginning of the LTI performance period.

In order to reduce the effects of random and short-lived price developments, the definitive share prices are calculated as follows: the average commercially rounded closing price in Xetra trading of the last 90 trading days prior to the beginning of the LTI performance period is used as the beginning share price. The ending share price is determined on the basis of the average of the closing prices of the last 90 trading days prior to the end of the LTI performance period.

The average period for calculating the beginning share price is not part of the LTI performance period.

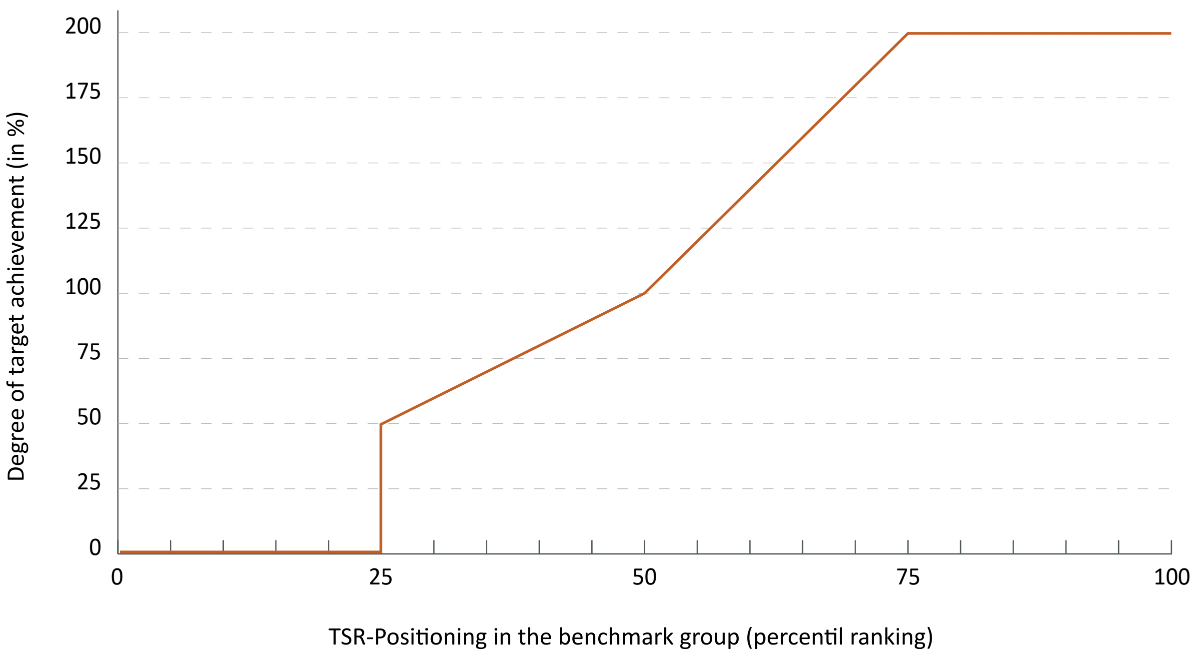
For final use in the LTI, the TSR of Berentzen-Gruppe Aktiengesellschaft determined according to these calculation parameters is compared with the development of the TSR of the chosen benchmark companies in the LTI performance period. The companies listed in the German SDAX share index of Deutsche Börse AG, Frankfurt am Main over the entire LTI performance period is used as the group of benchmark companies.

To determine the target achievement for TSR, the TSR of Berentzen-Gruppe Aktiengesellschaft and the TSR of the benchmark group are ranked against each other and the relative position is expressed on the basis of the percentile ranking achieved. Target achievement for the TSR is determined according to the following system of percentiles: the possible degree of target achievement has a range from 0 % to a maximum of 200 %. In the event of a position below the 25th percentile, the degree of target achievement is 0 %. In the event of a position at the 25th percentile (threshold value), the degree of target achievement will be 50 %. If the relative TSR of Berentzen-Gruppe Aktiengesellschaft achieved corresponds to the median (50th percentile) of the benchmark group, the degree of target achievement corresponds to 100 %. For the maximum degree of target achievement of 200 %, at least the 75th percentile must be achieved. Both in the case of a positive and a negative deviation, interim values will be interpolated on a straight-line basis in each case.

The reference for setting the rankings is the composition of the SDAX on the last day of the LTI performance period, adjusted for those companies that were not included in the SDAX until after the beginning of the LTI performance period. The composition of the group of benchmark companies may be adjusted for future changes in the market or business environment.

The following overview contains a graphic representation of the relationship between the position on the basis of the percentile ranking achieved and the degree of target achievement in relation to the target achievement for the TSR:

LTI/TSR – ratio between the positioning on the basis of the percentile ranking achieved and the degree of target achievement



Non-financial performance parameters – objective, determination and weighting

The non-financial performance parameter is intended to take into consideration the contribution by the Executive Board to implementation of the corporate strategy and thus also to the long-term development of the Company. It is weighted with a value of 12.5 % of the LTI.

The non-financial objectives are derived from the Corporate Social Responsibility (CSR) strategy and from Berentzen-Gruppe Aktiengesellschaft's corporate strategy.

The Supervisory Board sets the specific non-financial objectives at the beginning of the LTI performance period in question. Overall, two to four non-financial targets can be set that in principle have the same weighting. When setting the specific non-financial targets, the criteria under which the respective target is deemed "fully fulfilled" (degree of target achievement is 100%) and the parameters used to assess the degree of target achievement are defined. The parameters can be of a qualitative and quantitative nature. Target achievement for the individual non-financial target is determined on the basis of the following potential degree of target achievement:

Objective	Degree of target achievement (in %)
Very considerably exceeded	200
Considerably exceeded	150
Exceeded	125
Fully fulfilled	100
Substantially fulfilled	75
Partially fulfilled	50
Not fulfilled	0

(2.1.6.4.2) Setting and payment of the LTI

Setting of the LTI for the performance period in question is performed in two steps:

The weighted total degree of target achievement for the LTI, consisting of the degrees of target achievement for the share-based performance parameter and for the non-financial performance parameter, is determined in a first step. This total degree of target achievement is subsequently multiplied by the LTI target amount.

In a second step, the Supervisory Board reviews whether any breaches of duty or compliance violations on the part of the Executive Board member in the LTI performance period make it necessary to adjust downwards the LTI determined in the first step. The Supervisory Board will decide on the extent of the reduction depending on the severity of the breach of duty at its reasonable discretion.

The LTI determined following conclusion of the second step constitutes its amount payable and is paid out to the Executive Board member in cash. The Supervisory Board sets the LTI at the first Supervisory Board meeting in the financial year following the LTI performance period. The amount of the LTI paid out is due by the end of the calendar month following the date on which it is set by the Supervisory Board.

(2.1.6.5) Voluntary special allowance

In the case of special achievements on the part of an Executive Board member or in the case of special project successes which in particular make a contribution to sustainable corporate performance, the Supervisory Board may grant an Executive Board member or more than one Executive Board member an additional voluntary, variable special allowance. The potential granting of the voluntary special allowance is intended to take into consideration the contribution of the individual Executive Board member to the sustainable business performance.

The setting of this allowance is at the reasonable discretion of the Supervisory Board. The Supervisory Board will only make use of this possibility in individual cases if and to the extent this is necessary to ensure appropriate compensation of the Executive Board members in the given special situation if the Company obtains at the same time an additional material and/or immaterial advantage from the granting of the specific voluntary special allowance (for example additional consolidated earnings and/or long-term cost savings from the special performance or from the special project success; incentive effect towards the other Executive Board members or active or potential executives) and if the special performance or the special project success has not already been taken into consideration in the STI granted for the relevant performance period. When setting any voluntary special allowance, the Supervisory Board takes account of the parameters guiding their reasonable discretion that the total of any voluntary special allowance set for the relevant performance period and the single-year variable compensation (STI) actually set is lower than the target amount of the multiple-year variable compensation (LTI) (cap).

Any voluntary special allowance being set in specific circumstances will be treated as a one-off payment to which there will not be any legal entitlement for the future.

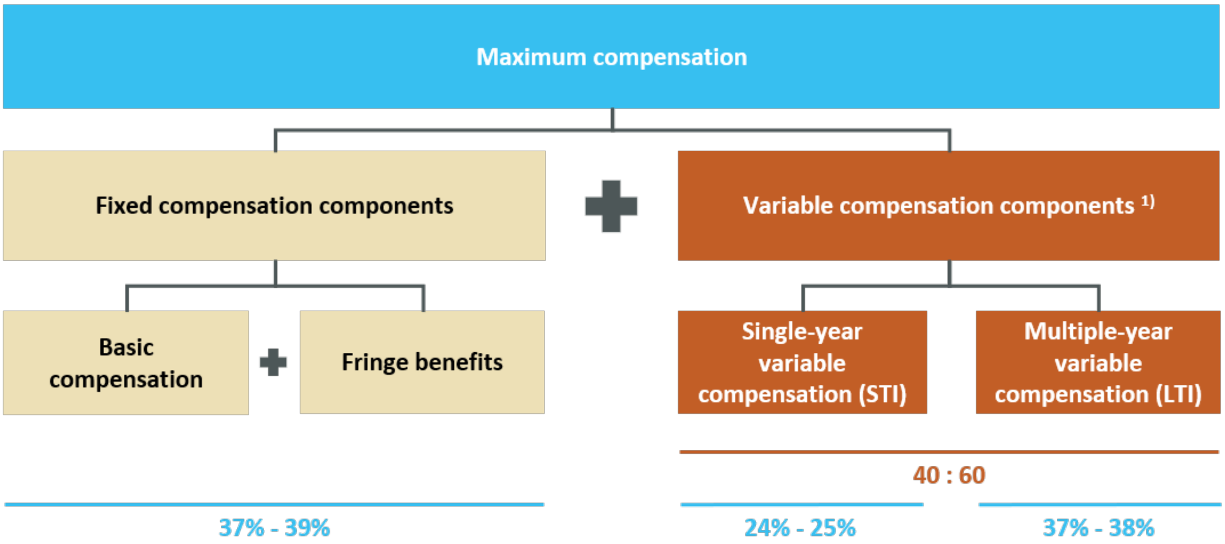
The Supervisory Board assesses and sets any voluntary special allowance for the relevant performance period at the Supervisory Board meeting in which it sets the STI for the relevant performance period. The voluntary special allowance determined is paid out in cash. This amount is due as at March 31 of the financial year following the performance period in question to the extent that the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft have already been approved by the Supervisory Board at this point; otherwise, it is due immediately after approval of the consolidated financial statements by the Supervisory Board.

(2.1.7) Maximum compensation

The maximum compensation corresponds to the total of the maximum amount of all fixed and variable compensation components for the financial year in question for the Executive Board member in question – irrespective of whether they will be paid out in the financial year in question or at a later point in time – taking into consideration the respective upper limits (cap or highest percentage of the range of 200 % of the target amount in each case) of the single- and multiple-year variable compensation components (STI and LTI). The maximum compensation is determined by the Supervisory Board as an amount for each Executive Board member.

The following table contains an overview of the relative shares of the individual compensation components in the maximum compensation:

Composition of the maximum compensation
with a maximum degree of target achievement in relation to the variable compensation components of 200%



1) Variable compensation components without any voluntary special allowance. By its very nature, any voluntary special allowance is not included in any consideration of the maximum compensation as in the event of maximum compensation the STI actually set for the specific performance period exceeds the LTI target amount.

(2.1.8) Reduction in (malus) and reclaiming of (clawback) variable compensation components

Malus

In the event of breaches of duty or compliance violations on the part of an Executive Board member, the Supervisory Board may reduce the variable compensation components. The Supervisory Board will decide on the extent of the reduction depending on the severity of the breach of duty at its reasonable discretion. The severity of the specific breach of duty will be assessed on the basis of the standard contained in Section 93 AktG. According to this standard, relevant breaches of duty may comprise breaches of statutory, supervisory or contractual duties or infringement of the Company's internal regulations, specifically compliance violations. Before the malus regulation can take effect a sufficiently serious breach of duty on the part of the Executive Board member must have taken place that, subject to considerations of proportionality, justifies an effect on the variable compensation. Any claims for damages against the Executive Board member remain unaffected.

Clawback

If variable compensation components that are linked to the achievement of relevant targets were wrongly paid out on the basis of incorrect data, Berentzen-Gruppe Aktiengesellschaft reserves the right to reclaim the difference resulting from the recalculation of the amount of the variable compensation in comparison to the payout made. The Supervisory Board will decide at its reasonable discretion on whether this reservation is exercised.

(2.1.9) Payments in the event of premature termination of Executive Board activity

In the event of premature termination of the employment contract, in no case will payments be made to the Executive Board member that – including fringe benefits – exceed two total compensation payments or an amount corresponding to the total compensation pro rata temporis that would have been payable overall for the remaining term of the contract (severance cap). For the calculation of the severance cap, reference is made to the total compensation of the past financial year and, where necessary, to the expected total compensation for the current financial year in which the premature termination of the employment contract is taking place. If the employment contract is terminated for good cause pursuant to Section 626 BGB (German Civil Code) for a reason for which the Executive Board member is responsible, no payments will be made to the Executive Board member.

The employment contract of individual Executive Board members can specify that a severance payment of the above maximum amount will be granted after termination of the Executive Board member in connection with a “change of control” event. A “change of control” event in the above meaning has occurred (1) upon the coming into existence of a takeover obligation pursuant to the German Securities Acquisition and Takeover Act (WpÜG) relating to the Company’s shares or (2) in the event of approval by the annual general meeting of a merger with another company in which Berentzen-Gruppe Aktiengesellschaft would be the disappearing entity or by way of which the existing shareholders of Berentzen-Gruppe Aktiengesellschaft hold less than 50 % of the shares in the company or Berentzen-Gruppe Aktiengesellschaft receives a principal shareholder that would be obliged to perform a takeover transaction in the event of a share purchase pursuant to the German Securities Acquisition and Takeover Act, or (3) in the event of approval of the annual general meeting to a domination or profit and loss transfer agreement with Berentzen-Gruppe Aktiengesellschaft as the dependent entity.

No payments in excess of this severance payment will be granted.

(2.2) Individual compensation for Members of the Executive Board in the 2022 financial year

(2.2.1) Composition of the Executive Board

In accordance with the Articles of Association, the Executive Board was composed of two members for the entire 2022 financial year:

Name	Duration of membership of the Executive Board	Responsibilities
Ralf Brühöfner	since June 18, 2007	Finance, Controlling, Human Resources, Information Technology, Legal Affairs, Corporate Communication, Investor Relations, Corporate Social Responsibility
Oliver Schwegmann	since June 1, 2017	Marketing, Sales, Production and Logistics, Purchasing, Research and Development

(2.2.2) Objective and maximum compensation of the members of the Executive Board

The following table contains an overview of the absolute and relative shares, defined by the Supervisory Board for each member of the Executive Board, of the individual compensation components in the target total compensation and in the maximum compensation of the members of the Executive Board for the 2022 financial year, broken down by the individual Executive Board members.

The compensation payments actually granted and owed to the members of the Executive Board for variable compensation components are payable to them depending on the relevant target achievement and not until after the end of the 2022 financial year or the relevant performance period in each case.

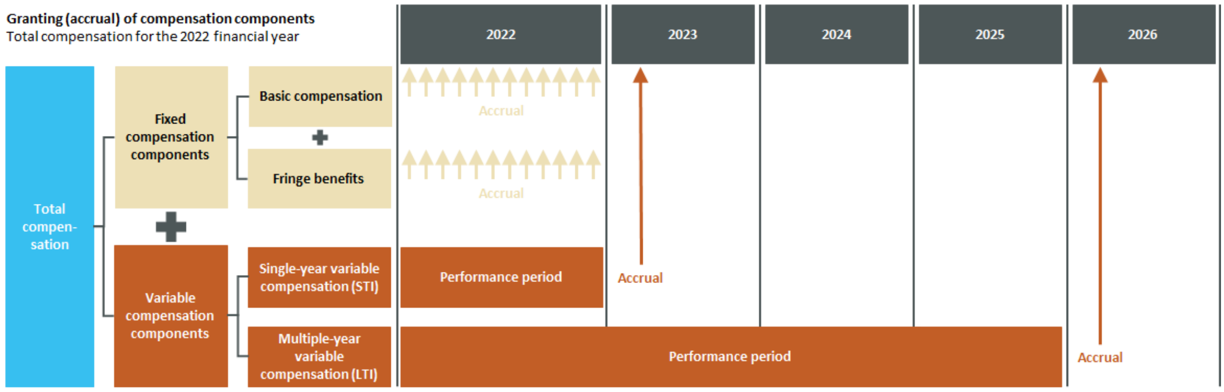
Target total compensation / maximum compensation Current members of the Executive Board	Oliver Schwegmann				Ralf Brühöfner			
	2022				2022			
	Target total compensation		Maximum compensation		Target total compensation		Maximum compensation	
	EUR'000	%	EUR'000	%	EUR'000	%	EUR'000	%
Fixed compensation components								
Basic compensation	400.0	50.0	400.0	34.8	360.0	48.0	360.0	32.7
Fringe benefits	50.0	6.3	50.0	4.3	40.0	5.3	40.0	3.6
	450.0	**56.3**	**450.0**	**39.1**	**400.0**	**53.3**	**400.0**	**36.4**
Variable compensation components [1]								
Single-year variable compensation (STI)								
STI 2022	140.0	17.5	280.0	24.3	140.0	18.7	280.0	25.5
Multiple-year variable compensation (LTI)								
LTI 2022- 2025	210.0	26.3	420.0	36.5	210.0	28.0	420.0	38.2
	350.0	**43.8**	**700.0**	**60.9**	**350.0**	**46.7**	**700.0**	**63.6**
	800.0	**100.0**	**1,150.0**	**100.0**	**750.0**	**100.0**	**1,100.0**	**100.0**

[1] Variable compensation components without any voluntary special allowance. By its very nature, any voluntary special allowance is not included in any consideration of the maximum compensation as in the event of maximum compensation the STI actually set for the specific performance period exceeds the LTI target amount.

(2.2.3) Compensation granted and owed

The compensation as defined in Section 162 (1) sentence 1, sentence 2 No. 1 AktG that was granted and owed to the members of the Executive Board in the 2022 financial year is explained below. Furthermore, there are explanations of how the compensation granted and owed under the current compensation system or – with further explanations – if there were any deviations. Furthermore, the performance criteria applied are explained. Finally, there are explanations of how the compensation promotes the long-term development of the Company.

The statements on compensation relate to the compensation components "granted and owed" in the financial year in question. This is based on the following definitions of the terms: a compensation component is "granted" if it is actually (de facto) accrued by the member of the Executive Board and is thus transferred to their ownership irrespective of the financial year for which this compensation component was accrued (accrual principle). A compensation component is "owed" if the entity paying the compensation has an existing legal obligation towards the member of the Executive Board that is due but not yet fulfilled.



In detail, the members of the Executive Board were granted and owed the following compensation as defined in Section 162 (1) Sentence 1 AktG in the 2022 financial year – exclusively by Berentzen-Gruppe Aktiengesellschaft:

Granted and owed compensation of the members of the Executive Board Current members of the Executive Board	**Oliver Schwegmann**				**Ralf Brühöfner**			
	2022		**2021**		**2022**		**2021**	
	EUR'000	**%**	**EUR'000**	**%**	**EUR'000**	**%**	**EUR'000**	**%**
Fixed compensation components								
Basic compensation	400.0	54.2	400.0	68.2	360.0	50.8	360.0	68.2
Fringe benefits	43.8	5.9	48.2	8.2	30.3	4.3	30.9	5.9
	443.8	**60.1**	**448.2**	**76.5**	**390.3**	**55.0**	**390.9**	**74.1**
Variable compensation components [1]								
Single-year variable compensation (STI)								
STI 2021	280.0	37.9	-	-	280.0	39.5	70.3-	13.3-
STI 2020	-	-	93.8	6.0	-	-		
Multiple-year variable compensation (LTI)								
LTI 2019 - 2021	14.6	2.0	-	-	38.9	5.5	-	-
LTI 2018 - 2020	-	-	44.2	7.5	-	-	66.3	12.6
	294.6	**39.9**	**138.0**	**23.5**	**318.9**	**45.0**	**136.6**	**25.9**
	738.4	**100.0**	**586.2**	**100.0**	**709.2**	**100.0**	**527.5**	**100.0**

[1] The variable compensation components granted and owed in the 2021 financial year and the multiple-year variable compensation components granted and owed in the 2022 financial year are based on commitments from financial years prior to the entry into effect of the compensation system that has been definitive for the members of the Executive Board since January 1, 2021.

(2.2.3.1) Basic compensation

The basic compensation granted in the 2022 financial year corresponded to the relevant current compensation system. These compensation payments were granted to promote the long-term development of the Company in the manner described in section (2.1.6.1). Performance criteria are not applicable to the basic compensation as it constitutes fixed compensation.

(2.2.3.2) Fringe benefits

The fringe benefits granted in the 2022 financial year similarly corresponded to the approved compensation system. The granting of these compensation payments was intended to promote the long-term development of the Company in the manner described in section (2.1.6.2). Again, performance criteria are not applicable to the fringe benefits as, like the basic compensation, they constitute agreed fixed compensation components.

(2.2.3.3) Variable compensation components

(2.2.3.3.1) Single-year variable compensation (STI)

Finally, the single-year variable compensation granted in the 2022 financial year also corresponded to the current compensation system and the compensation agreements concluded accordingly were based on the objective that the long-term development of the Company is promoted by the consolidated EBIT, and thus the operating profitability of the Company, being of material importance for the performance-based Executive Board compensation. The performance criteria for this compensation component described in sections (2.1.4) and (2.1.6.3) above and their application are outlined in the table below:

Granted and owed compensation of the members of the Executive Board Variable compensation component STI [1] - application of the performance criteria	**Variable compensation STI [1]**						
	Consolidated EBIT				**STI**		**2022**
	Target value	**Value actually achieved**	**Degree of target achievement**		**STI target amount**	**Amount of STI**	
			(computed)	**(relevant) [2]**			
Current members of the Executive Board	**EUR'000**	**EUR'000**	**%**	**%**	**EUR'000**	**% of target amount**	**EUR'000**
Oliver Schwegmann							
Single-year variable compensation (STI)							
STI 2021	5,004	6,711	134.1	120.0	140.0	200.0	280.0
Ralf Brühöfner							
Single-year variable compensation (STI)							
STI 2021	5,004	6,711	134.1	120.0	140.0	200.0	280.0

[1] The single-year variable compensation (STI) granted and owed in the 2022 financial year is based on the commitments and adoptions of the Supervisory Board based on the compensation system for the members of the Executive Board applicable since January 1, 2021.

[2] According to the compensation system for the members of the Executive Board applicable since January 1, 2021, the range of the degree of target achievement relevant for the single-year variable compensation (STI) is between 75 % and 120 % of the target value. See the table in section (2.1.6.3.1).

(2.2.3.3.2) Multiple-year variable compensation (LTI)

The multiple-year variable compensation granted in the 2022 financial year, however, was not yet aligned to the compensation system that has been definitive since January 1, 2021 but is based on the compensation agreements in the service contracts made with the members of the Executive Board for the 2019 financial year.

The compensation agreements concluded were based on the objective that the long-term development of the Company is promoted if the level and performance of the consolidated EBIT, viewed over several comparison periods, is of material importance for the performance-based Executive Board compensation. In particular, the multiple-year comparison periods should provide the incentive to improve the Company's profitability sustainably and as a consequence for the long term.

The performance criterion for the amount granted was, as a starting point, the consolidated EBIT presented in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2019 financial year. A certain total amount for the variable compensation was derived from this consolidated EBIT using a percentage individually agreed with each Executive Board member. A partial amount of up to 55 % of the amount derived in this way then became payable in the 2022 financial year as multiple-year variable compensation. The amount was based on the ratio of the average consolidated EBIT for the 2019 to 2021 financial years to the average consolidated EBIT of the 2016 to 2018 financial years.

In detail, the ratio between the degree of target achievement and the amount of the LTI correlates as follows:

Degree of target achievement (ratio Ø consolidated EBIT in %)	**Amount of LTI (% of target amount)**
Oliver Schwegmann	
< 70	No LTI is granted
>= 70 to 115	Straight-line increase of around 2.2 % per percentage point that the lower limit of the degree of target achievement is exceeded by, up to 100 % of the LTI target amount
Ralf Brühöfner	
< 50	No LTI is granted
>= 50 to 150	Straight-line increase from 1 % up to 100% of the LTI target amount

The performance criteria and their application are presented in detail in the following overview.

Compensation of the members of the Executive Board granted and owed Variable compensation component LTI [1] - Application of the performance criteria Current members of the Executive Board	**Consolidated EBIT** **Financial year**	**EUR'000**	**Variable compensation LTI [1]** **Assessment base (AB) for LTI** **% of consoli-dated EBIT**	**EUR'000**	**LTI** **55% of AB = target amount** **EUR'000**	**Ratio Ø consolidated EBIT = degree of target achievement [2]** **%**	**Amount of LTI [2] [3]** **% of target amount**	**2022** **EUR'000**
Oliver Schwegmann								
Multiple-year variable compensation (LTI)								
LTI 2019 - 2021	2019	9,812	3.0	294.4	161.9	74.0	9.0	14.6
	2020	5,209						
	2021	6,711						
	Ø 2019-2021	**7,244**						
	2016	10,515						
	2017	9,221						
	2018	9,802						
	Ø 2016–2018	**9,846**						
Ralf Brühöfner								
Multiple-year variable compensation (LTI)								
LTI 2019 - 2021	2019	9,812	3.0	294.4	161.9	74.0	24.0	38.9
	2020	5,209						
	2021	6,711						
	Ø 2019-2021	7,244						
	2016	10,515						
	2017	9,221						
	2018	9,802						
	Ø 2016-2018	9,846						

1) The multiple-year variable compensation (LTI) granted and owed in the 2022 financial year are based on commitments from financial years prior to the entry into effect of the compensation system that has been definitive for the members of the Executive Board since January 1, 2021.

2) According to compensation agreements in the service contracts, rounded to the nearest whole number in accordance with commercial practice.

3) The percentage to be applied to the target amount to determine the amount of the LTI is derived from the degree of target achievement according to the above presentation in this section (2.2.3.3.2).

(2.2.3.3.3) Voluntary special allowance

No voluntary special allowance was granted or owed in the 2022 financial year.

(2.2.4) Compliance with the maximum compensation

(2.2.4.1) Compensation granted and owed for the 2022 financial year

The maximum compensation of the members of the Executive Board according to the current compensation system is presented in sections (2.1.7).

According to this system, the compensation of members of the Executive Board is capped in two ways. Firstly, upper limits (cap or highest percentage of the range of 200 % of the target amount in each case) are determined for the single- and multiple-year variable compensation components (STI and LTI). Taking account of these caps, the Supervisory Board further will or has set a maximum amount of compensation for each Executive Board member that corresponds to the maximum amount of all fixed and variable compensation components for the financial year in question – independent of whether they are paid out in the financial year in question or at a later date.

The fixed and single-year variable compensation components granted to the members of the Executive Board in the 2022 financial year taking account of the accrual principle are aligned to this, that is the current compensation system. The upper limits set and computed were complied with without exception with regard to the fixed and single-year variable compensation payments granted to the members of the Executive Board in the 2022 financial year.

The multiple-year variable compensation presented in the overview above for the 2022 financial year taking into account the accrual principle is, in contrast, not yet aligned to the compensation system applicable since January 1, 2021, but is still based on commitments for the 2019 financial year in accordance with their employment contracts under the compensation system applicable at the time.

For the performance parameter relevant for these multiple-year variable compensation components resulting from the calculation, the consolidated EBIT, upper limits of EUR 18 million and EUR 12 million were determined. Furthermore, an upper limit of 100 % of the LTI target amount applied to this. These upper limits were complied with without exception with regard to the variable compensation payments granted to the members of the Executive Board in the 2022 financial year, as can be seen in the table in section (1.2.3.3.3) above.

The table below summarises the compliance with the upper limits for the fixed and variable compensation components granted to the members of the Executive Board in the 2022 financial year.

Compliance with upper limits for the compensation granted and owed to the members of the Executive Board Current members of the Executive Board	**Oliver Schwegmann**				**Ralf Brühöfner**			
	2022				**2022**			
	Target compen-sation	**Upper limit**	**Granted (accrual))**		**Target compen-sation**	**Upper limit**	**Granted (accrual)**	
				% of the upper limit				**% of the upper limit**
	EUR'000	**EUR'000**	**EUR'000**		**EUR'000**	**EUR'000**	**EUR'000**	
Fixed compensation components								
Basic compensation 2022	400.0	400.0	400.0	100.0	360.0	360.0	360.0	100.0
Fringe benefits 2022	50.0	50.0	43.8	87.5	40.0	40.0	30.3	75.8
	450.0	**450.0**	**443.8**	**98.6**	**400.0**	**400.0**	**390.3**	**97.6**
Variable compensation components								
Single-year variable compensation (STI)								
STI 2021	140.0	280.0	280.0	100.0	140.0	280.0	280.0	100.0
Multiple-year variable compensation STI (LTI) [1)]								
LTI 2019 - 2021	161.9	161.9	14.6	9.0	161.9	161.9	38.9	24.0
	301.9	**441.9**	**294.6**	**66.7**	**301.9**	**441.9**	**318.9**	**72.2**
	751.9	**891.9**	**738.4**	**82.8**	**701.9**	**841.9**	**709.2**	**84.2**

[1)] The multiple-year variable compensation components granted and owed in the 2022 financial year are based on the commitments from the financial years prior to the entry into effect of the compensation system for the members of the Executive Board applicable since January 1, 2021.

(2.2.4.2) Compensation committed for the 2022 financial year

The maximum compensation set for the members of the Executive Board for the 2022 financial year was entirely determined in line with the provisions of the current compensation system, the only provisions which apply in this respect, with regard to the maximum compensation for the members of the Executive Board as presented in sections (2.2.2) and/or (2.1.7).

Accordingly, the dual limitation described in more detail in section (1.2.4.1) above also applies to this maximum compensation in the combination of upper limits for the single and multiple-year variable communication components (STI und LTI) on the one hand and the setting of a maximum amount of compensation taking this into account for each member of the Executive Board by the Supervisory Board on the other.

Due to the composition of compensation under the compensation system, it is not possible to retroactively review compliance with this maximum compensation until all compensation components that have been committed to the members of the Executive Board for the financial year in question have accrued – with regard to the variable compensation components depending on the target achievement in each case. As a four-year performance period applies for the multiple-year variable compensation components, compliance with the maximum compensation overall for the financial year in question consequently can only be reviewed retroactively after expiry of this performance period.

In line with this, compliance with the maximum compensation of the members of the Executive Board for the 2022 financial year will only be reviewed and reported on after the end of the 2025 financial year and in the Compensation Report for the 2026 financial year.

(2.2.5) Reduction in (malus) and reclaiming of (clawback) variable compensation components

In the 2022 financial year, there was neither a reduction in nor any clawback of variable compensation components granted or owed as the Supervisory Board determined there was no justification for either.

(2.2.6) Payments in the event of premature termination of Executive Board activity

Within the scope of the existing employment contracts with the current members of the Executive Board, a special right of termination has been agreed in the event of a “change of control” event – as specified in the compensation system that has been definitive since January 1, 2021 and described in section (2.1.9).

In the 2022 financial year, no payments were made in connection with special termination rights falling under this provision.

(2.3) Individual compensation of members of the Executive Board for the 2022 financial year (supplementary voluntary explanation)

The compensation granted and owed to the current members of the Executive Board in the 2022 financial year as defined in Section 162 (1) sentence 1. sentence 2 No. 1 AktG is presented in section (2.2) according to the accrual principle in fulfilment of these legal requirements as explained there.

In the interest of clear and understandable reporting, the following overview creates in transparent manner a closer link, in terms of the period in which the entitlement arises, between compensation for and the Company’s performance during the same financial year, thus additionally taking account of the “pay for performance” concept.

This states all compensation components, independently of their accrual, for the financial year in which the single- or multiple-year activity underlying the compensation was fully performed. This comprises both the fixed and variable compensation components. Consequently, also those variable compensation components whose performance period ended in the corresponding financial year and that, according to the compensation system, are not paid out until the financial year following the respective performance period or financial year are classified as compensation to be allocated to the performance period, i.e. the corresponding financial year, and presented accordingly.

On the basis of the above explanations, the compensation of the members of the Executive Board for the 2022 financial year is as follows:

Compensation for members of the Executive Board for the 2022 financial year (supplementary voluntary explanation)	**Granting (accrual)** [1]	**Oliver Schwegmann**		**Ralf Brühöfner**	
Current members of the Executive Board	Financial year	**2022**		**2022**	
		EUR'000	**%**	**EUR'000**	**%**
Fixed compensation components					
Basic compensation	2022	400.0	55.2	360.0	52.4
Fringe benefits	2022	43.8	6.0	30.3	4.4
		443.8	61.3	390.3	56.8
Variable compensation components [1]					
Single-year variable compensation (STI)					
STI 2022	2023	280.0	38.7	280.0	40.7
Multiple-year variable compensation (LTI)					
LTI 2020 - 2022	2023		-	17.2	2.5
		280.0	38.7	297.2	43.2
		723.8	100.0	687.5	100.0

[1] Granting of the variable compensation components (STI and LTI) and their amount is subject to setting by the Supervisory Board in accordance with the compensation system for the members of the Executive Board that has been definitive since January 1, 2021.

(2.3.1) Fixed compensation components

The fixed compensation components taken into account in the above overview for the 2022 financial year, i.e. the basic compensation and the fringe benefits corresponded to the approved current compensation system that has been definitive since January 1, 2021.

(2.3.2) Variable compensation components

(2.3.2.1) Single-year variable compensation (STI)

Likewise, the single-year variable compensation for the 2022 financial year stated in the above overview corresponds to the current compensation system.

The performance criteria for this compensation component described in sections (2.1.4) and (2.1.6.3) above and application of the same are presented in detail in the overview below:

Compensation for members of the Executive Board for the 2022 financial year (supplementary voluntary explanation) Variable compensation component STI [1] – application of the performance criteria Current members of the Executive Board	**Variable compensation STI [1]**						
	Consolidated EBIT				**STI**		**2022**
	Target value	**Value actually achieved**	**Degree of target achievement**		**STI target amount**	**Amount of STI**	
			(computed)	**(relevant) [2]**			
	EUR'000	**EUR'000**	**%**	**%**	**EUR'000**	**% of target amount**	**EUR'000**
Oliver Schwegmann							
Single-year variable compensation (STI)							
STI 2022	6.028	8.337	138.3	120.0	140.0	200.0	280.0
Ralf Brühöfner							
Single-year variable compensation (STI)							
STI 2022	6.028	8.337	138.3	120.0	140.0	200.0	280.0

[1] Granting and amount of the single-year variable compensation (STI) is subject to setting by the Supervisory Board in accordance with the current compensation system for the members of the Executive Board.

[2] According to the compensation system for the members of the Executive Board that has been definitive since January 1, 2021, the range of the degree of target achievement relevant for the single-year variable compensation (STI) comes to an amount between 75 % and 120 % of the target value. For this, see the presentation in section (2.1.6.3.1).

(2.3.2.2) Multiple-year variable compensation (LTI)

The multiple-year variable compensation presented in the overview above for the 2022 financial year is, in contrast, not yet aligned to the compensation system that has been definitive since January 1, 2021 but is based on the compensation agreements in the service contracts made with the members of the Executive Board for the 2020 financial year. The performance criterion for this is, as a starting point, the consolidated EBIT presented in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2020 financial year. A certain total amount for the variable compensation is derived from this consolidated EBIT using a percentage individually agreed with each Executive Board member. A partial amount of up to 55 % of the amount derived in this way may then become payable in the 2023 financial year as multiple-year variable compensation. The amount is based on the ratio of the average consolidated EBIT for the 2020 to 2022 financial years to the average consolidated EBIT of the 2017 to 2019 financial years. In detail, the ratio between the degree of target achievement and the amount of the LTI correlates as presented in section (2.2.3.3.2) above.

The performance criteria for this compensation component and application of the same are presented in detail in the overview below:

Compensation for members of the Executive Board for the 2022 financial year (supplementary voluntary explanation) **Variable compensation component LTI [1] – application of the performance criteria**	Consolidated EBIT		Variable compensation LTI [1]					
			Assessment base (AB) for LTI		LTI			2022
Current members of the Executive Board	Financial year	EUR'000	% of consoli-dated EBIT	EUR'000	55% of AB = target amount EUR'000	Ratio Ø consolidated EBIT = degree of target achievement [2] %	Amount of LTI [2] [3] % of target amount	EUR'000
Oliver Schwegmann								
Multiple-year variable compensation (LTI)								
LTI 2020 - 2022	2020	5.209	3.0	156.3	85.9	70.0	0.0	-
	2021	6.711						
	2022	8.337						
	Ø 2020–2022	**6.752**						
	7	9.221						
	2018	9.802						
	2019	9.812						
	Ø 2017–2019	**9.612**						
Ralf Brühöfner								
Multiple-year variable compensation (LTI)								
LTI 2020 - 2022	2020	5.209	3.0	156.3	85.9	70.0	20.0	17.2
	2021	6.711						
	2022	8.337						
	Ø 2020–2022	**6.752**						
	2017	9.221						
	2018	9.802						
	2019	9.812						
	Ø 2017–2019	**9.612**						

[1] Granting and amount of the multiple-year variable compensation (LTI) is subject to setting by the Supervisory Board in accordance with the compensation system for the members of the Executive Board that has been definitive since January 1. 2021.

[2] According to compensation agreements in the service contracts, rounded to the nearest whole number in accordance with commercial practice.

[3] The percentage to be applied to the target amount to determine the amount of the LTI is derived from the degree of target achievement according to the presentation in section (2.2.3.3.2) .

(2.4) Other disclosures

No compensation payments were granted or owed to the current or former members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft in the 2022 financial year by companies in the same group as defined in Section 290 of the German Commercial Code (HGB) for activities as current or former member of the Executive Board.

Likewise, neither Berentzen-Gruppe Aktiengesellschaft nor companies in the same group as defined in Section 290 of the German Commercial Code (HGB) granted loans or advances to current or former members of the Executive Board nor did they assume contingent liabilities in favour of such members in the 2022 financial year.

(3) Compensation of the members of the Supervisory Board

(3.1) System of compensation of the members of the Supervisory Board

(3.1.1) Legal basis of compensation of members of the Supervisory Board

The basis for compensation of the members of the Supervisory Board is Section 14 of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. Under this section, the Supervisory Board members receive fixed compensation for their activities, the individual amount of which depends on the tasks assumed in the Supervisory Board or its committees. No variable compensation dependent on the achievement of specific successes or targets is intended for Supervisory Board members.

Section 14 of the version of the Articles of Association currently in effect dated July 2, 2020 reads as follows:

"Section 14 Compensation

(1) Every Supervisory Board member shall receive EUR 17,000.00 as compensation for each full financial year. The annual compensation of the Supervisory Board Chairman shall be double the amount referred to in Sentence 1; for the Deputy Supervisory Board Chairman, it shall be one and one half times the aforementioned amount. In addition to the compensation set forth in Sentence 1, members shall receive one quarter of the annual compensation for each membership on a committee for each full financial year and half of the aforementioned annual compensation for each chairmanship of a committee.

(2) The compensation shall be due after the end of the respective financial year.

(3) Supervisory Board members who were not in office during the entire financial year, shall receive one twelfth of the compensation for every month or partial month of their service.

(4) Finally, the Supervisory Board members shall be reimbursed for their expenses, and any value-added tax incurred for their compensation shall be refunded."

The following overview summarises the compensation of the members of the Supervisory Board:

Compensation component	Structure
Supervisory Board fixed compensation	Annual compensation EUR 17.0 thousand
	Chairman: double the annual compensation (EUR 34.0 thousand)
	Deputy Chairman: one and one half times the annual compensation (EUR 25.5 thousand)
	Members: single annual compensation (EUR 17.0 thousand)
Fixed compensation for Supervisory Board committees	Chairman: additional 50 % of the respective annual compensation
	Members: additional 25 % of the respective annual compensation
Maximum compensation	The German Stock Corporations Act does not provide for the setting of maximum compensation for members of the Supervisory Board. Such a maximum amount is unnecessary anyway as the compensation of the members of the Supervisory Board is comprised exclusively of fixed compensation components.
Other compensation policies	
Due date of the compensation	After the end of the relevant financial year
Expenses	Reimbursement of expenses
Value added tax	Reimbursement of the value added tax incurred on the fixed compensation
D&O insurance	D&O insurance without deductible

(3.1.2) Method of setting, reviewing and implementing the compensation system for members of the Supervisory Board

The Supervisory Board reviews, where necessary consulting independent external advisers, the appropriateness of the structure and the amount of its compensation on a regular basis but no later than every four years.

For this purpose, the Supervisory Board evaluates the Supervisory Board compensation at other comparable companies and compares it to the compensation of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft both with regard to the components and the amount of the compensation (horizontal comparison).

On the basis of this analysis, the Supervisory Board will decide on any change to its compensation that may be necessary. In the event that the involvement of the annual general meeting then becomes necessary (Section 113 (3) sentence 1 AktG) then becoming necessary, the Executive Board and the Supervisory Board will present the compensation system to the annual general meeting for approval. To the extent there is good reason to change the compensation system for the Supervisory Board, the Executive Board and Supervisory Board will in this context also submit a proposal to the annual general meeting for a corresponding amendment to Section 14 of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft.

Within the scope of its last review of the appropriateness of the structure and amount of the Supervisory Board compensation in the fourth quarter of 2020, the Supervisory Board received assistance from independent external compensation experts from Deloitte Consulting GmbH, Düsseldorf.

(3.1.3) Voting of the annual general meeting on the compensation system for the members of the Supervisory Board

The current compensation of the Supervisory Board was specified in Section 14 of the Articles of Association by resolution of the annual general meeting of May 19, 2017. Pursuant to Section 113 (3) AktG, the Executive Board and Supervisory Board submitted the compensation of the Supervisory Board members governed by Section 14 of the Articles of Association, including the system on which this compensation is based, to the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on May 11, 2021, for confirmation. The compensation system was confirmed by this annual general meeting with a majority of 88.47 % of the votes cast.

However, a new submission to the annual general meeting for the passing of a resolution on approval of the compensation of the Supervisory Board members will otherwise take place no later than at the annual general meeting in 2025 in the event of an amendment to the Company's Articles of Association in this context.

(3.1.4) Application of the compensation system for the members of the Supervisory Board

The compensation system for the members of the Supervisory Board specified in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft and confirmed by the annual general meeting was applied to all current members of the Supervisory Board in the 2022 financial year.

(3.1.5) Content structure and general objective of the compensation system

The compensation system has a simple, clear and comprehensible structure. The Supervisory Board members receive the fixed compensation specified in the Articles of Association. The Chairman of the Supervisory Board receives double the amount, his deputy one and one half times the amount of this compensation. For membership on committees, an additional compensation of one quarter of the annual compensation is granted to the individual committee members and one half of the annual compensation is granted for the chairmanship of each committee for each full financial year.

In contrast to the Executive Board, the Supervisory Board is not involved in operating activities and does not make any decisions on business strategy. On the contrary, the Supervisory Board makes a contribution to the Company's long-term development through its supervisory and advisory activities.

The granting of fixed compensation only, without variable components, has proven effective and corresponds to common practice on other listed companies and the relevant suggestion contained in G.18 sentence 1 of the German Corporate Governance Code. Exclusively fixed compensation for the members of the Supervisory Board is best suited to take account of the control function of the Supervisory Board that must be fulfilled independently of the corporate performance. Such a system of compensation allows the Supervisory Board to make its decisions for the benefit of the

Company and thus aligned to the long-term business strategy and to the sustainable development of the Company without pursuing ulterior motives which it could otherwise be derived from performance-related compensation. For this reason, the compensation of the Supervisory Board does not contain any variable compensation components or any share-based components.

Pursuant to Section 14 (2) of the Articles of Association, the compensation is payable after the end of the financial year. There are no deferral periods for the payment of compensation components.

All provisions governing the compensation of Supervisory Board members are contained in the Articles of Association; there are no ancillary agreements. Compensation is linked to the duration of the appointment.

(3.2) Individual compensation for Members of the Supervisory Board in the 2022 financial year

(3.2.1) Composition of the Supervisory Board

According to Section 8 of the Articles of Association, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft is composed of six members, four of whom are elected individually at an Annual General Meeting (Supervisory Board members of the shareholders or shareholder representatives). Two members are elected by the employees of the Company (Supervisory Board members or employee representatives) in accordance with the German One-third Participation Act (Drittelbeteiligungsgesetz).

In the 2022 financial year, the following members belonged to the Company's Supervisory Board:

Name	Duration of membership of the Supervisory Board Supervisory Board member representing the shareholders / employees	Function in the Supervisory Board / in a Supervisory Board committee
Uwe Bergheim	since May 3, 2018 Supervisory Board member representing the shareholders	Chairman of the Supervisory Board Chairman of the Personnel and Nomination Committee Member of the Finance and Audit Committee
Frank Schübel	since May 19, 2017 Supervisory Board member representing the shareholders	Deputy chairman of the Supervisory Board Member of the Personnel and Nomination Committee Member of the Finance and Audit Committee
Dagmar Bottenbruch	since July 2, 2020 Supervisory Board member representing the shareholders	Member of the Personnel and Nomination Committee
Heike Brandt	since May 22, 2014 Supervisory Board member representing the employees	Member of the Personnel Committee
Bernhard Düing	since June 24, 1999 Supervisory Board member representing the employees	Member of the Finance and Audit Committee
Hendrik H. van der Lof	since May 19, 2017 Supervisory Board member representing the shareholders	Chairman of the Finance and Audit Committee

(3.2.2) Compensation granted and owed

The compensation as defined in Section 162 (1) sentence 1 AktG that was granted and owed to the members of the Supervisory Board in the 2022 financial year is explained below. Furthermore, there are explanations of how the compensation granted and owed corresponded to the compensation system that was definitive for the 2022 financial year or to what extent there were any deviations. In addition, there are explanations of how the compensation is intended to promote the long-term development of the Company. In contrast, explanations of the performance criteria applied are not necessary as performance criteria are not applicable to the Supervisory Board compensation as pure fixed compensation.

The statements on compensation relate to the compensation components "granted and owed" in the financial year in question. This is based on the following definitions of the terms: a compensation component is "granted" if it is actually (de facto) accrued by the member of the Supervisory Board and is thus transferred to their ownership irrespective of the financial year for which this compensation component was accrued (accrual principle). A compensation component is "owed" if the entity paying the compensation has an existing legal obligation towards the member of the Supervisory Board that is due but not yet fulfilled.

According to the provision of Section 14 of the Articles of Association definitive in this respect, the compensation of the members of the Supervisory Board is not due until after the end of the relevant financial year.

In detail, the members of the Supervisory Board were granted and owed – exclusively by Berentzen-Gruppe Aktiengesellschaft – the following compensation as defined in Section 162 (1) Sentence 1 AktG in the 2022 financial year:

Granted and owed compensation of the members of the Supervisory Board	Fixed compensation for Supervisory Board activities				Fixed compensation for activities on a Supervisory Board committee				Total compensation			
	2022		2021		2022		2021		2022		2021	
	EUR' 000	%	EUR' 000	%	EUR '000	%	EUR '000	%	EUR '000	%	EUR '000	%
Current members of the Supervisory Board												
Uwe Bergheim	34.0	57.1	34.0	57.1	25.5	42.9	25.5	42.9	59.5	100.0	59.5	100.0
Frank Schübel	25.5	66.7	25.5	67.7	12.8	33.3	12.8	33.3	38.3	100.0	38.3	100.0
Dagmar Bottenbruch	17.0	80.0	8.5	85.7	4.3	20.0	1.4	14.3	21.3	100.0	9.9	100.0
Heike Brandt	17.0	80.0	17.0	80.0	4.3	20.0	4.3	20.0	21.3	100.0	21.3	100.0
Bernhard Düing	17.0	80.0	17.0	80.0	4.3	20.0	4.3	20.0	21.3	100.0	21.3	100.0
Hendrik H. van der Lof	17.0	66.7	17.0	66.7	8.5	33.3	8.5	33.3	25.5	100.0	25.5	100.0
	127.5	**68.2**	**119.0**	**67.7**	**59.5**	**31.8**	**56.7**	**32.3**	**187.0**	**100.0**	**175.7**	**100.0**
Former members of the Supervisory Board [1)]												
Daniël M.G. van Vlaardingen			9.9	80.0			2.5	20.0				100.0
			9.9	**80.0**			**2.5**	**20.0**			**12.4**	**100.0**
	127.5	**68.2**	**128.9**	**68.5**	**59.5**	**31.8**	**59.2**	**31.5**	**187.0**	**100.0**	**188.1**	**100.0**

Due to rounding, some numbers in this table may not add up precisely to the sum indicated and percentages shown may not exactly reflect the absolute values to which they refer.

The fixed compensation for the activities on the Supervisory Board and on its three committees corresponded to the compensation system for the members of the Supervisory Board definitive according to the Articles of Association of Berentzen-Gruppe Aktiengesellschaft and confirmed by the annual general meeting on May 11, 2021.

These compensation payments were made to promote the long-term development of the Company in the manner described in section (3.1.5) above.

(3.3) Individual compensation for members of the Supervisory Board for the 2022 financial year (supplementary voluntary explanation)

The compensation granted and owed to the current or former members of the Supervisory Board in the 2022 financial year as defined in Section 162 (1) sentence 1 AktG is presented in section (3.2) according to the accrual principle in fulfilment of these legal requirements as explained there.

In the interest of clear and understandable reporting, the following overview presents the compensation for the financial year in line with the period in which the entitlement arises.

This states the fixed compensation, independently of its accrual. as the single compensation component of the compensation of the Supervisory Board for the financial year in which the (single-year) activity underlying the compensation was fully performed.

On the basis of the above explanations, the compensation of the members of the Supervisory Board for the 2022 financial year, which corresponded to the compensation system for the members of the Supervisory Board that was definitive in accordance with the Articles of Association of Berentzen-Gruppe Aktiengesellschaft and confirmed by its annual general meeting on May 11, 2021 is as follows:

Compensation for members of the Supervisory Board for the 2022 financial year (supplementary voluntary explanation) Current members of the Supervisory Board	**Granting (accrual)** Financial year	**Fixed compensation for Supervisory Board activities 2022**		**Fixed compensation for activities on a Supervisory Board committee 2022**		**Total compensation 2022**	
		EUR'000	**%**	**EUR'000**	**%**	**EUR'000**	**%**
Uwe Bergheim	2023	34.0	57.1	25.5	42.9	59.5	100.0
Frank Schübel	2023	25.5	66.7	12.8	33.3	38.3	100.0
Dagmar Bottenbruch	2023	17.0	80.0	4.3	20.0	21.3	100.0
Heike Brandt	2023	17.0	80.0	4.3	20.0	21.3	100.0
Bernhard Düing	2023	17.0	80.0	4.3	20.0	21.3	100.0
Hendrik H. van der Lof	2023	17.0	66.7	8.5	33.3	25.5	100.0
		127.5	**68.2**	**59.5**	**31.8**	**187.0**	**100.0**

Due to rounding, some numbers in this table may not add up precisely to the sum indicated and percentages shown may not exactly reflect the absolute values to which they refer.

(3.4) Other disclosures

No compensation payments were granted or owed to the current or former members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft by companies in the same group as defined in Section 290 of the German Commercial Code (HGB) for activities on the Supervisory Board and on its committees in the 2022 financial year.

Furthermore, no present or former member of the Supervisory Board rendered directly or indirectly any other services to Berentzen-Gruppe Aktiengesellschaft or to a company in the same group as defined in Section 290 of the German Commercial Code (HGB) in the 2022 financial year other than the activities on the Supervisory Board and its committees and accordingly also did not receive any compensation for such services. This does not affect the services rendered as part of their respective employment relationships by those members of the Supervisory Board that belong to the same as Supervisory Board members or representatives of the employees and for which they received compensation in accordance with their service agreements with Berentzen-Gruppe Aktiengesellschaft or with a company in the same group as defined in Section 290 of the German Commercial Code.

Finally, neither Berentzen-Gruppe Aktiengesellschaft nor companies in the same group as defined in Section 290 of the German Commercial Code (HGB) granted loans or advances to current or former members of the Supervisory Board nor did they assume contingent liabilities in favour of such members in the 2022 financial year.

(4) Comparison of the annual change in compensation of the members of the corporate bodies with the Company's earnings performance and the average employee compensation

(4.1) Basis for presentation

The percentage change in the compensation of the members of the Executive Board and of the members of the Supervisory Board is shown below, compared in each case with Berentzen-Gruppe Aktiengesellschaft's earnings performance and with the average compensation of the employees on the basis of full-time equivalents. The change over the last five financial years is examined in each case.

The presentation takes into account the compensation granted and owed to the members of the Executive Board and the Supervisory Board in the relevant financial year according to the accrual principle, i.e. in the definition of the term "granted and owed" as specified in Section 162 (1) sentence 1 AktG, as used as a basis for the presentation of the individual compensation of the members of the Executive Board in section (2.2.3) and of the Supervisory Board in section (3.2.2). This definition of the term was applied retroactively along the same lines for all financial years prior to the 2021 financial year, i.e. those amounts were also determined for the 2018 to 2020 financial years that would have been stated as granted and owed compensation in each case if the provision of Section 162 (1), sentence 1 AktG had already been applicable as at the 2018 financial year.

Where reference is made to the development of the net income (net profit/net loss pursuant to Section 275 (2) No. 17 HGB) in the presentation of the Company's earnings performance, the earnings performance presented in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft prepared according to the provisions of the German Commercial Code is the basis for the stated annual change. Where reference is made to the consolidated EBIT with regard to the earnings performance the normalised consolidated EBIT presented in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with International Financial Reporting Standards (IFRS) is the basis for the change in each case.

For the comparison with the average compensation of the employees, reference is made to a group comprising the workforce employed in the group of Berentzen-Gruppe Aktiengesellschaft in Germany and in Austria in the relevant financial year, beginning with the first management level beneath the Executive Board. This group was also used as the benchmark group for the review of the appropriateness of the compensation of the members of the Executive Board referred to in section (2.1.2). Conversion of the number of employees to full-time equivalents for a financial year was performed in line with the methodology applied in the annual and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft on the basis of the average in each case at the end of every quarter of the financial year in question. The average compensation of the employees was likewise determined according to the accrual principle and as an average value of a financial year in line with the compensation of the corporate bodies. Where employees simultaneously receive compensation as a member of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft, such compensation was not taken into consideration in this respect.

(4.2) Comparison of the annual change in compensation of the members of the Executive Board

Comparison of the annual change in compensation of the members of the Executive Board	2022 2021 %	2021 2020 %	2020 2019 %	2019 2018 %
Compensation of the members of the Executive Board [1] [2]				
Current members of the Executive Board				
Ralf Brühöfner	+34.4	- 8.1	- 14.7	+ 9.2
Oliver Schwegmann	+ 26.0	+ 12.5	+ 15.6	+ 4.0
Earnings performance				
Net income of Berentzen-Gruppe Aktiengesellschaft	- 466.6	- 85.1	- 17.3	- 14.8
Consolidated EBIT of Berentzen Group (group)	+ 24.2	+ 28.8	- 46.9	+ 0.1
Average compensation of employees				
Employees of Berentzen Group (group) Germany and Austria	+ 4.9	+ 1.7	- 1.5	+ 4.0

[1] Compensation granted and owed as defined in Section 162 (1) sentence 1. sentence 2 No. 1 AktG.

[2] Rates of change not adjusted for changes in connection with the date of joining the Executive Board, duration of membership of the Executive Board and departure from the Executive Board.

(4.3) Comparison of the annual change in compensation of the members of the Supervisory Board

Comparison of the annual change in compensation of the members of the Supervisory Board	2022 2021 %	2021 2020 %	2020 2019 %	2019 2018 %
Compensation of the members of the Supervisory Board [1] [2]				
Current members of the Supervisory Board				
Uwe Bergheim	0.0	0.0	+ 50.0	-
Frank Schübel	0.0	+ 5.9	+ 13.3	+ 50.0
Dagmar Bottenbruch	+ 115.2	-	-	-
Heike Brandt	0.0	0.0	0.0	+ 7.1
Bernhard Düing	0.0	0.0	0.0	0.0
Hendrik H. van der Lof	0.0	0.0	0.0	+ 50.0
Earnings performance				
Net income of Berentzen-Gruppe Aktiengesellschaft	- 466.6	- 85.1	- 17.3	- 14.8
Consolidated EBIT of Berentzen Group (group)	+ 24.2	+ 28.8	- 46.9	+ 0.1
Average compensation of employees				
Employees of Berentzen Group (group) Germany and Austria	+ 4.9	+ 1.7	- 1.5	+ 4.0

[1] Compensation granted and owed as defined in Section 162 (1) sentence 1 AktG.

[2] Rates of change not adjusted for changes in connection with the date of joining the Supervisory Board and its committees, the duration of membership of the Supervisory Board and its committees and departure from the same in each case.

Haselünne, March 15, 2023

Berentzen-Gruppe Aktiengesellschaft

For the Executive Board

Ralf Brühöfner

Member of the Executive Board

Oliver Schwegmann

Member of the Executive Board

For the Supervisory Board

Uwe Bergheim

Chairman of the Supervisory Board

Auditor’s Report

To Berentzen-Gruppe Aktiengesellschaft, Haselünne

We have audited the remuneration report of Berentzen-Gruppe Aktiengesellschaft, Haselünne, for the financial year from 1 January to 31 December 2022 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Berentzen-Gruppe Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from 1 January to 31 December 2022, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor’s report on the basis of the engagement agreed with Berentzen-Gruppe Aktiengesellschaft. The audit has been performed only for purposes of the company and the auditor‘s report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor’s report is only towards the company in accordance with this engagement. The auditor’s report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Osnabrück, 16 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Prof. Dr. Gregor Solfrian
Wirtschaftsprüfer
(German Public Auditor)

sgd. Stefan Geers
Wirtschaftsprüfer
(German Public Auditor)

Berentzen Group | Investors | Financial calendar

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Financial calendar 2023

February 2, 2023	Preliminary Business Figures for 2022
February 8, 2023	9. Hamburger Investorentage — HIT
March 3, 2023	Metzler Small- and MicroCap Days 2023
March 23, 2023	Annual Financial Statements and Annual Report 2022
May 4, 2023	Interim Report Q1 / 2023
May 10, 2023	Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft
May 15 to 17, 2023	Frühjahrskonferenz 2023
August 10, 2023	Group Half-Yearly Financial Report 2023
October 24, 2023	Interim Report Q3 / 2023
November 27 to 29, 2022	Deutsches Eigenkapitalforum

At March 23, 2023. The financial calendar is provided for information purposes only and will be regularly updated. It is subject to change.

Disclaimer

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

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

The trademarks and other brand names that are used in this report and may be protected by third parties are governed by the provisions of the applicable trademark law and the rights of the registered owners. The copyright and reproduction rights for trademarks and other brand names created by Berentzen-Gruppe Aktiengesellschaft itself remain with the company unless it expressly agrees otherwise.

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

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