Dr. August Oetker KG

Annual Report 2020

The Oetker Group

Key Indicators

	2018		2019		2020		%[1]
		in %		in %		in %	
NET SALES BY DIVISION (IN EUR MILLION)[2]	**7,140**	**100.0**	**7,406**	**100.0**	**7,330**	**100.0**	**–1.0**
Food	3,477	48.7	3,883	52.4	4,137	56.4	6.5
Beer and Nonalcoholic Beverages	2,232	31.3	1,792	24.2	1,625	22.2	–9.3
Sparkling Wine, Wine and Spirits	821	11.5	1,053	14.2	970	13.2	–7.9
Other Interests	610	8.5	678	9.2	598	8.2	–11.7
NET SALES BY REGION (IN EUR MILLION)	**7,140**	**100.0**	**7,406**	**100.0**	**7,330**	**100.0**	**–1.0**
Germany	3,757	52.6	3,427	46.3	3,381	46.1	–1.3
Rest of the EU	2,169	30.4	2,384	32.2	2,360	32.2	–1.0
Rest of Europe	276	3.9	299	4.0	309	4.2	3.3
Rest of the world	938	13.1	1,296	17.5	1,280	17.5	–1.2
INVESTMENTS (IN EUR MILLION) (WITHOUT FIRST-TIME CONSOLIDATIONS)	**350**	**100.0**	**358**	**100.0**	**343**	**100.0**	**–4.3**
Food	191	54.5	176	49.1	191	55.6	8.4
Beer and Nonalcoholic Beverages	90	25.7	93	25.9	82	23.9	–11.5
Sparkling Wine, Wine and Spirits	33	9.5	36	10.0	18	5.3	–49.2
Other Interests	36	10.4	54	15.0	52	15.2	–3.5
EMPLOYEES (BY HEADCOUNT)	**30,937**	**100.0**	**34,060**	**100.0**	**36,831**	**100.0**	**8.1**
Food	17,394	56.2	18,743	55.0	20,040	54.4	6.9
Beer and Nonalcoholic Beverages	7,989	25.8	7,094	20.8	7,083	19.2	–0.2
Sparkling Wine, Wine and Spirits	2,701	8.7	3,556	10.4	3,494	9.5	–1.7
Other Interests	2,853	9.2	4,667	13.7	6,214	16.9	33.2

[1] Percentage change 2019/2020.

[2] In the 2020 financial year, the allocation of sales to the individual divisions was changed. The nonoperating and other sales of the companies are no longer reported in the Other Interests Division, but are allocated directly to the divisions responsible for the companies concerned. The previous year's figures have been adjusted accordingly.

The percentages contained in the group management report and consolidated financial statements refer to the exact amounts, not to the rounded amounts. Due to rounding up or down, it is possible that individual numbers (€, %, etc.) do not add up exactly to the stated sum.

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Ladies and Gentlemen,

At the beginning of 2020, very few people had even the faintest idea of what the coming months would have in store for them. The coronavirus pandemic led to radical changes in everyday life on every continent, state healthcare systems were subjected to extreme levels of stress and civil society was faced with major challenges.

The effects of the pandemic on global economic activity were – and still are – severe. World production slumped by 3.3%, and the decline in world trade was even more pronounced at –5.4%. After the significant economic slump in spring 2020, the global economy recovered until the fall, but was then hit again by the second wave of the pandemic. We are still under the influence of the resulting shutdown measures in many countries, although we have succeeded in developing vaccines against COVID-19 at record speed and achieving the first impressive vaccination successes. The comprehensive vaccination of all societies promises an effective way out of the pandemic, from which we should draw hope for the months ahead.

Tensions, such as the trade conflict between the USA and China, have faded into the background as a result of the coronavirus pandemic, but they have not disappeared. The change of government in the USA promises to improve the situation, because the new administration is clearly pursuing stronger multilateral approaches and in the course of this is reaching an understanding with the European Union (EU) to adopt common positions.

Looking at the EU as a whole, gross domestic product fell by 6.3% in 2020. The hospitality and entertainment industries made a particular contribution to the decline due to the measures taken to protect against infection. Brick-and-mortar retail (excluding groceries), one of the most important sales channels for consumer goods manufacturers, was also heavily affected.

Since the outbreak of the pandemic, the common focus of industry and food retail has been on ensuring the supply of food. The global market in this sector grew by 7.4% as a result of the coronavirus pandemic. The positive sales effects can be explained mainly by changes in consumer shopping behavior, due above all to stockpiling, contact restrictions and closures in the catering and out-of-home consumption sectors and the associated trend towards working from home and homeschooling. Many consumers also used online delivery services for the first time; accordingly, e-commerce sales grew by 30% year on year.

As the downside of the positive development in the retail sector, the measures to contain the pandemic dramatically restricted out-of-home consumption. This led to a serious collapse in business activities in the operation of cafes, restaurants and canteens, i.e. in the entire professional environment. Independently of this, food manufacturers were burdened by high costs for the implementation of hygiene measures along the supply chains and in production.

For the German beer market, the coronavirus crisis intensified the general conditions in an already tense market environment. The slump in the draft beer segment, mainly caused by restaurant closures, is causing breweries and beverage wholesalers with a strong orientation towards catering in particular to falter. In 2020, the German beer market as a whole recorded sales declines of 5.5% in the domestic market and 5.8% in export business.

The growth trend in the sparkling wine market, which has been sustained for a decade, was somewhat dampened by the pandemic. However, declines in sales due to lockdowns were at least partially offset by growth, particularly in the premium segments of the food trade.

For the chemical and pharmaceutical industry, 2020 was characterized by ups and downs. Although the industry benefited from increased demand for hygiene products and pharmaceuticals, it was also hit by declines for suppliers to the automotive, metal and electrical industries.

The tourism industry suffered particularly in the past year. The decrease in international travel by tourists and business travelers was 74% worldwide compared to the previous year.

Despite all these adversities, the Oetker Group's diversification almost compensated for the declines, especially in the Beer and Nonalcoholic Beverages Division, as well as the significant drop in sales at the Oetker Collection. With sales revenues of EUR 7,330 million, we were only 1.0% below the previous year's figure. The Oetker Group thus closed the financial year solidly and in line with its expectations, given the general conditions.

For this, I would like to express my special thanks to our now almost 37,000 employees, who have performed extraordinarily well under highly demanding conditions. I would also like to thank all our business partners for their good and trusting cooperation, as well as the shareholder bodies and the advisory board of Dr. August Oetker KG.

At this point it is difficult for me to give a concrete forecast for the current financial year. Much depends on the success of vaccinations in all countries of the world. Because if we have learned one thing, it is that we have to find global solutions together. Neither the virus nor the global economy are impressed by national go-it-alone mentalities. We will still have to deal with the effects of the pandemic in the coming months and years. Nevertheless, I look to the future with confidence. In the Oetker Group, too, we have initiated many exciting projects and business ideas that will improve the future viability of each individual division. Together with the commitment and inventiveness of our employees and our high-quality product and service solutions, this is a strong foundation that we can build and rely upon.

With that in mind and with best regards,

Dr. Albert Christmann

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Group Management Report

01

Corporate Structure
Overview

The Oetker Group is one of Germany's major family businesses. A broad diversification into four business areas characterizes the internationally operating group of companies, which is represented in more than 50 countries worldwide with production, sales and service units. In the consolidated financial statements as of December 31, 2020, a total of 442 companies (previous year: 407) are included in accordance with the rules of full consolidation, of which 247 are in Germany (previous year: 204) and 195 abroad (previous year: 203). The company's headquarters are located in Bielefeld (Germany).

The group of companies consists of the following four consolidated divisions:

- Food
- Beer and Nonalcoholic Beverages
- Sparkling Wine, Wine and Spirits
- Other Interests

In addition to the above-mentioned divisions, which are fully consolidated, Bankhaus Lampe and its subsidiaries form the Bank Division, which is included in the consolidated financial statements using the equity method. On March 5, 2020, the shareholders of Bankhaus Lampe KG signed an agreement to sell all shares to Hauck & Aufhäuser Privatbankiers AG, Frankfurt am Main. The merger of the two traditional banking houses is still subject to the approval of the supervisory authorities.

As the management holding company, Dr. August Oetker KG sets the strategic guidelines, coordinates finance and taxes, and also provides central services. Group-wide standards and values form the framework for effective cooperation between the companies based on a high level of entrepreneurial continuity. Under the group umbrella and building on the strategic potential and core competencies of the Oetker Group, the divisions are developed and expanded autonomously.

Business Divisions

↗ oetker.com
oetker.de
oetker-professional.de
coppenrath-wiese.de
martinbraungruppe.de

Food

The Food Division is comprised of the companies *Dr. Oetker, Conditorei Coppenrath & Wiese* and *Martin Braun*. The group companies are headquartered in Germany and produce food for end consumers and bulk consumers worldwide. 43 subsidiaries on all continents of the world are managed under the umbrella of Dr. Oetker, headquartered in Bielefeld. The various products that the company manufactures and markets are sold worldwide in all important distribution channels. Dr. Oetker sales activities are decentralized and organized on a country-specific basis. This means that sales are always geared to the local needs of customers. Sales activities are divided into end consumers and professional customers according to the overarching retail target groups. In the consumer business, Dr. Oetker concentrates on the categories cake/dessert and pizza. In addition, the Dr. Oetker Professional brand offers products in appropriate packaging sizes for kitchens and canteens, hospitals and other institutions. The products sold worldwide are produced in the core markets of Europe, in North and South America as well as in Africa, Asia and Australia.

In addition to the *Dr. Oetker* brand, the company also has other strong brands in several countries that are firmly established in the market. Within Europe, for example, these include cameo and Paneangeli in Italy, Koopmans in the Netherlands and Chicago Town in the UK. In the previous year, the brand portfolio expanded to include Alsa in France, the Netherlands, Belgium, Portugal and Morocco. In addition, the acquisition of Mavalério in Brazil in 2019 marked the takeover of a major brand manufacturer of decorative items on the South American continent. Dr. Oetker has been represented in Mexico for several years with the strong D'Gari and Rexal brands.

Dr. Oetker serves the North American market primarily with Wilton, the leading brand in the USA for decoration, baking molds and baking accessories. The national companies carry international Dr. Oetker products as well as national products that are tailored to the specific taste of the country.

To fulfill the high quality requirements of the Oetker Group, the procurement of all materials is handled exclusively by carefully selected suppliers who have been approved through a regular, periodic quality assurance process. In this process, adherence to the strict quality standards is the top priority.

For Dr. Oetker, innovative new products and services guarantee growth and success. Consumer acceptance and trust in the quality of the products are the benchmark for new products and the continuous improvement of the existing range. International teams work with products throughout their entire life cycle.

Conditorei Coppenrath & Wiese is the German market leader in frozen gateaux and cakes. The baked goods produced in Mettingen are sold nationally and internationally to supermarkets and discounters under the corporate brand Conditorei Coppenrath & Wiese and under private labels. The product line of the company includes cream gateaux, baked cakes, sheet cakes, cream rolls and tarts, strudels, mini confectionery and desserts, as well as

frozen rolls and baguettes. The business model follows the credo "We provide the best alternative to baking yourself" and combines classic baking traditions and confectionery know-how with state-of-the-art manufacturing methods.

At Coppenrath & Wiese the high quality requirements for the baked products and the needs of customers set the standard for raw materials and the service quality of its suppliers. Procurement is implemented close to the market and, thanks to many years of close supplier relationships over short distances, provides efficient solutions to problems, in particular for new raw materials, packaging and indirect goods.

The *Martin Braun Group*, headquartered in Hanover, develops, produces and sells a full range of convenience products for the baking, confectionery and catering industries. It delivers its products to wholesalers and retailers, bakeries, pastry shops and food service and industrial companies worldwide. The internationally active Martin Braun Group is represented in all relevant sales channels with its product diversity in many exporting countries. With a focus on the area of "bulk consumer baking", the Martin Braun Group's portfolio includes flavors, fillings, creams, glazes, raw materials, decorative items, ready-made mixes and premixes for baked goods, gelling and binding agents, ice cream products, toppings, concentrates for beverages and fruit purees. The extensive range offers ingredients for sweet products under the Braun brand, ingredients for bread and rolls under the Agrano brand and ingredients for ice cream under the Cresco Italia brand. In addition, the group produces premium frozen bakery products under the brands Wolf ButterBack and Diversi Foods with a full range of bread and rolls, croissants and sweet and savory snack products.

Martin Braun's purchasing guidelines ensure a high level of transparency in the purchasing process within the group. Suppliers are selected based on defined criteria, and all incoming production materials undergo a careful receiving check. The Martin Braun Group secures the customer-oriented range of fail-safe baking ingredients and premium frozen baked goods by taking a holistic product view along the entire value chain while taking into account food law requirements.

↗ radeberger-gruppe.de

Beer and Nonalcoholic Beverages

Headquartered in Frankfurt, the *Radeberger Grou*p is Germany's largest private brewery group and forms the Beer and Nonalcoholic Beverages Division of the Oetker Group. It offers a broad portfolio of strong international, national and regional brands: In addition to the eponymous Radeberger Pilsner the portfolio includes well-known and popular beer brands such as Jever, Clausthaler nonalcoholic, Schöfferhofer Weizen, Allgäuer Büble Bier, Ur-Krostitzer, Stuttgarter Hofbräu, Berliner Pilsner and Freiberger. Added to this is the mineral water brand Original Selters. The core sales market of the Radeberger Group is Germany. In addition, its products are marketed in more than 60 countries. The company is also the exclusive distribution partner for Diageo's Guinness and Kilkenny brands and the Czech brand Krušovice from the Heineken Group. As part of a long-term partnership with PepsiCo, the Radeberger Group exclusively produces and sells the brands Pepsi, Mirinda, 7Up, Schwip Schwap and Punica apple spritzer for the out-of-home market and in selected beverage outlets.

With its brand portfolio, the Radeberger Group cultivates German beer and beverage diversity and actively develops new platform models with partners in the area of the supply chain and the out-of-home market. The brand portfolio is regularly expanded and updated to include new products or additions to the range in order to always be able to serve the respective consumer wishes.

The Radeberger Group has been promoting the verticalization of its business for many years. To counter potential risks from the core brewery business, the group is represented by strong companies along the entire value chain. These include Getränke Hoffmann in the retail sector, the companies of the Gesellschaften des Getränkefachgroßhandels (GFGH) in the specialist wholesaler sector, whose uniform management is carried out by Vertriebsgesellschaft für Gastronomie (VfG), the Food and Beverage Services (FBS) joint venture, the Deutsche Getränke Logistik (DGL) joint venture in the area of drop shipment and H. Leiter GmbH in the area of empties. The Radeberger Group was able to further strengthen its activities in the GFGH sector in 2020 with the acquisition of the Pachmayr Group.

In addition, digitalization as one of the key factors for future market success is opening up new areas of business, for example in the field of online beverage delivery. After the Radeberger Group had gained its first significant experience in this dynamic market environment with Durstexpress, a company it founded itself and expanded in close cooperation with Oetker Digital, the group strategically expanded its involvement with the acquisition of competitor flaschenpost, which was completed in December 2020. The activities in the area of online beverage delivery will be continued under the uniform brand flaschenpost, displayed in the Other Interests Division and bundled together with other digital business models and Oetker Digital.

↗ henkell-freixenet.com

Sparkling Wine, Wine and Spirits

Henkell Freixenet forms the Sparkling Wine, Wine and Spirits Division within the Oetker Group. The world's leading manufacturer of sparkling wine is active in 30 countries with its own production and sales locations and exports sparkling wine, wine and spirits brands to around 150 countries worldwide. Distribution takes place via wholesale and retail outlets and the restaurant industry. Added to this is the direct and indirect marketing of the products via the e-commerce channel and direct business at the locations (direct-to-consumer).

Henkell Freixenet offers all the well-known sparkling wines that it produces itself, including Freixenet as the world's leading cava, Mionetto as the world's best-selling prosecco and Henkell Sekt as the most exported German sparkling wine brand. In addition, there are also established champagne, cava, crémant and sparkling wine brands from France, Spain, the USA, Germany, Hungary, the Czech Republic, Romania and Slovakia.

In addition to sparkling wines, still wines have a great importance in Henkell Freixenet's portfolio. Freixenet is the leading import brand of Spanish wine. Schloss Johannisberg stands for exquisite, world-renowned Riesling wines, and with its wineries in the Czech Republic, Slovakia and Hungary, the group is one of the leading quality wine suppliers in Central Europe. The group is also represented worldwide with renowned wineries in California and Mexico as well as the *i heart WINES* wine brand, which is one of the fastest-growing wine brands in the UK.

Henkell Freixenet also boasts a broad portfolio of spirits, which includes almost all relevant types of vodka, "Korn" schnapps, gin, cream and bitter liqueurs and aperitifs. In the spirits sector, the group is the market leader for vodka in Germany, gin in Poland and brandy in Slovakia.

↗ budenheim.com
oetkercollection.com
oediv.de
oetkerdigital.com
roland-transport.de
atlanticforfaiting.com

Other Interests

The Other Interests Division brings together companies from the Oetker Group that operate in different industries. These include the chemical specialist *Budenheim*, the *Oetker Collection*, *OEDIV Oetker Daten- und Informationsverarbeitung*, *Oetker Digital* and new business models, *Handelsgesellschaft Sparrenberg (HGS)*, *Roland Transport*, *Atlantic Forfaitierung* and other companies.

As a medium-sized company, *Budenheim* has developed into a leading international product and service provider of high-quality specialty chemicals on the world markets. The products are marketed directly through distributors in more than 100 countries. The chemicals specialist combines its activities in three business units: Food Ingredients, Performance Materials and Material Ingredients. The various clusters that can be accessed through these three business areas focus on innovations in the pharmaceutical and medical field, new approaches in the fields of nutrition and health, and safety and resource conservation in technical and industrial market segments. Budenheim is one of the leading specialty chemicals companies in many of these market-oriented areas. The chemical specialist Budenheim has its origins in the eponymous municipality in Rheinhessen. The

company is internationally positioned and produces at its German location as well as in the USA, Mexico, Spain, the Netherlands and China. With its network of numerous trading partners and sales outlets, such as in Singapore, India and South America, the company is present in the markets and among its customers.

The *Oetker Collection* represents an exclusive collection of international grand hotels. It includes four group-owned luxury-class hotels in Germany and France. In addition, the Oetker Collection manages five unique, externally owned grand hotels at various locations across the globe. The hotels of the Oetker Collection, including their marketing activities and sales processes, are coordinated by the Oetker Hotel Management Company (OHMC). This enables coordinated and efficient marketing. Cooperation with the leading travel agents in the core markets, intensive support for the hotels from the international network of PR agencies and the close cooperation between the hotels to jointly promote the individual operations of the Oetker Collection remain essential to sales success.

OEDIV Oetker Daten- und Informationsverarbeitung is the central IT service provider for the Oetker Group. The focus is on the management of central IT infrastructures and on complementing IT services, such as basic operation and database management of SAP systems, as well as the operation of Microsoft products. In addition to the core applications, OEDIV operates a wide range of related services. These include hybrid cloud scenarios, human resource services as well as web and security solutions. Due to the growing requirements and digital change, OEDIV is continuously expanding its range of services, including by means of company acquisitions and strategic investments. OEDIV offers its services to a growing number of external companies, which account for more than 80% of sales. OEDIV's services meet the highest quality standards. As a result of the high process criticality of the systems operated by OEDIV, the concepts and architectures used must withstand the highest availability requirements of the customers. To safeguard its services, OEDIV operates its own data centers so that in the event of a disaster, critical systems can continue to be accessed or can be put back into operation as quickly as possible. In addition, up-to-date security systems and infrastructures ensure the necessary data protection.

Since its founding in 2016, Oetker Digital has been actively supporting the companies of the Oetker Group on their journey into the digital future. As a partner, Oetker Digital strengthens the group's established brands and identifies and develops new, future-proof business models that expand the portfolio of the group companies and sustainably sharpen the digital profile of the Oetker Group. In addition, the Oetker Group bundles new business models that are not directly assigned to the other divisions in the Other Interests Division. These include, for example, the e-commerce wine merchant Belvini and the online beverage delivery service Durstexpress, as well as flaschenpost, an immediate beverage delivery service based in Münster, which was acquired in December 2020. After the takeover of flaschenpost, the merger with Durstexpress will take place – with the goal of a uniform appearance under the flaschenpost brand. By combining the strengths of both companies in terms of locations, processes, IT systems and marketing concepts, among other things, market leadership in Germany is to be further expanded.

As a specialized information and procurement service provider, *Handelsgesellschaft Sparrenberg (HGS)* bundles the conceptual procurement know-how in the Oetker Group and supports Oetker Group members and external customers in the development of new strategic perspectives. HGS has many years of experience in the analysis and use of European procurement markets, in the research, processing and interpretation of market and price data and in the derivation of possible future developments.

As an independent and service-oriented fourth-party logistics partner (4PL), *Roland Transport* offers comprehensive logistics services for medium-sized companies. As a 4PL service provider, the company always acts neutrally without its own fleet of vehicles, optimizing the various service offerings in an overall package.

Atlantic Forfaitierung has been dealing with export and trade finance since the late 1950s. The longstanding market presence as a smaller, specialized forfeiting company has led to consolidated business relationships, trust and appreciation among export customers and banks. The focus of the services is on the acceptance of trade receivables without recourse to the seller. In addition, the portfolio also includes import financing and loans as well as the purchase and sale of trade receivables.

↗ bankhaus-lampe.de

Bank

Bankhaus Lampe and its subsidiaries form the Bank Division and are regarded as being among the leading independent and general partner-managed private banks in Germany. The bank's business activities are focused on consultation and support for its three target customer groups: high net worth individuals, companies and institutional clients. It is included in the consolidated financial statements at equity. Additional information is available in the bank's separate annual report. On March 5, 2020, the shareholders of Bankhaus Lampe KG signed an agreement to sell all shares in the company to Hauck & Aufhäuser Privatbankiers AG, Frankfurt am Main. The merger of the two traditional companies is subject to regulatory approvals and is expected to take place in the course of 2021.

Management Structure

The Oetker Group is one of Germany's major family businesses. The values that have been shaped in 130 years of company history, which put people at the center of all action, remain embodied by the members of the highest operational management body, the group management, are lived in the group companies and are actively transferred into the increasingly digitalized future.

The management structure ensures that decisions are made locally, close to the market and based on the needs of the line of business concerned, while resources are pooled centrally at the same time.

The advisory board monitors the implementation of the strategy adopted jointly with the shareholders and the group management. The operational management is carried out by the management of the individual companies.

The advisory board of Dr. August Oetker KG, which consists of limited partners and a majority of people who do not belong to the limited partners, is headed by Mr. Rudolf Louis Schweizer.

Group management members are Dr. Albert Christmann and Dr. Heino Schmidt.

Limited Partners

Advisory Board

Group Management

Dr. Albert Christmann
General Partner of Dr. August Oetker KG and responsible for the Food and Sparkling Wine, Wine and Spirits divisions, Oetker Digital and also, since April 1, 2020, for the Beer and Nonalcoholic Beverages Division.
In addition, chairman of the executive board of Dr. August Oetker Nahrungsmittel KG.

Dr. Niels Lorenz (until March 31, 2020)
Chief Representative of Dr. August Oetker KG and spokesman for the management of Radeberger Gruppe KG and responsible for the Beer and Nonalcoholic Beverages Division.

Dr. Heino Schmidt
Chief Representative of Dr. August Oetker KG and responsible for the Other Interests and Bank divisions as well as for Finance, Controlling, Legal and Taxes.

Executive Boards of the Group Companies

Group Management

Dr. Albert Christmann
Food, Beer and Nonalcoholic Beverages, Sparkling Wine, Wine and Spirits and Oetker Digital

Dr. Heino Schmidt
Other Interests, Bank, Finance, Controlling, Legal and Taxes

Economic Framework

Macroeconomic conditions

Global economic activity in 2020 was strongly affected by the coronavirus pandemic. World production fell by 3.3%, and the decline in world trade was even more pronounced at –5.4%.

After the significant economic downturn in spring, the global economy was able to recover by fall 2020. The extent of the recovery varied both by sector and by region. Industrial production, particularly in emerging countries and China, has since picked up again. By contrast, the normalization of economic activity in the service sector was mixed. A rapid recovery in retail was offset by losses in social contact services, especially in the hospitality and entertainment sectors. The recovery process that began in spring was interrupted by the shutdown measures in November and December as a reaction to the second coronavirus wave starting in fall 2020.

This second wave affected most European countries, with varying degrees of intensity. Looking at the European Union (EU) as a whole, gross domestic product for 2020 was down 6.3%. In Germany, the decline in gross domestic product was –5.3%. Here too, the brick-and-mortar retail sector, one of the important sales channels for consumer goods manufacturers, was particularly impacted. The infection control measures dampened consumer activity, resulting in a corresponding decline in private consumer spending. In addition, value added in the hospitality and entertainment sectors in particular plunged.

Global trade tensions, for example between the United States and the EU and China, were eclipsed by the coronavirus crisis but have still not been resolved. As a result of the change of government in the USA, the trade climate could improve. While the new US administration will continue to represent national interests in trade policy issues, it is likely to pursue more multilateral approaches and seek an understanding with the EU in order to adopt a common position in the existing trade conflicts with China. Economic relations with the United Kingdom after the end of the Brexit transition period were put on a legally secure basis with the EU's trade pact at the end of the year.

Monetary policy remained expansionary. Most of the central banks in the advanced economies again expanded the measures they had introduced in the spring in the wake of the coronavirus crisis. For example, the volume of the bond-buying program in the euro-zone and the United Kingdom was increased and maturities extended. That is one of the reasons why capital market interest rates have remained at a low level, with an upward trend in the USA since August, when the US Federal Reserve announced its changed interpretation of the inflation target.

The associated higher inflation expectations were also a reason for the depreciation of the US dollar in recent months.

The international business of the Oetker Group is influenced by the exchange rate of the euro to numerous currencies. The development of the currencies important to the Oetker Group against the euro is shown in the following table.

CLOSING[1] AND AVERAGE RATE AGAINST THE EURO	Closing rate December 31, 2019	**Closing rate December 31, 2020**	Average rate 2019	**Average rate 2020**
Australian dollar	1.5995	1.5896	1.6079	1.6567
Brazilian real	4.5157	6.3735	4.4175	5.9988
British pound	0.8508	0.8990	0.8759	0.8894
Canadian dollar	1.4598	1.5633	1.4822	1.5380
Mexican peso	21.2202	24.4160	21.6082	24.7300
Polish zloty	4.2568	4.5597	4.2990	4.4680
Turkish lira	6.6843	9.1131	6.3577	8.1579
US dollar	1.1234	1.2271	1.1195	1.1470

[1] Euro reference rates of the ECB from December 31, 2020.

Division-related conditions

Food

The global food market was shaped by the coronavirus pandemic in 2020. While global market growth of 4.6% was forecast for food in the retail sector even before the coronavirus crisis, this rose by a further 2.9 percentage points to 7.4% in the past year. Looking at all retail segments, food showed the second-strongest growth. Since the beginning of the pandemic, the common focus of trade and industry has been on ensuring supplies.

The overall positive impact on sales has been reflected to varying degrees in the retail landscape due to changes in shopping behavior: Discounters benefited in particular from so-called hoarding or panic buying and increased price sensitivity, but convenience stores close to home and online stores also expanded their growth. The e-commerce channel might still proportionately be the smallest sales channel, but is by far the fastest growing. In 2020, the pandemic acted as a powerful catalyst for a change that was already taking place. Many consumers used online delivery services for the first time against the backdrop of the lockdowns and their concern about contagion. Thus, overall e-commerce growth amounted to 30% compared to the same period last year. Many food retailers are driving forward their own digital transformation, expanding formats for changing consumer behavior and at the same time strengthening their traditional offline business. The investments required for this increased cost pressure in the retail sector and thus indirectly also for manufacturers.

The downside of the development in the retail sector described above was that lockdowns, school closures, increased working from home and similar measures dramatically restricted all out-of-home consumption, which had a negative impact on the operation of restaurants, cafes and canteens. B2B food suppliers in this professional area suffered a drastic slump in business. In addition, food manufacturers were burdened by exorbitantly high costs for implementing the necessary hygiene measures in production and the supply chain.

Beer and Nonalcoholic Beverages
The German beer market has been under great pressure for years: Declining beer consumption, high overcapacity, constant cost increases, eroding margins and brand values in the fierce competition for market share and a growing imbalance in the relationship between manufacturers and brick-and-mortar retail characterized market developments. In addition, the reusable system, which makes empties one of the most important raw materials, was increasingly endangered in terms of its stability. The beer market is still in a process of massive structural change. New and established competitors are entering the market with innovative solution offerings and gaining in importance, for example, with digital platform models along the entire value chain.

In this tense market environment, the general conditions were exacerbated by the coronavirus pandemic, which is dominating both the economy and society and whose disruptive and painful effects on business volumes and consumer behavior over the longer term still remain unpredictable. The slump in the draft beer segment due to the continuation of contact bans and the extension of already burdensome regulations for the catering trade and for festival and event businesses, which have included curfew hours and alcohol bans, and even repeated catering trade closures, mean that breweries and beverage wholesalers with a strong focus on the catering trade in particular are struggling to keep their businesses afloat. According to the Federal Statistical Office, the German beer market lost a total of around 5 million hectoliters in 2020 alone, in particular high-margin sales of draft beer. This corresponds to around five times the decline in sales compared with market developments prior to the coronavirus pandemic. Domestically, the German beer market recorded a 5.5% drop in sales in 2020, according to the Federal Statistical Office. The export business of German breweries was also unable to compensate, with export volumes down by a total of 5.8% year on year.

Sparkling Wine, Wine and Spirits
As a result of the coronavirus pandemic, the international market conditions for sparkling wine and spirits have also changed, in some cases significantly. In Europe, the countries Spain, Italy and France were particularly affected, where contact restrictions caused a sharp drop in sparkling wine consumption in the catering trade. This also affected the catering trade in Poland, the Czech Republic, Hungary and Germany. Outside Europe, for example in the USA and Canada, as well as in South America, the impact of coronavirus was also

clearly noticeable. In terms of price categories, the lower and medium price segments were at a stable level worldwide. Premium products tended to decline.

Due to the pandemic, the growth trend in the sparkling wine market, which had been sustained for more than a decade, was interrupted. Overall, the IWSR Institute had forecast a 15% decline in global demand for sparkling wine in spring 2020. After a significant recovery of the markets in the summer months, sales slumped once again in the fall due to the lockdown restrictions in many countries. Due to further tightening of the coronavirus measures in December, the declines could not be compensated for by the year-end business. Along with a significant reduction in travel, there was also a sharp drop in sales in duty-free and airline businesses, in addition to the downturn in the food service and hotel sectors.

By contrast, brick-and-mortar food retail and online retail recorded growth. Wine developed particularly well in those areas, followed by spirits and sparkling wine.

On the procurement side, after two average harvests in 2019 and 2020 in connection with the record harvest in 2018, the situation was overall sufficient to good. The average high stock level of barrel goods increased further due to the COVID-19-related decline in demand on the wine markets.

Chemicals

For the chemical and pharmaceutical industry, 2020 was characterized by strong ups and downs in the four quarters. After a robust start to 2020, the chemical and pharmaceutical industry in Germany was hit by the COVID-19 pandemic towards the end of the first quarter. The impact of the pandemic was initially felt to a lesser extent, as increased demand for hygiene products, packaging materials and pharmaceuticals mitigated the looming recession. However, this effect was unable to offset the declines for suppliers to the automotive, metal and electrical industries.

Due to lockdowns of varying severity around the world and the resulting consequences, global industrial demand fell sharply in 2020. For the chemical and pharmaceutical industry in Germany, this led to a significant reduction in sector sales of 6% and a noticeable drop in production of 3% compared with the previous year. All divisions suffered losses in the process. This ranged from an only slight decline in production of 0.5% in the pharmaceuticals sector to a drop of 6.5% in polymers. Foreign business in almost all export markets suffered from the coronavirus-related shortage of orders. Sales volumes decreased compared to 2019 in both domestic (by 5.5%) and foreign business (by 6.5%). At the same time, chemical prices fell by 2%. Despite the effects of the global crisis on German industry, the number of employees remained stable, thanks in part to short-time work.

Hotels

While the hotel industry developed dynamically around the world for years and the market for hotel investments boomed, this trend was broken in 2020: The tourism industry is currently experiencing one of its most severe crises as a result of the COVID-19 pandemic. Extensive travel and exit restrictions at times brought economic and social life almost completely to a standstill, with catastrophic consequences for hotels and restaurants all over the world. The situation improved very slowly in the second half of the year, but was significantly impacted by the end of the year as a result of further tightened coronavirus measures. Major cities were hit even harder than easily accessible resorts. The slump in demand triggered by the pandemic is unprecedented. Looking at 2020 as a whole, according to the United Nations World Tourism Organization (UNWTO), the year-on-year decline in international travel by tourists and business travelers worldwide was 74%.

Business Development
Oetker Group

	2018		2019		**2020**		%[1]
		in %		in %		in %	
NET SALES BY DIVISION (IN EUR MILLION)[2]	**7,140**	**100.0**	**7,406**	**100.0**	**7,330**	**100.0**	**–1.0**
Food	3,477	48.7	3,883	52.4	4,137	56.4	6.5
Beer and Nonalcoholic Beverages	2,232	31.3	1,792	24.2	1,625	22.2	–9.3
Sparkling Wine, Wine and Spirits	821	11.5	1,053	14.2	970	13.2	–7.9
Other Interests	610	8.5	678	9.2	598	8.2	–11.7
NET SALES BY REGION (IN EUR MILLION)	**7,140**	**100.0**	**7,406**	**100.0**	**7,330**	**100.0**	**–1.0**
Germany	3,757	52.6	3,427	46.3	3,381	46.1	–1.3
Rest of the EU	2,169	30.4	2,384	32.2	2,360	32.2	–1.0
Rest of Europe	276	3.9	299	4,0	309	4.2	3.3
Rest of the world	938	13.1	1,296	17.5	1,280	17.5	–1.2
INVESTMENTS[1] (IN EUR MILLION) (WITHOUT FIRST-TIME CONSOLIDATIONS)	**350**	**100.0**	**358**	**100.0**	**343**	**100.0**	**–4.3**
Food	191	54.5	176	49.1	191	55.6	8.4
Beer and Nonalcoholic Beverages	90	25.7	93	25.9	82	23.9	–11.5
Sparkling Wine, Wine and Spirits	33	9.5	36	10.0	18	5.3	–49.2
Other Interests	36	10.4	54	15.0	52	15.2	–3.5
EMPLOYEES (BY HEADCOUNT)	**30,937**	**100.0**	**34,060**	**100.0**	**36,831**	**100.0**	**8.1**
Food	17,394	56.2	18,743	55.0	20,040	54.4	6.9
Beer and Nonalcoholic Beverages	7,989	25.8	7,094	20.8	7,083	19.2	–0.2
Sparkling Wine, Wine and Spirits	2,701	8.7	3,556	10.4	3,494	9.5	–1.7
Other Interests	2,853	9.2	4,667	13.7	6,214	16.9	33.2

[1] Percentage change 2019/2020.

[2] In the 2020 financial year, the allocation of sales to the individual divisions was changed. The nonoperating and other sales of the companies are no longer reported in the Other Interests Division, but are allocated directly to the divisions responsible for the companies concerned. The previous year's figures have been adjusted accordingly.

The percentages contained in the group management report and consolidated financial statements refer to the exact amounts, not to the rounded amounts. Due to rounding up or down, it is possible that individual numbers (€, %, etc.) do not add up exactly to the stated sum.

The coronavirus pandemic has left its mark, in some cases significantly, on the sales and revenue reports of individual Group companies. Thanks to its diversification, the Oetker Group was able to almost compensate for the declines in the Beer and Nonalcoholic Beverages and Sparkling Wine, Wine and Spirits divisions and the significant drop in sales of the Oetker Collection. The group achieved total sales of EUR 7,330 million, which was 1.0% below the previous year's figure (EUR 7,406 million). In view of the difficult global conditions, the Oetker Group ended the 2020 financial year strongly and in line with its expectations. Changes in the scope of consolidation resulted in an increase in sales of EUR 55 million. This is largely due to the year-round consideration of the companies acquired in the previous year at Dr. Oetker as well as further company acquisitions in 2020, such as the acquisition of the Pachmayr Group in the Beer and Nonalcoholic Beverages Division. This was offset by sales losses due to deconsolidations, above all Getränke Essmann. The development of exchange rates had a negative impact of EUR 127 million in total, mainly as a result of the devaluation of the Brazilian real, the Mexican peso, the US dollar and the Turkish lira against the euro. Excluding the effects of first-time consolidations and deconsolidations[1],exchange rate-adjusted[2] sales were roughly on a par with the previous year (–4 million euros). Thus, the strong organic sales growth in the Food Division, driven in particular by Dr. Oetker, and at Oetker Digital/New Business Models (Other Interests) was not enough to compensate for the operational sales losses that the hotels and other consumer goods-oriented business areas in particular had to cope with.

The group's sales in Germany fell by 1.3% to EUR 3,381 million. This development was primarily due to the loss of sales in the Beer and Nonalcoholic Beverages Division and could not be offset by increased domestic sales of food products. The share of sales generated outside Germany remained virtually unchanged at 53.9% of total sales. Compared to 2019, the Rest of Europe region showed an increase of 3.3%, mainly supported by growth in food products in Switzerland and Turkey. By contrast, the other foreign regions recorded slight declines overall at group level. The decline was particularly pronounced in France due to the slump in hotel sales. In addition, low sparkling wine sales in the USA in particular meant that the Rest of the World region was unable to continue its growth trend.

[1] Changes in the scope of consolidation are adjusted for the previous year's figures.
[2] The adjustment of exchange rate effects was determined by applying the annual average exchange rates of the current year to the sales revenues of the previous year.

The investment volume (excluding first-time consolidations) of EUR 343 million in the Oetker Group was 4.3% below the level of the previous year (EUR 358 million). At 66.4% (previous year: 65.6%), the share of investment by domestic companies was still very high. The majority of the investments were made in the Food Division, where expenditure was 8.4% higher than in the previous year. The focus of investments in the Food Division was once again the production and logistics sector. Correspondingly, the use of funds was reflected in an increase in the asset categories technical equipment and machinery as well as equipment under construction and advance payments.

In 2020, the Oetker Group had a total of 20,830 employees in Germany and 16,001 abroad. The number of employees rose in the year under review by 8.1% to 36,831 worldwide. Without the changes in the scope of consolidation, the number of employees has increased by 5.6%. The Food Division accounted for slightly less than half of the total increase of 2,770 employees, with an average of 6.9% more employees compared to the previous year. This increase also resulted from acquisition-related changes at Dr. Oetker. This was mainly due to the inclusion of employees for the full year at Mavalério in Brazil and Panovia in Romania. While the number of employees in the Sparkling Wine, Wine and Spirits and Beer and Nonalcoholic Beverages divisions declined slightly, the Other Interests Division recorded a significant increase of 33.2% to 6,214 employees, mainly as a result of staff increases in the new digital business models, especially at Durstexpress.

Food

↗ General information on the division can be found on pages 7–8.

Business processes

Dr. Oetker has implemented capacity expansions and process improvement measures in the supply chain process (procurement, production and logistics). In this context, the company is focusing in particular on the topic of digitalization – for example, purchasing processes have been increasingly digitalized with the use of appropriate web platforms and tools. Following on from the development of previous years, Dr. Oetker has strengthened international cooperation and the joint exchange between countries on the marketing side. Increased use was made of digital marketing formats and channels, which are always geared to the needs of consumers. In the area of sales, Dr. Oetker also continued the digitalization begun in previous years in order to further increase effectiveness and efficiency – both in the field and in the office.

In the 2020 financial year, Dr. Oetker launched a large number of new products. The cakes and desserts category, for example, saw the launch of Dr. Oetker High Protein Puddings. The new dessert without added sugar fits perfectly into the framework of a high-protein diet and is available in three flavors: vanilla, chocolate and semolina. The new Dr. Oetker lava cakes with liquid centers in Choco Lava and Salted Caramel Lava varieties provide a special cake treat between meals. The new American Style Cheesecakes can be prepared without any baking at all, in other words quickly and easily. The baking mixes are offered in four varieties. In the pizza category, Dr. Oetker introduced the All American Pizza to the German retail market. In addition, Dr. Oetker has focused on reducing sugar and salt in food, using alternative or sustainable raw materials and packaging, and complying with ecological and ethical standards for the raw materials used.

Focus on sugar and salt reduction and the use of sustainable raw materials and packaging

For the financial year 2020, *Conditorei Coppenrath & Wiese* focused on optimizing production processes. This included the continuation of projects aimed at faster setup during production changes, dosing optimizations and so-called low-cost automation. A new line for the production of cheesecakes was put into operation at the Mettingen location in March 2020. In addition, Conditorei Coppenrath & Wiese has begun setting up further production lines for ready-made cakes. The company has also initiated expansion projects in the area of logistics. The construction of a new high-bay warehouse at the Atter location is scheduled for completion in summer 2021 and will increase capacity by half. As part of fleet management, it was possible to improve truck utilization and thus reduce empty kilometers.

With regard to sales, customer relationships from the e-commerce sector are increasingly important for the company. As a result of the consistent continuation of the digitalization strategy project, Conditorei Coppenrath & Wiese was able to expand its business relationships in e-commerce. The company has also strengthened its customer relationships in traditional sales.

Opening of a new high-bay warehouse in Hanover

The *Martin Braun Group* also focused on various maintenance and expansion measures in production and logistics. At the end of 2020, the company opened a new high-bay warehouse with a high degree of automation at the Hanover location. Agrano AG in Switzerland has completely renewed its mixing area and equipped it with modern technology. Wolf ButterBack invested primarily in new packaging technology. At Diversi Foods, the group of companies acquired in 2018, investments to expand capacity were made, among other things, in the construction of the line for the "Boulangerie de France". A new additional building and new production technology were acquired for this purpose.

Martin Braun adjusted the planning of marketing measures to the changing market conditions on a rolling basis in order to be able to act flexibly during the coronavirus crisis. Despite the restrictions due to coronavirus, customer contacts were intensified by means of virtual contact options. In addition, a webinar program was developed that is offered to individual customers as well as groups of different customers and interested parties. In the area of sales, the group continues to observe an increasing demand for natural and low-declaration products. In order to meet this increasing consumer demand for naturalness in food, Braun has switched part of the range of flavors to clean label. The philosophy is to forego certain ingredients and to limit the use of raw materials to what is absolutely necessary for consistent, excellent baked goods. With Spicy Crust, an innovative, palm oil-free alternative for savory products in the area of bread/rolls has been introduced to the market. With Dinkel all-in-one, a baking agent concentrate for the production of spelt baked goods, an innovation was created that only requires one product for a very extensive range of applications. The spelt cereal trend is thus making its way into the sweet baked goods sector.

Business development

KEY FIGURES	2019	2020
Sales revenue (in EUR million)	3,883	4,137
Adjusted sales revenue in previous year (in EUR million)[1]	3,826	
Investments (in EUR million)	176	191
Employees	18,743	20,040

[1] Sales adjusted for changes in the scope of consolidation and exchange rates.

The Food Division generated total revenues of EUR 4,137 million and thus grew by 6.5% in the year under review. Adjusted for consolidation and exchange rate effects, growth in sales revenue amounted to 8.1%. Investments amounted to EUR 191 million (previous year: EUR 176 million). In terms of headcount, the division recorded an increase of 6.9% to 20,040 employees in the reporting period, mainly due to the full-year inclusion of the companies acquired in the previous year at Dr. Oetker. Excluding changes in the scope of consolidation, there was a 3.7% increase in the number of employees in 2020.

The two food companies *Dr. Oetker* and *Conditorei Coppenrath & Wiese* increased their sales to a total of EUR 3,687 million in the 2020 financial year and were thus able to record growth of 9.6% compared to the previous year. Exchange rate effects had a negative impact on growth, primarily due to the significant devaluation of the Turkish lira, the Brazilian real and the Mexican peso against the euro. Adjusted for the effects of the scope of consolidation and exchange rates, growth was 11.1%.

In terms of acquisitions, the focus in 2020 was primarily on the continued integration of the companies acquired in previous years. In addition, smaller companies were acquired to complement the organic growth: As of July 30, 2020, the shares in InterNestor GmbH, an online provider of home-baked individualized cakes, were increased from 49 to 100%. With economic effect from December 31, 2020, Dr. Oetker acquired NewCakes B.V., the European market leader in multi-brand specialty store cakes in the Netherlands.

From February onwards, the coronavirus pandemic strongly impacted business in all activity areas.

After a solid start to the year in January 2020 across all product lines and countries, the COVID-19 pandemic had a strong impact on business in all areas of activity from February onwards. On the one hand, all activities related to out-of-home consumption collapsed. In addition, the negative impact of the coronavirus crisis was also felt by distribution channels specializing in bakery decoration, such as the party stores at Mavalério in Brazil or the craft channel for Wilton in the USA, which were closed during the lockdown months. On the other hand, the group was confronted with strong and unexpected demand in the first half of the year across many retail ranges. In this context, the expenses and hygiene measures necessary to ensure supply capability resulted in a high cost burden.

In the cakes and desserts category, Dr. Oetker achieved significant net sales growth compared with the previous year, benefiting in particular from business with baking ingredients. Baking mixes, chilled desserts, ready-to-use dry products and frozen cakes also recorded double-digit percentage growth over the course of the year as a whole.

Due to the growth rates, La Mia Grande, which was launched in the previous year, and the frozen snack Intermezzo, which was also launched in 2019, as well as the already established Chicago Town Range, deserve special mention.

Developments in the professional sector went against this positive trend. After business had slumped in the first months of the pandemic due to the lockdown measures and the considerable restrictions imposed by hygiene precautions, slight improvements were achieved in the second half of the year, although these were not sufficient to achieve the level of the previous year.

Retail ranges achieved moderate growth, but at the same time there were losses in out-of-home consumption.

A regional analysis also essentially reflects the effects of the coronavirus pandemic: Retail product ranges increased, while out-of-home consumption and professional markets slumped. Despite weak professional sales, the Germany and Western Europe regions benefited overall from moderate sales in the retail sector. In the Western Europe region, more than half of the national companies achieved significant growth. This positive development was strongly driven by the two strategic categories of pizza and cakes/desserts, with the powder-based ranges in particular contributing to the increase in sales.

Dr. Oetker also recorded strong year-on-year growth in the Eastern Europe region after adjusting for foreign exchange. However, this organic increase in sales was weakened by negative effects from the massive devaluation of Eastern European currencies in some cases.

Double-digit growth rates in Canada

In the Americas region, the impact of the pandemic was felt more strongly than in Europe. Sales in euros were slightly higher than in the previous year, but after adjusting for foreign exchange were significantly higher than in 2019. The national company in Canada achieved double-digit growth rates in local currency, primarily due to its successful pizza range. Dr. Oetker Brazil also showed very good development in the cake and dessert range in 2020. By contrast, the companies Mavalério and Wilton were strongly negatively affected: The lockdown and thus the closure of the important craft stores in the USA and the party stores in Brazil led to a drop in sales.

Business development in Region 3A was largely characterized by growth in the cake and dessert category. The strong development of the national companies in Egypt, Tunisia, Morocco and India is worthy of particular note.

In the new business models, especially with Hospitality GmbH, Dr. Oetker was not able to gain momentum as originally planned. Due to the pandemic-related restrictions, the opening of planned gastronomy formats in the USA and Germany was postponed until the 2021 financial year.

Positive development in the brand business of Conditorei Coppenrath & Wiese

Conditorei Coppenrath & Wiese increased its sales by 5.7% in 2020. The increase in sales resulted primarily from the pleasing performance of the brand business in Germany, mainly as a result of the strong performance of the strategic segments of sheet cakes and rolls and small cakes, rolls and strudels. The cake business weakened due to the coronavirus-related contact restrictions and the associated lack of occasions for consumption. In business with the UK, it was possible to partially offset the negative effects of the unfavorable exchange rate between the British pound and the euro through positive deviations in raw material costs and an active product range policy.

Investments at a high level as the basis for further growth

Investments at Dr. Oetker and Conditorei Coppenrath & Wiese remained at a high level in 2020 at EUR 156 million (previous year: EUR 149 million). The majority of this was attributable to Dr. Oetker. The companies are thus laying the foundations for additional growth in the coming years and ensuring state-of-the-art technology and high-quality processes throughout the supply chain. In this context, for example, major investments were made in new production lines and warehouse expansions at the Dr. Oetker production locations in Germany, Poland, South Africa and Brazil. In order to continue expanding capacity, Conditorei Coppenrath & Wiese also made investments in further production lines for bread rolls and cheesecake as well as in new production technology for ready-made cakes in the past financial year.

In the 2020 financial year the *Martin Braun Group* was unable to continue the growth process that had taken place over many years and had to report a significant decline in sales of 13.1%. In addition, local business development was burdened in part by negative currency effects, above all the devaluation of the Turkish lira. Adjusted for foreign exchange, the organic change in sales amounted to –11.4%.

Decline in sales due to the coronavirus pandemic

As a result of the drop in demand during the coronavirus crisis, sales did not develop as originally planned. In the first three months of the crisis in 2020, bakeries and food service companies were severely affected worldwide, with many customers in numerous countries closed for months. The second coronavirus wave in fall brought with it further numerous local and national lockdowns in the target markets. In Germany, too, artisan bakeries suffered for several weeks, as many end consumers switched to so-called one-stop shopping in retail and also preferred packaged baked goods at times. The situation was equally difficult for the high-turnover outlets of the bakery chain stores in high-frequency locations, which generally generate a great deal of to-go/out-of-home sales. These stores, as well as the numerous food service customers of the Martin Braun Group, recorded significant declines. One very pleasing exception was the area of organic yeast. The need of end consumers to bake more at home has had an impact here, as has the continuing rise in the organic trend. With the aid of a comprehensive package of measures, the group responded to the difficult market conditions and was thus able to mitigate part of the decline in sales.

Forecast

The companies *Dr. Oetker* and *Conditorei Coppenrath & Wiese* expect total sales for 2021 to be roughly on par with the previous financial year. It should be noted here that sales in the previous year were influenced by positive special effects during the coronavirus crisis. Growth in the sectors of pizza and food for domestic consumption was partly due to the catering lockdowns and to stockpiling and is not sustainable for the future. Consequently, sales development will be stimulated by operational measure initiatives, in particular product innovations and market investments in all regions, as well as by further distribution expansion in the growth regions of Asia and Africa.

The *Martin Braun Group* expects the market environment to remain challenging in 2021 and to continue to be negatively impacted by the effects of the COVID-19 pandemic. The greatest risk is the uncertainty about the speed at which individual country markets will recover from the COVID-19 pandemic. For 2021, the group is issuing a positive sales forecast for all regions and expects a slight increase in sales overall. The foreign regions in particular are likely to increase their sales again. According to our forecast, this growth will be made possible by numerous operational measures such as the expansion of product ranges for the food service market, both in the ingredients and frozen segments, the ever-greater focus of projects in food retailing throughout Europe and the expansion of new target groups. At the same time, however, risks are increasing due to the ongoing consolidation in the European bakery market.

Beer and Nonalcoholic Beverages

↗ General information on the division can be found on page 9.

Business processes

In 2020, as a result of the coronavirus pandemic, the main focus in the *Radeberger Group's* procurement process shifted to securing the supply chains and liquidity. The purchase-to-pay (P2P) processes, which have been continuously professionalized in recent years, and established source-to-contract (S2C) strategies contributed to adequate management of the coronavirus crisis. The corporate social responsibility (CSR) tool EcoVadis, which was introduced in 2017 to measure sustainability performance and supplier standards, is also an integral part of supplier management. This instrument will also be helpful with regard to the Supply Chain Care Act.

Smart Supply Chain project successfully implemented

In production, the group had to temporarily completely shut down the barrel-filling systems due to the coronavirus-related closures in the catering trade and corresponding sales slumps in the draft beer sector. In addition, delivered full containers, which were at risk due to the slump in draft beer sales in view of the best-before date, were repeatedly recalled from the catering trade. In the area of logistics, work continued on a new group-wide warehouse management system. However, the operational implementation at the brewery locations has been delayed due to the coronavirus pandemic, so that the system is not expected to go into operation until 2022. With the Smart Supply Chain project, the Radeberger Group is pursuing an innovative approach to the digital control and optimization of its value chain. This project was successfully piloted in the Berlin beverage market. The focus is on automated process management, from forecasting sales and order processing in the outlet to automated order entry and procurement planning in the beverage wholesalers to production planning for the brewery across several supply chain levels. The rollout of these applications is to take place from 2021.

Investments in capacity expansion and innovations

In addition to these group-wide changes, numerous location-specific measures were implemented to further develop production and logistics structures. These include the necessary capacity expansion at Allgäuer Brauhaus. The installation of a second filling line specializing in swing-top bottles is intended to combine modern technology with maximum efficiency. At the Radeberg location, a new reusable bottling line was put into operation. In Krostitz, four new fermentation tanks were integrated into the system as part of the capacity expansion. To further develop the vertical business, the retail division continued to concentrate on the market-oriented alignment of its GFGH location structures. Against this background, the two Saxony-based companies Helmke and Flack & Schwier were merged into a joint company (HFS Getränke as "Region Saxony"). By acquiring the beverage wholesaler Pachmayr at the Oberhaching location, the Radeberger Group has expanded its GFGH network further south. Furthermore, the group optimized the sorting of empties at various sites in order to be able to process the constantly growing demands of increasingly complex flows of empties in a timely manner and to make the empties available for return as quickly as possible.

As a result of the coronavirus crisis, the marketing and sales departments had to postpone some of the campaigns and new product launches that had already been planned and temporarily cut back on field sales support. To partially compensate for the coronavirus-

related drop in earnings, the Radeberger Group made significant cost and budget reductions. This also affected the marketing and sales budgets. In order to keep their brands firmly in the minds of consumers despite these necessary cost savings, the Radeberger Group stepped up the brands' involvement on social media, which is an important channel for brand communication, particularly in times of crisis. Despite these restrictions, numerous marketing measures were successfully implemented in 2020: At the beginning of the year, the Jever brand launched its new campaign under the slogan "Der Charakter macht den Unterschied" (Character makes the difference), which includes various sponsorships and online activities in addition to TV advertising. The introduction of the new branded crate for Radeberger Pilsner began in the summer. The positioning of the Clausthaler Alkoholfrei brand was sharpened with a view to even greater relevance to everyday life and acceptance in the relevant target group. The brand also grew significantly in exports during the pandemic, meaning that international business is now the most important sales channel for Clausthaler Alkoholfrei.

Market launches of promising new products

The Radeberger Group was able to launch several promising new products on the market in 2020. The Oberdorfer brand was placed on the market as a new independent beer in the lager segment. Diageo launched Hop House 13, a new product under the Guinness brand. The Radeberger Group has also expanded its portfolio with exciting new products in the area of alcohol-free beers: The range of the Ur-Krostitzer brand has been expanded to include an alcohol-free version, and a 0.0% version replaces the previous alcohol-free range for the Schöfferhofer wheat beer brand. The Blutorange variety expanded the Jever Fun range, while a naturally cloudy Radler was added to the Clausthaler range. In addition, the launch of Schöfferhofer Weizen-Mix Zitrone (also nonalcoholic), Binding Radler Naturtrüb and Freiberger Radler Grapefruit Naturtrüb was a success.

The group's sales activities consistently focus on customer needs. The main focus was on the further expansion of the CRM system, which, once fully established, will lead to even better customer and market development, particularly in terms of area management and networking, as well as in the identification and management of potential. In line with the digitalization strategy, other important new systems were introduced. In parallel with the new systems and technologies, the group has adapted its organizational structure and made it fit for the future. In marketing, a central social media team was installed in June 2020, which represents the decisive interface to the Düsseldorf agency OnlineDialog, in which the Radeberger Group holds a stake. Retail sales combined the support for national and regional GAM customers; in addition, the GFGH support for the catering and retail sectors with a view to logistics topics was consolidated according to the principle of "one face to the customer". In order to improve distribution management, BraufactuM was switched to traditional distribution via gastro-GFGHs and third-party logistics providers. At the same time, at the turn of 2020/2021, various previously independently managed brands were integrated into the sales organization of the branded business. This applies, for example, to the entry-level brands Sternburg and Hansa.

Business development

KEY FIGURES	2019	2020
Sales revenue (in EUR million)	1,792	1,625
Adjusted sales revenue in previous year (in EUR million)[1]	1,802	
Investments (in EUR million)	93	82
Employees	7,094	7,083

[1] Sales adjusted for changes in the scope of consolidation and exchange rates.

As Germany's leading brewery group, the Radeberger Group was unable to escape the sales trend on the German beer market as a whole, with the result that sales fell by 9.3% to EUR 1,625 million – partly due to the coronavirus-related sharp drop in sales at our restaurant-oriented beverage wholesalers. After eliminating currency and consolidation effects, the decline in sales was 9.8% or EUR 177 million.

Increases in the trading business could not fully compensate for losses in the draft beer business.

The development within the individual company divisions was different. For the brewery business, in addition to the massive losses in draft beer, there was a significant increase in sales in the retail business due to increased home consumption. This volume growth in the reusable range was unable to compensate for the drastic slump in sales of catering containers, so that the total volume declined compared to the previous year. The shift from out-of-home to home consumption also had a clearly negative structural effect, as the volume shrank, especially for high-margin products/containers. Overall, the group's domestic beer sales decreased by 4.5% compared to the previous year. Due to the dormant catering business, the business of catering-oriented beverage wholesalers also came to a complete standstill at times, both during the hard closures in spring and during the lockdowns from November 2020, which resulted in a renewed closure of the catering trade. The situation was different in the area of beverage outlets: With strong double-digit growth rates, Getränke Hoffmann developed better than the already very dynamic market. The supply chain was heavily burdened by the volatile business due to so-called hoarding purchases, long periods of good weather and price promotions by retailers. The direct catering business, which is operated jointly with Veltins via the Deutsche Getränke Logistik joint venture, had to contend with sales peaks like those in mid-summer, especially at the beginning of the hoarding period, followed by a significant slump and subsequent fluctuation-intensive business development. Due to the strong growth in sales volume in the area of reusables, coupled with the extremely volatile development, the pressure also increased in the empties area: A slowing return of containers at H. Leiter GmbH, as well as declining sales of individual bottles and an accompanying shortage of empties, led to highly fluctuating capacity utilization at the individual companies.

In line with the general market development, the Radeberger Group's portfolio also declined overall in the year under review. Brands with a strong presence in the catering

trade were hit particularly hard by the effects of the coronavirus pandemic. The national brands, i.e. Radeberger Pilsner, Jever and Schöfferhofer, recorded an overall moderate decline in sales compared to the previous year. After a stable previous year, sales of the main draft beer brand Radeberger Pilsner could not be maintained in 2020 and fell by 5.5%. Sales of the Frisian brand Jever developed positively, in particular due to strong growth of the nonalcoholic version Jever Fun. In contrast, the very catering trade-oriented wheat beer brand Schöfferhofer suffered greatly from the coronavirus-related restrictions and accordingly recorded considerable losses.

In the case of national specialties, the Clausthaler and Guinness volume brands experienced a significant decline in sales. In contrast, the Altenmünster and Berliner Weisse brands were able to hold their own in the difficult market environment and maintained the previous year's level.

In the regional premium brands segment, there are individual brands that successfully defied the general negative trend and performed stably to positively compared to the previous year. The segment's biggest brand, Ur-Krostitzer, stayed on track for success in 2020, recording a moderate year-on-year increase in sales volumes. The second-strongest brand in the segment, Freiberger, was also able to hold its own in the difficult market environment with a stable sales volume compared to the previous year. In addition, the Kloster Scheyern segment brand achieved growth, while Allgäuer Büble could not quite match the previous year's good level.

The strongly catering-oriented nonalcoholic beverages segment was hit hard by the coronavirus pandemic and suffered a sharp drop in sales.

82 million
euros in investments

In 2020, the number of employees was 7,083, roughly the same as in the previous year (7,094). Adjusted for additions and disposals in the scope of consolidation, the number of employees decreased by 2.9% in 2020. The Radeberger Group's investments totaled EUR 82 million and were thus 11.5% below the previous year's figure, mainly due to lower investments in the areas of technology, administration and sales.

Forecast

In 2020, the German brewery industry experienced its deepest crisis for many decades. The enormous pressure on the market continues unabated in the current year, with the ongoing coronavirus restrictions giving the entire industry a sobering start to 2021. The Radeberger Group is also noticeably affected by this development: As in the previous year, there will continue to be a significant drop in sales in 2021, particularly in the catering and festive and event business, and the group's catering-oriented subsidiaries will continue to lack a business basis during the lockdown periods. The Radeberger Group therefore expects significant sales losses in both the brewery business and the catering-oriented beverage outlets, with noticeable impact on earnings, which will have a massive impact on the 2021 financial year, depending on the duration of the measures adopted and the start of nationwide immunization. These declines will not be offset by the continued positive performance of the retail beverage sector in the first quarter of 2021, meaning that extensive spending and budget cuts, as well as the registration of short-time work, will continue to be necessary in 2021 to cushion the impact of coronavirus.

Sparkling Wine, Wine and Spirits

↗ General information on the division can be found on page 10.

Business processeses

In the 2020 financial year, *Henkell Freixenet* was again able to leverage synergy and efficiency potential in procurement, logistics and production, as well as quality management. Since the corporate merger of Henkell & Co. and Freixenet S.A. in summer 2018, intensive cooperation has been underway with the aim of harmonizing the henceforth joint supply chain. This will result in improved competitiveness. In addition, the group has further diversified its sourcing strategy. A cornerstone of this strategy is to take over upstream processes in the value chain itself, for example by growing its own raw materials. In the merger with Freixenet, new suppliers for glass bottles were also acquired. The availability of glass has become increasingly difficult in recent years due to longer summer periods and the increased demand for beverages as well as the negative image of PET.

Process automation

In production and logistics, further digital transformation projects were driven forward. The main focus was on the automation of processes, combined with the aim of reducing structural costs. To this end, the group has further developed its digital process management, which enables fully automated production planning as well as networking and the use of modern machines and production robots. In addition, sustainability aspects of the GRI standard were implemented.

In its marketing and sales activities, Henkell Freixenet continued to focus on its core brands and supported them with classic advertising as well as point-of-sale, digital and PR activities. Responsibility for brand management lies in the countries of origin. International brand teams have been set up to better manage international processes. With the expansion of Henkell Freixenet Global, both the brand development and the international marketing of the products were successfully centralized in Wiesbaden and Sant Sadurni. In addition, the company has placed greater emphasis on digital marketing to meet the challenges of building and maintaining brands in the fragmented digital world. In this way, the interactive dialog with consumers is further strengthened. The digitalization measures have also enabled Henkell Freixenet to drive forward the expansion of e-commerce, which has experienced a significant boost in the era of coronavirus.

Expansion of e-commerce

Customers' wishes and needs for new product categories and taste experiences are the driving force behind Henkell Freixenet's development activities, as is the group's commitment to the further development of existing brands and products. In line with the ongoing trend towards premiumization, Henkell Freixenet has introduced the Freixenet Wine Collection in a frosted bottle and the Freixenet Diamond Wine Collection in an iconic crystal bottle in the premium segment. Further impetus resulted from the Ice variants, such as Freixenet Ice in Spain and Bohemia Sekt Ice in the Czech Republic. Attention-grabbing accents in the spirits sector were set by the Wodka Gorbatschow Limited Edition with Eko Fresh and the trendsetter Kuemmerling Peppermint.

Increasing health awareness and the desire for a healthier lifestyle are also having a strong influence on the industry. In addition, there is a demand for more innovations and convenience drinks. The group catered to these trends, for example, with reduced-alcohol sparkling wine and wine for the Scandinavian countries and with market innovations in the ready-to-drink and mixed drinks segments, such as Mangaroca Batida Passion and Pineapple and Söhnlein Sparkling White ICE and Pink ICE in ready-to-drink cans.

Business development

KEY FIGURES	2019	2020
Sales revenue (in EUR million)	1,053	970
Adjusted sales revenue in previous year (in EUR million)[1]	1,037	
Investments (in EUR million)	36	18
Employees	3,556	3,494

[1] Sales adjusted for changes in the scope of consolidation and exchange rates.

970 million
euros in revenue

In the 2020 financial year, Henkell Freixenet achieved sales of EUR 970 million (previous year: EUR 1,053 million). This corresponds to a decrease of 7.9%, which is largely due to the effects of the coronavirus crisis and exchange rate effects. Adjusted for the effects of the scope of consolidation and exchange rates, sales fell by 6.5% from EUR 1,037 million in the previous year to EUR 970 million in the year under review. Henkell Freixenet's investments in 2020 amounted to EUR 18 million compared to EUR 36 million in the previous year. The focus here was on the development of the site in Mionetto, Italy. The average number of employees decreased by 62 to 3,494 employees in 2020, among other things due to restructuring measures in Spain and the sale of wineries in Australia.

Sales in the DACH region (Germany, Austria and Switzerland) were EUR 302 million, 1.1% above the previous year's figure. The development of Fürst von Metternich, Germany's leading premium sparkling wine, and Wodka Gorbatschow was very pleasing. The Freixenet Mederaño and Mia wines also performed very well. In fall, a new wine line was launched under the Freixenet brand with Spanish varietal wines. In Austria, Henkell Trocken, Austria's sales revenue market leader, and Kupferberg Gold, Austria's sales market leader, grew. In Switzerland, the sparkling wine brand Freixenet, which has been leading for decades, was able to achieve a sales record. Schloss Johannisberg was able to press ahead with its focus on Schlossweine.

Sales in the Western Europe region amounted to EUR 323 million in 2020 (previous year: EUR 359 million). Sales development in this region was particularly affected by multiple lockdowns. The high proportion of catering-related business in Spain, Italy and France led to disproportionate declines, resulting in a double-digit drop in sales. In the United Kingdom, there was a significant increase in sales. The most important brands in this region were Freixenet, Mionetto and *i heart WINES*. In the UK, the market position was again significantly expanded with Freixenet and *i heart WINES*. Added to this were the innovations

the Freixenet Diamond Wine Collection, Care for Wild Wine Collection, *i heart* prosecco rosé and Mionetto prosecco rosé. In December 2020, Jascots Wine Limited, the UK's leading food service supplier, was acquired.

The Eastern Europe region is characterized by the strong national companies Bohemia in the Czech Republic, Törley in Hungary and Hubert in Slovakia, each of which has a market share of more than 60% on the national sparkling wine market. Added to this are Henkell Freixenet Polska – the group's second spirits competence center alongside Germany – as well as Romania and Ukraine. Sales in the region fell by 5.3% to EUR 165 million in 2020. Successful contributions in the pandemic year 2020 were made by, among others, Bohemia Sekt in the Czech Republic with a good development of the core brand of the same name as well as Törley in Hungary and Hubert in Slovakia with their strong sparkling wine business. In Poland, 1 million bottles of Mionetto prosecco were sold for the first time, and sales also developed significantly overall in the Eastern Europe region. Conversely, Ukraine recorded sharp declines due to the reorganization of activities into a pure sales company.

Positive development of Mionetto prosecco in Eastern Europe

The Americas are an increasingly important growth region, which was nevertheless severely affected by the coronavirus pandemic in 2020. Net sales in the Americas region fell to EUR 133 million (previous year: EUR 167 million). In the USA, Mionetto's sales in the catering business fell despite positive sales for the Freixenet and Segura Viudas cava brands. The Gloria Ferrer location in Sonoma had to be temporarily closed, which led to a significant drop in sales. The situation in Mexico was similar: Due to the closure of the Finca Sala Vivé location, a drop in sales of over 50% was recorded. In 2019 the location had 240,000 visitors. Brazil, on the other hand, was on course for growth in the import segment with Freixenet in 2020 despite the pandemic. The new growth drivers here were the Freixenet Wine Collection and Freixenet Mia.

The Asia-Pacific region comprises the activities of the Henkell Freixenet companies in Japan, Australia and China as well as all other export activities in the Asia-Pacific and Africa region. Overall, the region achieved sales of EUR 42 million (after EUR 50 million in the previous year). In traditional exports, the global travel retail (GTR) sector was affected by business losses caused by the crisis. In the Australian market, following the sale in 2020 of the Deakin and Katnook wineries and the Deakin, LaLaLand and Azahara brands, the group focused on the import business with Henkell Trocken, Freixenet and Mionetto.

In the RoW/Global region, the group combines business with importers and distributors in countries where it does not have its own sales company. The duty-free business, which effectively ceased to exist during the coronavirus pandemic, is also part of the Global region. However, it was possible to expand sales in this region to EUR 5 million (+20.0%).

International sales of the Freixenet brand were above the previous year's level despite the pandemic.

The international core brands showed a mixed performance. The sales of the most important brand, Freixenet, were above the previous year's level. Coronavirus-related declines at Cordon Negro and Carta Nevada were offset by positive developments in Freixenet prosecco and Italian rosé and in the wine range with the newly launched Freixenet Italian range and Freixenet Mederaño and Mia. In addition, there were positive effects from the relaunch of the Spanish Freixenet Wine Collection in frosted bottles.

Mionetto prosecco, with its focus markets Italy, the USA, Germany, the UK, France, Canada and Eastern Europe, showed a single-digit decline. The losses resulted mainly from the USA and the Italian domestic business, where Mionetto's share of the catering market is disproportionately high. Against the backdrop of another positive development in Germany, the DACH region remained constant overall. With Mionetto prosecco, Eastern Europe also recorded almost continuous growth in the pandemic year. The new Mionetto prosecco rosé was launched worldwide.

Overall, Henkell was below the level of the previous year. In Austria, the brand was able to set accents as the sales market leader as well as on the Canadian and Australian markets. Piccolo variants in rosé and as blanc de blancs in a white lacquered bottle were newly introduced.

Significant growth of *i heart WINES*

i heart WINES achieved significant double-digit growth to more than 30 million 1/1 bottles. The growth is mainly attributable to the home market of the United Kingdom, as well as to business in the Benelux countries and in exports. Continuous portfolio expansion with the *i heart* regionals (for example *i heart* rioja) and new products such as *i heart* prosecco rosé and *i heart* gin enabled better market coverage and supported the strong growth.

Mangaroca Batida de Côco was able to continue the dynamic growth in 2020. The original Mangaroca Batida de Côco was complemented with the clear variant Mangaroca Batida Pura Côco and Mangaroca Batida Pineapple in a ready-to-drink can. The brand performed positively across the board, growing for the fourth year in a row.

Forecast

The coronavirus pandemic is leading to drastic changes in all markets. In many countries, public life is repeatedly being brought to a standstill, with the catering and hotel industries and the duty-free business in particular being affected in a way that threatens their very existence. A forecast for the year as a whole therefore depends to a large extent on the further course of the pandemic, economic developments and government measures in the various markets.

Against the backdrop of these conditions, which are difficult to plan for, Henkell Freixenet is assuming stagnating to slightly increasing sales for 2021. The fourth quarter, which is of great seasonal importance due to the Christmas and year-end business, will again be decisive.

Other Interests

↗ General information on the division can be found on pages 10–12.

Business processes

In 2020, *Budenheim* was able to further intensify its collaboration with its customers. By fully embedding all sales and innovation activities in the customer relationship management system, the company has succeeded in taking a more comprehensive view of its customers and distribution partners, and ultimately in increasing the speed of innovation. In addition, web-based customer touchpoints were established and transactions were carried out for the first time via the digital B2B sales platform. Budenheim's research and development unit pursued a consistent focus on strategic markets. The various measures resulted in Budenheim achieving an innovation rate of 8% in the year under review and thus almost maintaining the previous year's figure.

Sustainable product innovations

The Food Ingredients business unit has increased its focus on innovations beyond phosphates and is increasingly specializing in plant-based solutions for meat and cheese alternatives as well as clean label solutions for baked goods and seafood. The Nutrition cluster was able to enter the sports nutrition market through newly launched products. The focus of the Baking cluster was on sugar substitute solutions based on natural fibers as well as clean label leavening acids and yeast systems. Under the brand name BeNATURE®, Budenheim has globally launched an improved natural solution for enhancing shrimp texture.

The innovations of the Performance Materials business unit intensify the change from the sale of individual ingredients to positioning as a total solution provider that meets all market-relevant needs. In the Pharmaceutical and Medical Products cluster, Budenheim's PharSQ® Spheres product has enabled more targeted and reliable release of active ingredients in the human body. The newly launched PharSQ® Base product line significantly reduced the complexity of the product portfolio while creating an attractive offering for biopharmaceutical applications. With its innovation "High Performance Mandrel Bar Lubricant", the Metal Treatment business line has found an effective solution to significantly reduce the energy required in the production of steel tubes. The Ceramic Solutions cluster focuses on environmentally sustainable solutions for the refractory market that replace harmful organic resins. With the newly created Customized Chemicals cluster, the business unit is positioning itself as a reliable technology provider that meets customer-specific special requirements.

In the Material Ingredients business unit, the innovation activities of the Polymers cluster have focused on additive solutions for halogen-free flame retardants as well as the development of laser-active pigments and functional recycling products. The Paints cluster continued the development of the successful FR-CROS® series with new products that open up new business opportunities in wood and textile coatings as well as in thermosets.

In line with the 25th anniversary of *OEDIV*, the company split the business into the three pillars of Managed Solutions, SecuSys and HR Services in 2020. This allows the core topics of OEDIV to be positioned even more strongly and with more focus on the market.

The OEDIV Managed Solutions pillar, with its headquarters in Bielefeld and a branch in Oldenburg, comprises the core business. This field of activity concentrates on the operation of standard software systems from the manufacturers SAP and Microsoft as well as further systems for the holistic handling of business processes. Professional operation of the latest technologies from these manufacturers is an essential strategic goal. Due to the development of the SAP and Microsoft spectrum towards cloud-based solutions, the extension of expertise to these operating models is of high strategic value for OEDIV. The development and operation of hybrid or multi-cloud scenarios as well as web and security solutions is a central building block for the sustainable further development of the managed IT services offered by OEDIV.

OEDIV SecuSys includes iSM SecuSys in Rostock, a provider of solutions for identity and access management in the security sector, which was acquired in 2020. With the acquisition, OEDIV is now a provider of its own platform, which can be used to manage access and rights across various systems such as Microsoft and SAP. This enables the development of competencies in the area of security operation centers (SOCs). In view of the high market demand for security concepts and architectures – not least due to rising cybercrime – OEDIV expects dynamic growth in this area in the coming years.

With HR Services, OEDIV is active in the market for "payroll as a service". This area is operated at the two locations in Bielefeld and Augsburg, where the OEDIV subsidiary Personal Partner Strixner is based. OEDIV offers the three main payroll applications Paisy, SAP and LOGA as part of its payroll outsourcing services. The portfolio is rounded off by its own consulting services and various partner services such as digital personnel files and personnel management consulting.

Business development

KEY FIGURES	2019	2020
Sales revenue (in EUR million)	678	598
Adjusted sales revenue in previous year (in EUR million)[1]	668	
Investments (in EUR million)	54	52
Employees	4,667	6,214

[1] Sales adjusted for changes in the scope of consolidation and exchange rates.

The companies in the Other Interests Division are primarily active in the chemical and luxury hotel industries; in addition, the Oetker Digital/New Business Models unit was expanded. With regard to the different markets, the companies have developed differently. Overall, the Other Interests Division recorded a sales decline of 11.7% to EUR 598 million. The main reason for this was the significant drop in sales of the Oetker Collection. In contrast, the digital sector, with companies such as the e-commerce wine retailer Belvini

52 million
euros in investments

and online beverage delivery services, continued on its growth path. The latter will be further strengthened by the merger of flaschenpost and Durstexpress in December 2020. After adjusting for exchange rate and consolidation effects, sales in 2020 decreased by 10.5% to EUR 598 million. Investments amounted to EUR 52 million for the reporting year, compared to EUR 54 million the year before. The number of employees grew from 4,667 to 6,214 in 2020. This corresponds to an increase of 33.2%, which is largely attributable to Oetker Digital/New Business Models. Excluding changes in the scope of consolidation, the headcount increased by 31.5%, in particular due to the staff increases at Durstexpress.

Budenheim continued to face highly competitive market conditions in 2020, which were further exacerbated by the global COVID-19 pandemic. As a result, sales fell by 6.4% year on year to EUR 304 million. Adjusted for the effects of the scope of consolidation and exchange rates, sales decreased by 3.3%.

Moderate increase in the Nutrition and Baking clusters in the Food Ingredients business unit

Within *Budenheim's* top-selling Food Ingredients business unit, sales in the Nutrition and Baking clusters rose moderately year on year, which was supported by the higher demand for baked goods and health products in supermarkets. Nevertheless, this growth could not compensate for a decline in sales in the Savory Solutions cluster, which was hit hard by the global pandemic. Almost a third of business in this cluster is associated with the food service market (hotels, restaurants and catering), where demand declined dramatically.

The Performance Materials business unit is continuing its transformation toward increased exchange with direct customers and has adapted the structures and activities of the global sales team for this purpose. As part of this, the sales team in the Asia-Pacific region was also strengthened to support the high regional growth. This benefited in particular the Pharmaceutical and Medical Products cluster, whose position in China and other emerging Asian markets was significantly expanded. Driven by stronger demand and the successful launch of products with active ingredient approval, sales in the Pharmaceuticals business unit increased significantly. In contrast, the Metal Treatment cluster suffered a significant decline as a result of the low oil price and the associated collapse in steel pipe production. Against this background, the cluster is positioning itself with innovations in new areas of application independent of the oil industry. The weak steel market reduced the demand for refractory materials, which led to a sharp drop in sales in the Ceramic Solutions cluster. This was not offset by the successful market entry in China and Japan.

The Material Ingredients business unit was also significantly impacted by the COVID-19 pandemic. The business unit's technical applications were affected, particularly the Polymers cluster. Overall, 2020 was marked by significant declines in the trend industries in the field of electrical and electronic plastic applications, which could not be offset by projects in the field of more stable construction applications. The size of the polymer additives market continues to offer a wide range of growth options, which Budenheim is taking advantage of, among other things, through the merger with masterbatch manufacturer QolorTech. This merger is driving the transformation of the company into a provider of complete solutions.

The Oetker Collection suffered high sales declines due to the coronavirus pandemic.

The hotels of the *Oetker Collection* were unable to escape the disastrous market environment and the effects of the COVID-19 crisis. The consolidated sales of the hotel group were EUR 118 million or 69.4% below the previous year's figure of EUR 170 million. Le Bristol Paris, which had to close for five months due to the local coronavirus regulations, suffered the biggest drop in sales. The Brenners Park-Hotel was able to reopen in June 2020 after only three months of closure and had promising occupancy figures during the summer. Nevertheless, due to the renewed closure at the beginning of November, the occupancy rate was well below the level of the previous year, which meant that overall high sales losses were also recorded here. The Hôtel du Cap-Eden-Roc had a very short summer season. A decent business performance in July and August, considering the circumstances, helped to reduce the impact on sales and earnings, at least in part. The Château St. Martin & Spa remained closed for the entire 2020 season and consequently did not generate any sales. However, this step helped to limit operating losses.

The year was also very difficult for the Oetker Hotel Management Company (OHMC), as the business of managing hotels on behalf of third-party owners slumped as a result of the coronavirus pandemic. On the positive side, the Oetker Hotel Management Company will add two new hotels to its portfolio. In summer 2021, the Woodward will open as the tenth Masterpiece Hotel in the heart of Geneva. In spring 2022, the Oetker Collection will open the Hotel La Palma in Capri. It is currently being renovated and transformed into an elegant and exclusive house with 50 rooms and suites.

OEDIV's sales in the 2020 financial year clearly exceeded the level of the previous year, which was already positively influenced by high one-off sales. In 2020, business with third-party customers was further expanded. In addition, OEDIV benefited from increased demand from existing customers for additional, previously unused services from its portfolio of services as well as growth-related extensions to existing infrastructures. Since the beginning of the coronavirus pandemic, the focus has been on services such as Collaboration, Microsoft 365, SAP HANA projects and hybrid IT services. Great efforts to place these services successfully compensated for a "coronavirus gap".

OEDIV was also able to grow as a result of acquisitions. For the first time, the consolidated figures include the revenues of iSM SecuSys AG in Rostock, which was acquired on February 1, 2020, and renamed OEDIV SecuSys GmbH in April 2020. The majority of sales at OEDIV were generated by German customers, some of whom have international locations. The sales increases described were also attributable to these customer groups.

Forecast

Budenheim is planning for a significant overall increase in sales for the 2021 financial year. This increase is being driven on the one hand by the expected volume growth after the slump in 2020. On the other hand, the sales forecast also takes into account acquisition-related sales growth from the acquisition of QolorTech in the third quarter of 2020. Currency effects are expected to have a negative impact on annual sales in 2021.

The *Oetker Collection* does not expect sales to recover until the summer of 2021. The hotels in the collection forecast an increase in sales compared to 2020, but still significantly below the sales achieved in 2019. The start of the season for the hotels in southern France, which are operated in summer, will be postponed a little further into summer, but greater occupancy rates are expected again for the high season. The management company OHMC is also forecasting an increase in sales, among other things due to a growing hotel portfolio and an increase in management fees. Despite the expected recovery in summer, the hotel group does not expect to be able to achieve the sales level of 2019 for the coming 2021 financial year.

OEDIV expects moderate sales growth for 2021. This growth is expected to result from the positive development in the third-party customer segment, both with new and existing customers.

Financial Position

Total assets increased by EUR 297 million compared to December 31, 2019, to EUR 10,307 million. The balance sheet structure showed no significant changes as of December 31, 2020, with the exception of the increase in intangible assets. As a result, the proportion of fixed assets in total assets rose from 39.6% in the previous year to 44.9%. The use of funds in fixed assets was reflected in the decline in net financial resources.

The basic values of the balance sheet structure are as follows:

BALANCE SHEET STRUCTURE

In EUR million	2018	2019	**2020**
Total assets	9,822	10,010	10,307
Fixed assets	3,816	3,962	4,632
Inventories, accounts receivable, prepaid expenses	2,788	2,823	2,862
Cash and cash equivalents	3,217	3,225	2,814
Equity	4,027	4,104	4,226
Provisions	1,387	1,417	1,573
Liabilities including deferred income, deferred tax liabilities	4,408	4,489	4,509

Intangible assets increased by EUR 621 million compared to the previous year to EUR 1,579 million. The additions in 2020 totaled EUR 893 million (previous year: EUR 316 million) and, at EUR 874 million, are largely due to the first-time consolidations of the year. Of this, EUR 638 million was accounted for by goodwill, which is mainly accounted for in the Digital/New Business Models unit and in the Beer and Nonalcoholic Beverages Division. In addition, brand rights to the value of EUR 234 million were acquired, primarily as a result of the purchase price allocation for the acquisition of flaschenpost. Property, plant and equipment fell by EUR 28 million to EUR 2,309 million. Additions of 348 million euros (previous year: EUR 403 million), of which EUR 24 million were acquisition-related, included depreciation of EUR 279 million (previous year: EUR 274 million). Most of the investments related to assets under construction and advance payments made for the Food Division. The total additions to property, plant and equipment and intangible assets amounted to EUR 1,241 million (previous year: EUR 719 million). Of this, EUR 898 million was attributable to acquisitions (previous year: EUR 361 million). Current investments amounted to EUR 343 million and were thus EUR 15 million below the level of the previous year. From a regional perspective, the focus was once again on investments in domestic companies; the share of foreign companies in ongoing investments was 33.6% (previous year: 34.4%). Amortization of intangible assets and property, plant and equipment totaled EUR 504 million (previous year: EUR 547 million).

The investments in associated companies increased by EUR 65 million to EUR 531 million as of the balance sheet date. Following the increase in the stake in Solid Rock Properties SAS, Saint-Barthélemy (France), they primarily include the investments in Bankhaus Lampe KG, Moers Frischeprodukte GmbH & Co. KG, Deutsche Getränke Logistik GmbH & Co. KG (DGL), S.A. Damm, Barcelona (Spain), and Emaphos Euro Maroc Phosphore S.A., Casablanca (Morocco), which are also accounted for using the at-equity method.

The book value of the inventories amounted to EUR 1,121 million and thus changed only slightly compared to the previous year (EUR 1,123 million). Trade receivables fell by EUR 44 million to EUR 1,159 million as of the balance sheet date. The decline in receivables from affiliated companies by EUR 12 million to EUR 51 million at the end of the year is primarily due to the investments in DGL and F&B Food and Beverage Services GmbH in the beer sector and Moers Frischeprodukte GmbH & Co. KG. There were liabilities of EUR 16 million (previous year: EUR 12 million). They exist in relation to domestic and foreign investments that are not included in the consolidation.

Other assets rose to EUR 489 million as of the balance sheet date (previous year: EUR 398 million), partly due to higher tax refund claims. In addition, claims from the reinsurance of pension obligations at the Condor insurance group, receivables from empties and the like that are not offset against liability items are shown in this balance sheet item. This also includes the assets of Atlantic Forfaitierungs AG, which in particular consist of short-term financial investments. An amount of EUR 44 million (previous year: EUR 39 million) of the other assets has a remaining term of more than one year.

At the balance sheet date, funds amounted to EUR 2,814 million (previous year: EUR 3,225 million). They consist of claims against Bankhaus Lampe KG, current asset securities and the item “Cash on hand, deposits with other banks and checks”.

The fixed capital of Dr. August Oetker KG was unchanged at EUR 450 million. The group’s reserves increased by EUR 249 million to EUR 3,887 million as of the balance sheet date. The negative change in the equity difference from currency translation of EUR 132 million resulted mainly from the devaluation of the Brazilian real, the US dollar and the Turkish lira against the euro. The equity item attributable to noncontrolling interests rose from EUR 137 million to EUR 142 million as of the balance sheet date and is mainly attributable to minority interests in the Freixenet Group. This resulted in a total equity increase of EUR 122 million to EUR 4,226 million as of December 31, 2020.

Pension provisions amounted to EUR 476 million as of the balance sheet date and decreased by EUR 11 million compared to the previous year. While payouts had an impact of EUR –39 million, interest and exchange rate effects had an impact of EUR +31 million. As before, part of the retirement benefits for employees is covered by direct insurance contracts, especially at Condor Lebensversicherungs-AG. The insurance premiums required for this are largely paid in one-off payments. Policy loans are not used. Tax provisions

amounting to EUR 78 million (previous year: EUR 26 million) only included effective taxes. The other provisions comprised amounts for outstanding invoices, for deposits from the Beer and Nonalcoholic Beverages Division, for sales deductions, particularly in the Food Division, and for human resources.

Liabilities amounted to EUR 4,459 million (previous year: EUR 4,402 million) and can be found in the appendix, broken down by residual maturity. The other liabilities of EUR 2,309 million included in the total amount (previous year: EUR 2,692 million) include the shareholder accounts within Dr. August Oetker KG.

The deferred tax liabilities fell by EUR 38 million to EUR 37 million as of the balance sheet date and resulted exclusively from consolidation measures, as there was an asset surplus at the level of the individual financial statements – mainly due to different valuations for pension provisions – and thus from the option of Section 274 (1), sent. 2, of German Commercial Code (HGB).

The Oetker Group's financial position is based on internal financing, largely retained earnings and long-term bank loans. The positive balance of net financial assets decreased from EUR 2,300 million as of December 31, 2019, to EUR 1,465 million as of December 31, 2020, mainly due to the expenditures for acquisitions.

As compared to the previous year, equity increased by EUR 122 million to EUR 4,226 million. With a simultaneous increase in total assets by 3.0%, the equity ratio remained unchanged at 41.0%. Bank liabilities are mainly based on loans with long-term maturities that were serviced in accordance with planning. Long-term loans in the amount of EUR 94 million were repaid in the reporting year. New long-term loans were taken out in the amount of EUR 600 million, and there was also a decrease in short-term loans of EUR 82 million. Lease agreements and other off-balance-sheet financing instruments are only of minor importance for the Oetker Group.

Financing and cash investments by subsidiaries are combined within the Oetker Group wherever possible in order to minimize risks and exploit potential optimization. Interest rate, price and currency hedges are primarily carried out by Dr. August Oetker KG using derivative financial instruments in the form of forward exchange transactions.

Forecast Report

The global economy continues to be shaped by the development of the coronavirus pandemic. As before, parts of the economy are severely affected by precautionary measures to avoid infection, the areas of hospitality, tourism and events being particularly affected. The current development of infection figures in the spring dampens optimism. Nevertheless, as the population becomes increasingly vaccinated, the prospect of a normalization of economic activity is growing. The Kiel Institute for the World Economy (IfW) forecasts global economic growth of 6.7% for the year as a whole. However, this means that the precrisis level of 2019 will not yet be reached again in key regions of the world. Strong growth rates are expected in the United States, mainly due to fiscal stimulus. The IfW forecast for gross domestic product growth in the European Union (EU) is 4.6%. Household consumption expenditure in the EU is expected to increase by 3.0%. Additional inflows of EU funds from the program adopted to deal with the consequences of the pandemic will have a supporting effect on the economy.

The business development of the Oetker Group will also depend to a large extent on the development of the general economic conditions in 2021, which are significantly influenced by the pandemic. The group management is confident, however, that by diversifying into various divisions and by working on a wide range of products and sales channels within these divisions, the group will be able to overcome the crisis and, based on a stable foundation, continue on the growth path it has embarked on.

Sales planning for 2021 is primarily based on organic growth, supplemented by individual acquisitions. With regard to the exchange rates of the foreign currencies that are important to the Oetker Group, with the exception of the Mexican peso, the Turkish lira and the Brazilian real, the 2020 annual average was accurately anticipated across the board. Overall, the group management expects a significant increase in sales to a level of over EUR 8 billion. In addition to the positive outlook for the hotels in particular, strong growth impetus is expected from the new business models, partly as a result of the full-year inclusion of flaschenpost. Investments (excluding first-time consolidations) are estimated at around EUR 485 million, about half of which are attributable to the Food Division. The net financial balance will continue to show a clearly positive balance. There will be a significant increase in the number of employees, mainly as a result of the acquisition of flaschenpost in 2020.

↗ The forecasts for the respective divisions can be found from page 29 onwards.

Other aspects of the expected development in the individual divisions are described in their respective sections.

Opportunities and Risks Report

The business activities of the Oetker Group offer many opportunities and are subject to permanent risks. The primary goal is to achieve a balance between opportunities and risks.

All trends in the industries relevant to the group are constantly monitored. Opportunities are considered when formulating plans and pursued as part of periodic reporting. Regular market and competitive analyses are carried out and the crucial success factors for the markets are examined.

The group companies are subject to various economic conditions. In the three consumer goods divisions, consumption trends among consumers are particularly relevant. A diversified product portfolio and continuous development of new products help the group to take account of market and consumer needs. This also includes the trend towards more quality awareness and increased demand for sustainably produced products.

Expanding the group's market presence also offers strategic opportunities. This applies, for example, to the markets in emerging countries. With the help of strategic acquisitions, the product portfolio can be expanded, the market position improved and growth boosted.

Within the context of its structure, which is diversified across both industries and regions, the Oetker Group is also exposed to different risks. These are mainly economic risks, commodity price risks and, to a lesser extent, currency risks. Dealing with these business risks is an essential part of the Oetker Group's corporate management.

Operational opportunities and risks

Procurement market opportunities and risks

According to the group management, prices on the procurement markets will rise in the coming year. Numerous raw materials that are important in the consumer goods business areas are, however, firmly contracted in terms of prices for the year 2021, so that there are no risks in this respect. Diversification through different suppliers and further measures to secure volumes reduces other procurement risks. As a result of the spread of the coronavirus, however, there may be impairments in the supply chains and thus raw material bottlenecks and production bottlenecks or failures.

Environmental and industry-related opportunities and risks

The consumer climate is of crucial importance for the consumer goods divisions. The pandemic triggered by the coronavirus may have significant consequences for consumer behavior. The current effects of the pandemic are fraught with great uncertainty and vary considerably between regions and customer sectors. The extent and duration of the effects on the business of the Oetker Group cannot therefore be estimated. In addition, interventions by national authorities, trade policy conflicts or uncertain geopolitical situations, as already seen in several countries, can have a major impact. The ongoing debt and financial crisis in some countries is also giving rise to risks for the group's business divisions.

In addition, increasingly intense competition and increasing trade concentration pose risks. With the continuous strengthening of the brands and constant new product developments, the group companies counter these risks and thereby also generate new opportunities. In addition, the use of different sales channels makes it possible to compensate for possible structural shifts or changes in consumer demand behavior.

Functional opportunities and risks

Financial opportunities and risks

The Oetker Group is subject to financial opportunities and risks in terms of liquidity, currencies and interest rates. In view of the solid earnings structure and financial position of the Oetker Group, the long-term connections to various banks and financing based on classic long-term bank loans, the liquidity and interest rate risk is considered to be low. The liquid funds from the sale of the Shipping Division in 2017 were invested very conservatively in a broadly diversified fund. The upheavals in the financial markets caused by the coronavirus crisis had little impact on this fund. Currency risks are mainly hedged with the help of forward exchange transactions, which limit potential losses.

Legal and regulatory risks

As a company that operates worldwide, the Oetker Group has to observe a large number of legal and regulatory standards. Internal standards, guidelines and instructions on how to implement them are used and are regularly checked, including as part of the management systems. All relevant legal and regulatory requirements and compliance with the Oetker Group Code of Conduct are also monitored by a group-wide compliance organization. In addition, the usual insurance policies have been concluded to cover certain legal risks.

Opportunities and risks in the area of IT/digitalization

The use of digital technology enables the ongoing standardization of data systems as well as the harmonization and optimization of processes. Information technology risks are countered by extensive investments in the security architecture of the IT systems. Digital transformation is an unstoppable trend that is influencing consumer behavior and market participants. In addition to risks, including the entry of new market participants, this also gives rise to new forms of offerings and business models that offer the Oetker Group new growth opportunities, especially in the consumer goods divisions.

Personnel opportunities and risks

The financial success of the Oetker Group is largely defined by its employees' skills and motivation. Recruiting highly qualified specialists and managers and binding them to the Oetker Group in the long term is therefore enormously important. To do this, targeted measures to promote employee development and performance-based incentive systems are used. A further focal point in the group's human resources work is on health management and supporting employees in different phases of their lives. In the current coronavirus crisis, employee health is, more than ever before, a top priority. A centrally implemented crisis management response team provides information on the current status of the spread

of the new coronavirus and exchanges information in order to advise on measures and their communication within the company. This also applies to dealing with suspected cases and illnesses. The aim is to protect the health of employees and business partners while minimizing the risk of staff absences due to illness and the resulting impact on operations.

Environmental and safety factors
Due to its activities at numerous locations worldwide, the Oetker Group has to observe environmental, safety, health and social standards. This could result in impairments for people and their environment and damage to goods. Measures that target legal and regulatory risks also help counter environmental and safety risks, as do the certification, counseling and training of employees. In addition, high production standards ensure effective protection against possible environmental and safety risks. Increasing signs of climate change, such as heat periods, lack of water or heavy rain, can have a negative impact on crop yields and thus on the procurement of raw materials, as well as on the locations of the group companies and consumer behavior. The Oetker Group is therefore committed to responsible use of resources.

Logistics opportunities and risks
Despite the advantageous development in the logistics industry, which supports the group companies in their plan to establish an efficient and effective supply chain, risks can still be identified. The strong concentration of the logistics industry, especially in the frozen food sector, has intensified competition over time. In addition, the logistics industry is already suffering from a shortage of skilled workers, and considerable toll increases sometimes make logistics services more expensive, which can also increase costs within the Oetker Group. The coronavirus crisis can also lead to risks with regard to the timely transport of goods.

Summary of the opportunities and risks situation
There are no concentrations of risk worthy of mention either on the customer side or on the supplier side. Such risks are also not discernible with regard to the countries in which the Oetker Group operates.

There are no other discernible risks that could impair the long-term existence of the Oetker Group. In addition, over the past few years an increased level of risk coverage has been created through the solid equity base and the improvement in strategic positions, which from today's point of view has made it even easier to control the risk drivers of the business.

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The percentages included in the group management report and the consolidated financial statements refer to the exact amounts, not the rounded amounts. Due to rounding it is possible that individual numbers (€, %, etc.) do not add up exactly to the specified sum.

Consolidated Financial Statements

02

Consolidated Balance Sheet

Dr. August Oetker KG

ASSETS In EUR '000 €	2019	2020
FIXED ASSETS		
Intangible assets		
Acquired concessions, trademarks and similar rights and assets as well as licenses to such rights and assets	518,236	655,736
Goodwill	433,356	920,788
Advance payments	6,459	2,963
	958,051	**1,579,487**
Tangible assets		
Land, leasehold rights and buildings, including buildings on leasehold land	1,285,556	1,237,394
Machinery and equipment	608,495	574,750
Other equipment, fixtures, furniture and office equipment	277,583	273,871
Advance payments and fixed assets under construction	164,797	222,893
	2,336,432	**2,308,908**
Financial assets		
Shares in subsidiaries	79	58
Investments in associated companies	465,676	530,973
Investments in other companies	55,017	87,870
Long-term borrowings to affiliated companies	17,351	20,239
Fixed-assets securities	1,396	1,889
Other long-term borrowings	127,898	102,644
Advance payments for financial assets	0	35
	667,418	**743,708**
	3,961,900	**4,632,104**
CURRENT ASSETS		
Inventories		
Raw materials and supplies	323,994	305,406
Work in progress	262,274	238,670
Finished products and merchandise	525,614	567,375
Advance payments	10,955	9,976
	1,122,837	**1,121,427**
Accounts receivable and other current assets		
Accounts receivable (trade)	1,203,609	1,159,159
Accounts receivable from affiliated companies (apart from banks)	63,124	50,825
Other current assets	397,745	489,028
	1,664,478	**1,699,012**
Funds		
Accounts receivable from affiliated banks	60,875	105,099
Securities held as current assets	2,657,705	2,153,897
Cash in hand, deposits with nonaffiliated banks and checks	506,530	554,589
	3,225,110	**2,813,585**
	6,012,425	**5,634,024**
DEFERRED INCOME	**35,280**	**40,049**
POSITIVE DIFFERENCE BETWEEN PLAN ASSETS AND RETIREMENT BENEFIT OBLIGATIONS	**849**	**1,037**
	10,010,454	**10,307,214**

EQUITY AND LIABILITIES In EUR '000 €	**2019**	**2020**
EQUITY		
Fixed capital	450,000	450,000
Reserves	3,638,108	3,887,206
Difference in equity due to currency translation	–120,727	–253,223
Noncontrolling interests	136,910	141,973
	4,104,291	**4,225,956**
DIFFERENCE DUE TO CAPITAL CONSOLIDATION	**8**	2
PROVISIONS		
Provisions for pensions and similar obligations	486,995	475,825
Provisions for taxes	25,696	78,234
Other provisions	904,331	1,018,656
	1,417,022	**1,572,715**
LIABILITIES		
Liabilities due to banks		
Liabilities due to banks outside the Oetker Group	914,983	1,338,911
Liabilities due to affiliated banks	10,005	10,090
Advance payments received on orders	14,289	12,848
Accounts payable (trade)	599,447	569,331
Accounts payable to subsidiaries	22	20
Accounts payable to affiliated companies (apart from banks)	11,765	15,913
Miscellaneous liabilities		
Taxes	141,904	179,741
Social security	17,198	22,745
Other	2,692,070	2,308,922
	4,401,684	**4,458,522**
DEFERRED INCOME	**12,427**	**12,578**
DEFERRED TAX LIABILITIES	**75,023**	**37,440**
	10,010,454	**10,307,214**

Bielefeld, April 20, 2021
Dr. August Oetker KG

Dr. Albert Christmann
General Partner

Dr. Heino Schmidt
Chief Representative

Consolidated Statement of Changes in Fixed Assets

Dr. August Oetker KG

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS In EUR '000	Procurement and manufacturing costs as of January 1, 2020	Currency differences and effects due to change in scope of consolidation	Additions	Disposals	Reclassifications	Procurement and manufacturing costs as of December 31, 2020
Intangibles assets						
Acquired concessions, trademarks and similar rights and assets as well as licenses to such rights and assets	1,472,664	–35,289	252,010	–24,167	1,146	1,666,364
Goodwill	816,685	–42,520	639,759	–6,230	4,494	1,412,188
Advance payments	6,583	–38	1,703	–50	–5,228	2,969
	2,295,933	**–77,848**	**893,473**	**–30,448**	**411**	**3,081,521**
Tangible assets						
Land, leasehold rights and buildings, including buildings on leasehold land	2,589,273	–32,532	31,559	–49,958	30,925	2,569,267
Machinery and equipment	2,715,955	–31,481	72,266	–79,894	51,665	2,728,512
Other equipment, fixtures, furniture and office equipment	893,952	–7,239	88,719	–52,214	8,563	931,781
Advance payments and fixed assets under construction	165,430	–3,745	155,240	–1,767	–91,564	223,594
	6,364,609	**–74,997**	**347,786**	**–183,834**	**–411**	**6,453,153**
Financial assets						
Shares in subsidiaries	79	–0	4,202	–4,223		58
Investments in associated companies	586,466	6	63,448	–8,331	10,175	651,764
Investments in other companies	56,736	–5	44,483	–858	–10,175	90,180
Long-term borrowings to affiliated companies	17,351		3,851	–963		20,239
Fixed-assets securities	1,830	–1	73	–110	406	2,197
Other long-term borrowings	138,435	–4	18,681	–24,057	–406	132,648
Advance payments for financial assets			35			35
	800,897	**–5**	**134,773**	**–38,543**		**897,122**
TOTAL	**9,461,439**	**–152,849**	**1,376,031**	**–252,824**		**10,431,797**

Accumulated depreciation and amortization as of January 1, 2020	Currency differences and effects due to change in scope of consolidation	Depreciation and amortization in the financial year	Disposals	Reclassifi-cations	Write-ups in the financial year	Accumulated depreciation and amortization as of December 31, 2020	**Book value as of December 31, 2020**	Book value as of December 31, 2019
−954,428	18,192	−100,729	21,392	4,316	629	−1,010,628	655,736	518,236
−383,329	17,026	−124,173	3,469	−4,393		−491,400	920,788	433,356
−125	0	−1	50	70		−6	2,963	6,459
−1,337,882	**35,218**	**−224,904**	**24,911**	**−7**	**629**	**−1,502,034**	**1,579,487**	**958,051**
−1,303,716	7,438	−61,560	23,636	2,329		−1,331,873	1,237,394	1,285,556
−2,107,460	14,709	−124,349	63,187	151		−2,153,761	574,750	608,495
−616,369	5,069	−93,392	49,241	−2,473	13	−657,910	273,871	277,583
−633	69	−137				−701	222,893	164,797
−4,028,178	**27,285**	**−279,437**	**136,065**	**7**	**13**	**−4,144,245**	**2,308,908**	**2,336,432**
							58	79
−120,790	−1					−120,791	530,973	465,676
−1,719		−947	355			−2,310	87,870	55,017
							20,239	17,351
−434	3	−6	110		19	−309	1,889	1,396
−10,536		−21,573	2,105			−30,004	102,644	127,898
							35	
−133,479	**1**	**−22,525**	**2,570**		**19**	**−153,414**	**743,708**	**667,418**
−5,499,539	**62,504**	**−526,866**	**163,546**		**661**	**−5,799,694**	**4,632,104**	**3,961,900**

Notes to the Consolidated Financial Statements
Dr. August Oetker KG

Application of the statutory requirements

As a commercial partnership, Dr. August Oetker KG, registered in the Commercial Register of the Municipal Court of Bielefeld under HRA 8242, is required pursuant to Section 2 of the German Act on Disclosure of Company Financial Statements (below Disclosure Act) to compile and publish consolidated financial statements and a group management report. These consolidated financial statements and group management report, which were prepared in accordance with Section 13 of the Disclosure Act in conjunction with Sections 294 to 315 of the German Commercial Code (below Commercial Code), qualify for exemption within the meaning of Section 264 (4) of the Commercial Code, Section 264b of the Commercial Code and Section 5 (6) of the Disclosure Act for the companies identified in the list of shareholdings pursuant to Section 313 of the Commercial Code (published in the electronic Federal Gazette).

With the exception of the information pursuant to Section 313 (2) of the Commercial Code, this annual report complies with the regulations of Section 13 of the Disclosure Act in conjunction with Sections 294 to 315 of the Commercial Code.

Scope of consolidation

All of the major domestic and foreign companies on which Dr. August Oetker KG can exert a controlling influence directly or indirectly have been included in the consolidated financial statements.

As of the balance sheet date, the scope of consolidation included a total of 442 companies (previous year: 407), of which 247 were German and 195 foreign companies. Because of their overall minor importance, five companies were not fully consolidated (previous year: eight). The same applies to 16 companies with which an equity interest exists (previous year: eleven companies) in terms of consolidation at equity.

In addition, 15 companies are valued at equity (previous year: 16).

The following significant changes occurred within the scope of consolidation:

On July 30, 2020, Dr. Oetker acquired the remaining shares in InterNestor GmbH, an online provider of home-baked individualized cakes. This led to the first-time consolidation of this company in the consolidated financial statements. In addition, NewCakes B.V., the European market leader in multi-brand specialty store cakes from the Netherlands, was taken over on December 31, 2020. On May 1, 2020, the Beer and Nonalcoholic Beverages Division acquired the Pachmayr Group, adding five companies to the scope of consolidation. In the Sparkling Wine, Wine and Spirits Division, the number of consolidated companies fell due to a number of mergers and liquidations, among other things. In the Other Interests Division, the shares in QolorTech B.V., a Dutch manufacturer of chemical products, were acquired on August 20, 2020. In addition, flaschenpost SE and a total of 34 companies were included in the consolidated financial statements as of December 31, 2020. There were also further additions, which, however, are of minor importance for the group as a whole.

Several small and insignificant companies from a group perspective that have been merged or liquidated are no longer included in the scope of consolidation.

A listing of shareholdings is published in the electronic Federal Gazette as an element of the notes to the consolidated financial statements.

Accounting policies and valuation methods

The individual financial statements of the companies included in the consolidated financial statements prepared for consolidation purposes are accounted for and evaluated according to uniform criteria in accordance with the provisions of the Disclosure Act and Commercial Code on the basis of the Oetker Group's reporting, accounting and valuation policies (Handelsbilanz II). The financial statements of the companies accounted for using the equity method were adjusted in part to the uniform group guidelines.

Tangible and intangible assets were valued in accordance with Section 253 of the Commercial Code. No use was made of the option provided for in Section 248 (2), sent. 1, of the Commercial Code to capitalize self-produced intangible assets within the Oetker Group. Goodwill is amortized according to its useful life. The maximum valuation limit for the production cost is the cost pursuant to Section 255 (2), sent. 1 and 2, of the Commercial Code. Investment grants were treated as deductions from the acquisition cost. Scheduled depreciation and amortization were based both on the straight line and the declining balance method (with transition to the straight line method if the amount thus produced was higher than with the declining balance method), largely in accordance with the useful lives recognized by the tax authorities. In Germany, minor assets with an acquisition cost of up to EUR 800 are fully written off in the year of acquisition. A similar approach is taken abroad in comparable cases. In some cases, a collective item is formed for the year for minor assets, for which the acquisition or production cost for the individual asset exceeds EUR 150 but not EUR 1,000, which is written off as a cost evenly over five years.

The value of financial assets is not to exceed their acquisition cost where no lower values are called for. Permanent decreases in the value of fixed assets are accounted for by impairment losses.

Current assets are valued in accordance with Sections 253 and 256 of the Commercial Code. The production cost of inventories includes appropriate manufacturing overheads, observing the production cost limits set by the tax authorities; interest on borrowed capital is not capitalized. Apparent inventory risks are accounted for through loss-free valuation. Adequate specific and general provisions are formed to cover risks in accounts receivable.

Transactions in foreign currencies are translated at the mean spot exchange rate at the time of the transaction for the sake of simplicity and at the monthly average rate in some cases.

Provisions are recognized at the settlement amount necessary based on prudent commercial judgment. The pension provisions are valued according to the rules of the partial

value procedure using the 2018 G mortality tables of Prof. Klaus Heubeck. The simplification rule of Section 253 (2), sent. 2, of the Commercial Code is applied and the interest rate determined by the Deutsche Bundesbank for 15-year remaining terms as of October 31, 2020, and forecast as of December 31, 2020 (2.32%, previous year: 2.71%). In addition, an expected wage and salary increase of 2.8% (previous year: 2.8%) and an expected pension increase of 1.3% (previous year: 1.3%) are taken as a basis. The pension obligations of the foreign companies are assessed on the basis of the respective national regulations and are not of material importance. The difference in accordance with Section 253 (6) of the Commercial Code is EUR 43 million.

The same increase in wages and salaries is assumed for the anniversary provisions as for the pension provisions. The interest rate is determined in the same way as there, but on the basis of the average from the past seven financial years; it is 1.62% (previous year: 1.97%). For other provisions, expected price increases of 1.3% (previous year: 1.3%) are taken into account.

Assets within the meaning of Section 246 (2), sent. 2, of the Commercial Code of EUR 30 million were set off against corresponding provisions for pension obligations.

Liabilities are recognized at their settlement amount.

On account of an asset surplus in deferred taxes from individual financial statements, the deferred taxes are formed only as provided for by Section 306 of the Commercial Code. Deferred tax assets and liabilities from consolidation transactions are set off against one another, leaving an excess of liabilities. Compared to the previous year, this decreased by EUR 38 million to EUR 37 million. Tax rates specific to the individual companies are applied.

Valuation units within the meaning of Section 254 of the Commercial Code are formed to a minor extent. In these cases, the freezing method is applied.

Currency translation

The currency translation of items in foreign currencies on the balance sheets of the consolidated companies is based on Section 256a of the Commercial Code. Where not already drawn up in euros, the balance sheets of the foreign subsidiaries are translated based on the modified closing rate method of Section 308a of the Commercial Code. Movements in the consolidated statement of changes in fixed assets are translated at the average exchange rate for the year.

Consolidation principles

The annual financial statements of all consolidated companies are compiled as of the date of the consolidated financial statements. Upon consolidation for the first time, the acquisition cost and investment book values are set off against the proportional equity in the capital consolidation based on the principles of the revaluation method. Initial consolidation is carried out on the date on which the company became a subsidiary. The fair

value of the acquired assets, debts, accruals and deferrals and special items acquired is derived as far as possible from market prices within the context of comparable transactions. The remaining differences on the assets side are recognized as goodwill and written off as an expense in the subsequent years pursuant to Section 309 (1) of the Commercial Code. The depreciation is linear, the useful life is max. five years. The same applies to the companies consolidated at equity. Differences on the liabilities side are recognized under the item "Difference due to capital consolidation" after equity and treated in accordance with Section 309 (2) of the Commercial Code.

All receivables and payables between consolidated companies are calculated to net and profits and losses on intercompany transactions are eliminated, as are intercompany expenses and income. Deferred taxes are allowed for in the event of differences resulting from consolidation that are expected to be eliminated in subsequent financial years.

Profits on intercompany transactions with companies consolidated at equity are not eliminated.

Other information

The fixed capital shown in the consolidated balance sheet corresponds to the fixed capital of Dr. August Oetker KG. It is held by the limited partners of Dr. August Oetker KG in equal shares, which also correspond to the voting rights. Liabilities amount to EUR 4,459 million. Based on remaining maturity, the individual items are structured as shown in Table 1.

TABLE 1: LIABILITIES In EUR million	**Payable within one year (previous year)**	Payable after one year (previous year)	Payable after more than 5 years (previous year)
Liabilities due to banks outside the Oetker Group	321 (345)	1,017 (570)	417 (186)
Liabilities due to affiliated banks	10 (10)		
Advance payments received on orders	13 (14)		
Accounts payable (trade)	563 (591)	7 (8)	4 (4)
Accounts payable to affiliated companies (apart from banks)	16 (12)		
Miscellaneous liabilities	578 (588)	1,934 (2,263)	1,739 (1,930)
Total	**1,501 (1,561)**	**2,958 (2,840)**	**2,160 (2,120)**

No securities requiring disclosure were granted for these liabilities.

On the balance sheet date, the following contingent liabilities pursuant to Section 251 of the Commercial Code existed:

TABLE 2: CONTINGENT LIABILITIES

In EUR million	2019	**2020**
Liabilities from guarantees	22	27
Liabilities from warranties	3	3

Risks arising from claims with respect to contingent liabilities are not anticipated given the creditworthiness of the debtor concerned.

The other financial obligations pursuant to Section 314 (1), no. 2a, of the Commercial Code total EUR 1,014 million, of which EUR 356 million is for next year. Off-balance-sheet transactions in accordance with Section 314 (1), no. 2, of the Commercial Code were only carried out to an extent that had a negligible impact on the financial position of the Oetker Group.

As companies operating internationally, Dr. August Oetker KG and its subsidiaries are exposed to interest rate, price and currency risks. To mitigate these risks, Dr. August Oetker KG has, in particular, concluded contracts in derivative financial instruments (futures, swaps and options). At the balance sheet date, there were forward exchange purchases/sales with a transaction volume of EUR 365 million and a fair value of EUR –1 million.

No provisions have been set up for futures, swaps and options not included in valuation units.

The derivative financial instruments are valued based on certain assumptions and valuation models, such as the present value method.

The workforce of the companies consolidated in the Oetker Group rose during the year under review by 8.1% to 36,831 employees (previous year: 34,060). The Food Division increased its headcount from 18,743 to 20,040, which also reflects the effects of the scope of consolidation, such as the full-year inclusion of the companies Panovia and Mavalério, which were acquired in the previous year. In the Beer and Nonalcoholic Beverages Division, the number of employees fell from 7,094 to 7,083. The Sparkling Wine, Wine and Spirits Division recorded a decrease in employees of 62 to 3,494, which is partly due to the effects of the scope of consolidation. The headcount in the Other Interests Division grew from 4,667 to 6,214 employees, mainly due to the expansion of the business with new business models.

The difference between the corresponding book values and the proportionate equity of all associated companies included is EUR 35 million.

The total fee in accordance with Section 314 (1), no. 9, of the Commercial Code amounts to EUR 2,216 thousand. Of this amount, EUR 1,749 thousand went to audit services,

EUR 77 thousand to other confirmation services, EUR 83 thousand to tax consulting services and EUR 307 thousand to other services.

Transactions with related companies and persons pursuant to Section 314 (1), no. 13, of the Commercial Code were immaterial in scope.

Income statement

In accordance with Section 13 (3), sent. 2, of the Disclosure Act, no income statement will be published. In the same application of the Disclosure Act to the management report, it also does not provide any explanations regarding the earnings situation or key financial indicators, with the exception of sales revenue. The income statement of the bank can be found in its separate annual report.

The disclosures required pursuant to Section 5 (5), sent. 3, of the Disclosure Act are published in a separate appendix – see Table 3.

TABLE 3: APPENDIX TO THE BALANCE SHEET

Pursuant to Section 13 (3), sent. 2, of the Disclosure Act in conjunction with Section 5 (5), sent. 3, of the Disclosure Act	2019	**2020**
a) External sales (in EUR '000)	7,405,782	7,329,747
b) Income from investments (in EUR '000)	25,805	14,279
c) Wages and salaries, social security contributions, expenditure on pensions and other benefits (in EUR '000)	1,568,640	1,609,966
d) Number of employees Converted into full-time employees, the average number of employees in 2020 was 33,407 (previous year: 31,096)	34,060	36,831

Sales are broken down according to geographic markets and areas of activity as shown in Table 4. From 2020, the breakdown of sales by activity will be based on the responsible divisions. The previous year's figures have been adjusted accordingly.

TABLE 4: BREAKDOWN OF SALES REVENUE

In EUR million	2019	**2020**
Distributed by region:		
Germany	3,427	3,381
Rest of the EU	2,384	2,360
Rest of Europe	299	309
Rest of the world	1,296	1,280
Distributed by division:		
Food	3,883	4,137
Beer and Nonalcoholic Beverages	1,792	1,625
Sparkling Wine, Wine and Spirits	1,053	970
Other Interests	678	598

Adjusted for the changes in the scope of consolidation, sales revenues decreased by EUR 131 million compared to the previous year. Excluding exchange rate effects, there is an operational decline in sales of EUR 4 million.

Subsequent events

The pandemic triggered by the coronavirus at the beginning of 2020 continues to paralyze large parts of public life and is thus still having a massive impact on the economy. A precise assessment of the effects on the asset, financial and earnings position of the Oetker Group is still not possible due to the many imponderables. Further information on this can be found in the 2020 group management report of Dr. August Oetker KG.

On March 5, 2020, the shareholders of Bankhaus Lampe KG signed an agreement to sell all shares in Hauck & Aufhäuser Privatbankiers AG. The merger of the two traditional banking houses is still subject to the approval of the supervisory authorities.

Bielefeld, April 20, 2021
Dr. August Oetker KG

Dr. Albert Christmann
General Partner

Dr. Heino Schmidt
Chief Representative

Auditor's Report on the Complete Consolidated Financial Statements

To Dr. August Oetker KG, Bielefeld

Audit opinions

We have audited the consolidated financial statements of Dr. August Oetker KG, Bielefeld, and its subsidiaries (the Group), consisting of the consolidated balance sheet as of December 31, 2020, and the consolidated income statement for the financial year from January 1 to December 31, 2020, and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we audited the consolidated management report of Dr. August Oetker KG for the financial year from January 1 to December 31, 2020.

In our opinion, based on the findings of the audit

- the attached consolidated financial statements comply in all material respects with the German commercial law regulations to be applied according to Section 13 of the Disclosure Act and, taking into account the German principles of proper bookkeeping, give a true and fair view of the net worth and financial position of the Group as of December 31, 2020, and its earnings position for the financial year from January 1 to December 31, 2020, and

- the attached group management report gives an overall accurate picture of the position of the Group. This group management report is in line with the consolidated financial statements in all material respects, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3), sent. 1, of the Commercial Code, we declare that our audit has not led to any reservations about the regularity of the consolidated financial statements and the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 14 of the Disclosure Act and the generally accepted standards for the audit of financial statements laid down by the Institute of Public Auditors in Germany. Our responsibility according to these regulations and principles is further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" in our auditor's report. We are independent of the Group companies in accordance with German commercial and professional regulations and have fulfilled our other professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our assessment of the consolidated financial statements and the group management report.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the German commercial law applicable under Section 13 of the Disclosure Act in all material respects, and for ensuring that the consolidated financial statements, in accordance with generally accepted German accounting principles, give a true and fair view of the assets, financial and earnings position of the Group. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with generally accepted accounting principles in order to facilitate the preparation of consolidated financial statements that are free from material, contingent or unintentional misstatement.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue its activities. They also have responsibility for disclosing matters relating to the continuation of business, if relevant. In addition, they are responsible for accounting for continuing operations on the basis of the accounting principle, unless contrary to factual or legal circumstances.

In addition, the legal representatives are responsible for the preparation of the group management report, which gives an overall picture of the Group's position, is in all material respects consistent with the consolidated financial statements, complies with German legal requirements and accurately reflects the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence for the statements in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our aim is to gain sufficient certainty as to whether the consolidated financial statements as a whole are free of material misrepresentations, whether intentional or unintentional, and whether the group management report as a whole conveys an accurate picture of the situation of the Group and is consistent in all material matters with the consolidated financial statements and the knowledge gained during the audit, complies with German legal regulations and correctly 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 the group management report.

Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with Section 14 of the Disclosure Act in compliance with the generally accepted German standards for the audit of financial statements, as laid down by the Institute of Public Auditors in Germany, will always reveal a material misstatement. Misstatements can result from breaches or inaccuracies and are considered material if they

could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore:

- We identify and assess the risks of material misstatement, whether intentional or unintentional, in the consolidated financial statements and the group management report, plan and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion. The risk that material misrepresentations will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interactions, counterfeiting, intentional incompleteness, misrepresentations or the overriding of internal controls.

- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not with the aim of providing an opinion on the effectiveness of these systems.

- We assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives.

- We draw conclusions about the appropriateness of the accounting policy used by the legal representatives in continuing operations and, on the basis of the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that create significant doubts about the Group's ability to continue its business activity.

- If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information from the consolidated financial statements and the group management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our assessment. However, future events or circumstances may lead to the Group being unable to continue its business activities.

- We assess 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 so that the consolidated financial statements give a true and fair view of the financial position, in accordance with generally accepted accounting principles and the earnings position of the Group.

- We obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group in order to provide audit assessments on the consolidated financial statements and the group management report. We are responsible for the guidance, supervision and execution of the audit for the consolidated financial statements. We bear sole responsibility for our audit assessments.

- We assess the consistency of the group management report with the consolidated financial statements, its legal representation and the picture of the position of the Group that it conveys.

- We conduct audits of the forward-looking statements presented by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, we will, in particular, track the significant assumptions on which the forward-looking statements are based, and assess the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent assessment of the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss the planned scope and timing of the audit with those responsible, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Bielefeld, April 22, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Peter Krupp
Certified Public Accountant

Thomas Angele
Certified Public Accountant

Publishing Information

Published by
Dr. August Oetker KG
Lutterstraße 14
33617 Bielefeld
Germany

Telephone: +49-521-1550
Fax: +49-521-155-2995
Email: presse@oetker.de
Website: www.oetker-group.com

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Dr. August Oetker KG and group companies
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The Oetker Group
Highlights 2020

January

The Sustainability Committee of Lampe Asset Management GmbH, a subsidiary of **Bankhaus Lampe KG**, starts its work. The committee advises and supports the Portfolio Management Sustainability unit in setting and implementing targets for sustainable asset management.

Special appreciation for the **Oetker Collection**: The restaurants Le Saint Martin (at Hotel Château Saint-Martin) and Epicure and 114 Faubourg (both at Le Bristol Paris) keep their Michelin stars.

February

The takeover of the software manufacturer OEDIV SecuSys GmbH (formerly iSM SecuSys AG) from Rostock is successfully completed. With this acquisition, **OEDIV** strengthens its portfolio with solutions for identity and access management in the IT security sector.

OEDIV
Oetker Daten- und Informationsverarbeitung KG

March

Start of construction of the large proNext project: The production building, which can be used flexibly over the long term, strengthens the market position of the chemical specialist **Budenheim** in the life science sector. In the future, products for the food and pharmaceutical industries will be manufactured here in line with the latest technology and hygiene standards. Completion of the building and commissioning of the first systems are planned for the end of 2021.

Awards for the **Radeberger Group**: For the twelfth time, the Binding brewery convinces the testers of the German Agricultural Society (DLG) with its continuous quality performance and receives the "Preis für langjährige Produktqualität" (Award for Longstanding Product Quality). In addition, six Allgäuer Büble beers are awarded the gold medal in the major quality test conducted by the German Agricultural Society (DLG).

April

A refrigerated revolution: **Dr. Oetker** launches the new High Protein Pudding, an extra portion of protein in a 400 g cup. The range includes the popular varieties of vanilla, chocolate and semolina and impresses with its creamy and full-bodied taste.

Changing of the guard at the **Radeberger Group:** Dr. Niels Lorenz, spokesman for the management since 2013, is moving to the advisory board after around seven years at the head of the group. He will be succeeded by his management colleague Guido Mockel, who was previously responsible for the brewery business and will now go beyond his previous sphere of activity to lead the Radeberger Group as spokesman for the management board.

May

The **Oetker Collection** gets a new CEO on May 1: Dr. Timo Grünert takes over the management and succeeds Frank Marrenbach.

The Radeberger Group's trading and distribution business grows: The group acquires all shares in Otto Pachmayr GmbH & Co., based in Oberhaching. The company is the local hero in the Munich beverage market – and thus a real asset to the vertical business of the Radeberger Group.

June

The confectioners at **Coppenrath & Wiese** release the perfect new product for fans of Minions in mid-June: With its target-group-appropriate look, the Minions Banana Chocolate Piñata Cake brings a good dose of fun to the freezer, as the yellow domed cake looks like one of the cute, one-eyed movie stars.

Hand in hand with retail: **Dr. Oetker** has developed an innovative catering concept called FRAU RENATE for retail on a franchise basis. The first test store opens on June 15 in the EDEKA supermarket in Goerzen, Koblenz. In the Bielefeld-based food company's first culinary brand experience, guests will feel completely at ease with traditional and modern dishes.

July

A total of 14 products, including Wodka Gorbatschow, OTTO Crafted Korn, Kuemmerling, Mangaroca Batida and Cardenal Mendoza, are awarded twelve gold and two silver awards by the German Agricultural Society (DLG). **Henkell Freixenet** also performs well at the 17th Meininger's International Spirits Award (ISW). The company is awarded four gold and two silver medals in the renowned competition with an international jury of around 50 spirits experts.

Thanks to exemplary commitment and preventive measures that go far beyond the minimum statutory requirements, the professional association for food and hospitality gives its award to **Martin Braun KG** for the sixth time in a row. The areas of occupational safety organization, education and training, transport and traffic, occupational safety and health and ergonomics were examined.

August

Budenheim acquires all shares in the Dutch company QolorTech B.V. QolorTech develops and produces customer-specific color, black, white and additive premixes in the form of plastic granules. In addition to coloring, functional additives contribute, among other things, to UV stabilization, moisture absorption, antistatic properties and antifogging of the plastics.

Dr. Oetker acquires Cologne-based cake manufacturer deineTorte.de: Dr. August Oetker Nahrungsmittel KG has increased its existing minority stake (49 percent) in InterNestor GmbH, the European market leader for customizable photo cakes, to 100 percent, effective July 30, 2020.

Dr. Oetker Professional wins the Cooking Award 2020: In the desserts product group, the Mousse au Café secures bronze. The spinach ricotta dumplings score in the soups, sauces & stocks category and take silver.

September

The new **Freixenet** Wine Collection is launched, consisting of a red wine made from 100 percent cabernet sauvignon, a white wine made from 100 percent sauvignon blanc and a rosado. Like its cava counterpart, the wine appears in frosted bottles.

OEDIV celebrates its 25th anniversary. At the same time, the company restructures its organization. From now on, OEDIV is divided into three strategic pillars: OEDIV Managed Solutions, OEDIV HR Services and OEDIV SecuSys. In addition, OEDIV has developed and introduced a new corporate design.

The current "Executive Board" of the **Martin Braun Group** is renamed "Management Board" as of September 1, 2020, and will operate with a changed lineup. In the future, Dr. Detlev Krüger as CEO, Franky De Grave as CFO, Reto Huber as COO and Christian Tomasch as COO will lead the Martin Braun Group.

October

Dr. Oetker celebrates 50 years of frozen pizza and looks back at the triumph of the frozen Italian dough pizza with a media campaign. Incidentally, the first frozen pizza on the German market was a Pizza Romana, topped with tomatoes, peppers, mortadella and a high-quality cheese blend.

November

The aromatic semi-bitter herbal liqueur Kuemmerling from the Spirits division of **Henkell Freixenet** is awarded the popular "Best Spirit 2020" award by the German Agricultural Society (DLG). In the "Herbal and Spice Liqueurs" category, Kuemmerling emerges as the clear winner.

In order to meet the increasing consumer demand for naturalness in food, **Martin Braun** switches part of the range of flavors to clean label. All fruit pastes as well as a selection of specialty flavors such as caramel, mocha and walnut have had their recipes revised accordingly, and other products will gradually follow.

December

Catering-Stars 2020: The gold medal in the "Vegetarian Products" category goes to the beetroot and feta crispy medallion with quinoa from **Dr. Oetker Professional.** The Mousse au Café reaches second place among the desserts, while the Pizza Perfetissima (product group: savory baked goods), EisknaXx (product group: ice cream) and the Fish and Shellfish Stock (product group: sauces, soups/ingredients, stocks) receive the bronze medal.

What is probably the most popular dating show on German television is back in the starting blocks. With it: lots of roses and Mangaroca Batida de Côco from **Henkell Freixenet.** As the official sponsor, the Brazilian coconut liqueur is accompanying "the Bachelor" on his search for true love for the fourth time.

Welcome to the Oetker Group: The German Federal Cartel Office approves the acquisition of the online beverage delivery service **flaschenpost SE** by Dr. August Oetker KG. This now paves the way for the start of concrete plans to merge Durstexpress and flaschenpost into a joint Oetker Group company.

Published by
Dr. August Oetker KG
Public relations department
Lutterstraße 14
33617 Bielefeld
Germany
www.oetker-group.com