Press Release

Oetker Group holds its own in a challenging market environment

Sales increase of 11.6 percent in the 2022 financial year

<Bielefeld, June 13, 2023> Taking into account the challenging framework conditions resulting from the war in Ukraine, the Oetker Group managed to achieve a still decent result in the 2022 financial year. The Food, Beer and Non-Alcoholic Beverages and Other Interests business divisions achieved consolidated net sales of EUR 6,508 million, an increase of 11.6 percent compared to the previous year.

“The war that broke out in Ukraine in February 2022 changed everything: In addition to the serious social and political consequences caused by the war, the global economy also suffered severe setbacks. Commodity and energy prices on the world markets quickly soared to unprecedented heights. The consequence was inflation affecting all areas of life, which all consumers still feel every day, especially at supermarket checkouts. It is all the more pleasing that the Oetker Group has managed to withstand these challenges thanks to high cost awareness and increase its sales to EUR 6.5 billion”, comments Dr. Albert Christmann, General Partner of Dr. August Oetker KG, on the figures published today.

Christmann is cautiously optimistic about the current financial year: "Our high resilience should not obscure the fact that we are still having to contend with significant cost increases in almost all operating areas, but above all in procurements and wages. This is forcing us to take massive cost-saving measures, which will probably still continue to accompany us in the next two years. However, I am confident that we will not only solve the challenges together as a Group, but also seize the opportunities that arise as a result. This will also include exploiting the market opportunities that arise and driving forward the digital transformation of our companies. In the end, we will emerge stronger from these times of crisis."

THE 2022 FINANCIAL YEAR IN DETAIL:

Oetker Group Sales

In 2022, the Oetker Group achieved total sales of EUR 6,508 million; this corresponds to an increase of 11.6 percent compared to the previous year. All business divisions were able to increase their sales compared to the previous year, with the Other Interests business division recording the strongest relative growth at 30.3 percent and thus being able to expand its share of total sales. This growth in sales was primarily driven by the digital business models, above all flaschenpost. The group of companies is successfully transforming itself from an instant beverages supplier to an online supermarket, and as a result achieved substantial growth in sales. In addition, the two hotels benefited from the fact that international tourist travel was once again possible almost without restriction. This was reflected accordingly in significant growth rates at the hotels. Sales in the consumer goods-oriented business divisions of Food and Beer and Nonalcoholic Beverages were also well above the level of the previous year, with price increases being partly responsible for the increase in sales. Sales of both Dr. Oetker and the Radeberger Group were in line with expectations. The Beer Division grew by 14.6 percent to 1,858 million euros. Following the Corona-related restrictions in previous years, the recovery in out-of-home consumption in 2022 had an overall stimulating effect on sales and revenues in the Beer and Nonalcoholic Beverages division. Together with the Conditorei Coppenrath & Wiese, Dr. Oetker increased sales by 7.5 percent to EUR

3,963 million. The pizza and Dr. Oetker Professional business developed particularly well.

The Food divisions sales in **Germany** increased by 14.8 percent to EUR 3,645 million. The share of sales generated **outside of Germany** is 44 percent of total sales.

Investments

The investments of the Oetker Group (excluding first-time consolidations) of EUR 231 million was 16.3 percent below the level of the previous year (EUR 267 million). The decline resulted from lower volumes in the Beer division and the Food division as well as still dysfunctional supply chains on the supplier side. At EUR 41 million, investments in the Other Interests division were almost as high as in the previous year. The majority of the investments totaling EUR 231 million were made in the Food division, where the main focus was on production and logistics.

Employees

The number of employees, reported for the first time on a full-time equivalent basis, grew by 5.2 percent to 29,399 in the year under review (previous year: 27,949). In 2022, 19,210 employees worked for the Group inside Germany and 10,189 outside Germany.

Business development of the individual divisions

Food division achieves results above expectations

The Food Division comprises the companies *Dr. Oetker* and *Conditorei Coppenrath & Wiese*. In the 2022 financial year, it generated total sales of EUR 3,963 million. In 2022, all national companies of the two food companies were affected by a massive increase in costs on an unprecedented scale. This was followed by price increases that did not compensate for the increase in external costs, and significant cuts on the cost side. However, However, it quickly became apparent in the course of the first half of 2022 that the price increases as well as all cost measures would not be sufficient to compensate for the increasing impact on results of inflationary cost increases. As a result, the Group has decided to initiate an efficiency program to achieve structural and therefore sustainable cost savings. The program focuses primarily on streamlining structures and processes. Overall, annual savings in the three-digit million range are to be realized worldwide. They will enable the company to increase its resilience and continue to offer its products at competitive prices. In this way, at least part of the significant cost increase, driven mainly by energy and raw materials, will be offset and invested in sustainable growth. Implementation of the various measures began in 2022 and will continue step by step in 2023.

The sales growth in the Food division resulted in part from the price increases described. The discontinuation of Dr. Oetker's business in Russia had an offsetting effect: Immediately after Russia's attack on Ukraine, Dr. Oetker stopped all exports to Russia, all investments in the Russian sister company, and all marketing activities. As a result, Dr. Oetker sold all shares in the Russian Dr. Oetker organization thereby ending all activities in Russia. In addition to the loss of sales and earnings, there was also a significant and therefore noticeable one-time expense.

In addition to the changes in the scope of consolidation, exchange rate effects also impacted the development of sales. The overall positive exchange rate effects resulted primarily from the weakening of the euro against the North and South American currencies. After adjustment for currency influences and effects related to the scope of consolidation, the two food companies together recorded organic growth of 5.7 percent.

Dr. Oetker increased its sales by 7.0 compared to the previous year and was able to grow organically by 4.9. Innovative, sustainable and healthier products were also a success factor for Dr. Oetker during the 2022 financial year. At the same time, sales volumes were down in some cases, particularly for decorative items in the cake and dessert category, where consumers reacted to the high inflation rates by holding back on purchases. This led to a drop in sales, particularly at Wilton in the USA, the market leader for cake decorations, and in the specialty retail companies' business with baked goods. Overall, however, sales in the cakes and desserts category increased slightly compared to the previous year. The main reason for this is price-related growth in baked goods and powdered desserts.

In the pizza category, volume losses were essentially non-existent despite the necessary price increases. On the one hand, this was due to successful promotional activities; on the other, the recipe overhaul of the key pizza sub-brands and the product innovations La Mia Grande and La Mia Pinsa had a positive impact. Sales in the pizza category exceeded the previous year's level.

The Professional business developed well after the severe pandemic-related losses in previous years. However, the demand in the out-of-home market for savory food products has been falling continuously for years. As a result, production at the Ettlingen plant was loss-making, which led to the discontinuation of production at this location in the financial year. In contrast, the markets for pizza, cake and dessert – Dr. Oetker's strategic ranges – also recorded positive developments in the out-of-home business. Accordingly, the Professional division will focus on selling these ranges in the future. The overall significant recovery in 2022 was evident across all countries, with fast-food chain business exceeding expectations in India in particular.

Sales growth was evident in all regions: The European markets, especially in Germany and Eastern Europe, and Region 3A (Africa/Asia/Australia) grew, while growth in the Americas was primarily currency-related.

Following an already good previous year, the Western Europe region again recorded higher-than-expected sales growth. Nevertheless, volume development was challenging in some countries: In Italy in particular, Dr Oetker was confronted with a declining market for food products. Spain and Portugal showed negative volume effects due to price-elastic consumer demand, as did Austria.

In Eastern Europe, Dr. Oetker achieved sales growth compared to the previous year despite negative currency effects and the discontinuation of business in Russia. This was due in particular to additional listings with various customers in Poland.

Sales in the Americas region grew moderately, particularly in the Canadian and Brazilian markets.

In terms of sales, business development in the 3A region was also above the previous year. Growth was achieved above all in India, due to the pleasing development in the Professional business, and in South Africa. By contrast, Egypt was particularly affected by the consequences of the war in Ukraine: Significant price increases for basic baking ingredients such as flour, sugar and eggs led to a decline in baking intensity and thus to lower demand for baking powder and Vanillin.

The specialty retail companies' business with baked goods was characterized by the reluctance of hobby bakers to buy decorative items. Overall, the area of these new business models recorded significant growth, which is due to the fact that the Create Better Group, which was acquired in the previous year, was included for the first time for a full year.

Conditorei Coppenrath & Wiese achieved a significant increase in sales of 11.3 percent in 2022. This growth also resulted from massive price increases that were unavoidable in response to cost increases, despite significant internal efficiencies. While the private label business in Germany continued to decline, the branded business was able to assert itself particularly in the strategic segments of sheet cakes and rolls as well as gateaux. The small products, such as small bakery and sheet cakes, are comparatively more price-elastic and were therefore more affected by consumer restraint. In the UK, conditions remain challenging due to the post-Brexit situation, the still unfavorable exchange rate of the British pound to the euro, and high inflation rates. Nevertheless, Conditorei Coppenrath & Wiese was able to further expand its business there. Business in North America continued to develop positively.

At EUR 125 million, investments in the Food division in 2022 were 7.6 percent below the level of the previous year (EUR 136 million). With the continued high level of investment, the companies are not only laying the foundations for future growth in the coming years and ensuring state-of-the-art technology, but are also investing heavily in sustainability projects in line with their Sustainability Charter as well as in the future-proof, data-driven digitization of all company processes. Significant projects that were completed last year include, for example, the automation of production lines, the social building at the Wittenburg location, the construction of a new line for innovative products and initial investments in solar systems at the Wittlich location, the expansion of production lines at the Leyland location in Great Britain, and plant and warehouse expansions in Mexico. In the past financial year, Conditorei Coppenrath & Wiese made investments in training and further education facilities as well as in the construction of a new building for research and development, after investing significantly in the expansion of production and storage capacities in previous years.
The number of full-time equivalent employees in the Food Division remained stable at 16,924.

The Beer and Nonalcoholic Beverages division achieves a significant increase in sales

The sales revenues of the **Radeberger Group** amounted to EUR 1,858 million in the 2022 financial year and, in line with expectations, increased compared to the previous year (+14.6). In view of the challenging economic conditions, this development is all the more pleasing, although the business performance within the individual divisions varied in 2022.

In the brewery business, export sales have declined, partly due to the discontinuation of business with Russia, but also due to business developments in the USA, the largest exporting country, which has suffered from disrupted supply chains. In addition to the volume losses in the export business, significantly increased procurement and transport costs burdened the result. To counteract this, price adjustments and internal cost-saving measures were introduced. In the specialist beverage markets, after two record years as a result of the Corona pandemic Getränke Hoffmann had to cede part of its sales back to the out-of-home sales channel, as expected. In addition, higher energy costs, increased rental expenses and the increase in the statutory minimum wage led to a noticeable burden on earnings. On the other hand, the DrinkPort businesses benefited from the increase in out-of-home consumption. Drop shipment logistics, which is operated jointly with Veltins via the joint venture Deutsche Getränke Logistik (DGL), was also confronted with increasing and cost-intensive disruptions to the supply chain, but was able to cope with them successfully. The empties specialist H. Leiter GmbH remained a key pillar in securing the Radeberger Group's ability to deliver. However, increased expenses for personnel, personnel service providers and energy also weighed on the result here.

In line with the general market trend, the Radeberger Group's portfolio achieved pleasing overall sales growth in the past reporting year. The successful implementation of various marketing measures and the introduction of further new products also contributed to this. Overall, the national brands recorded slight sales growth compared to the previous year. Sales of the strong draft beer brand Radeberger Pilsner increased by 5.6 percent compared to the previous year.
Among the national specialties, the Allgäuer Büble beer brand performed very successfully, and the Oberdorfer brand also showed pleasing year-on-year growth.

In the regional premium brands segment, the strongest brand in the segment, Ur-Krostitzer, recorded a decline in sales triggered by capacity bottlenecks in production as well as deliberately reduced promotional activities. A large part of the demand could be diverted to the eastern regional brand Freiberger, which developed correspondingly positively. But most of the other regional premium brands were also able to increase their sales, this applies in particular to the Berlin brands Berliner Kindl and Berliner Pilsner. Overall, the development of sales figures for this segment was quite pleasing.

The Nonalcoholic Beverages segment, with its strong focus on the out-of-home and food service markets, recovered from the effects of the corona pandemic and was able to increase sales significantly again in 2022.

The investments of the Radeberger Group totaled EUR 65 million and were thus below the high level of the previous year (EUR 99 million). A large part of the investments related to the Radeberg location. In addition to investments in technical equipment for dealcoholization, corresponding investments were also made in buildings. There were also other location-specific changes to optimize production and logistics processes, such as at the Dortmund brewery location, where a new can filling plant was installed. A new yeast beer recovery plant went into operation in Krostitz.

In autumn 2022, the Radeberger Group decided to close the brewery location in Frankfurt am Main and to transfer the production and bottling volumes there to other brewery locations in the group. The Radeberger Group is thus anticipating a long-term decline in the beer market due to structural changes, which will come under additional pressure, especially as a result of the further consequences of the crises: Overcapacities that are a heavy burden on the financial situation are being taken out of the market and the other brewing locations in all regions of Germany are being optimally utilized and strengthened. The relocation of production and bottling from the Cologne-Mülheim brewery location to Cölner Hofbräu Früh, with which a strategic partnership has been in place since 2019, was already completed in 2021. As a result, the Cologne location was scaled back in the past financial year.

In 2022, the number of employees in full-time equivalents was 6,122, roughly the same as in the previous year.

The Other Interests division is growing thanks to Flaschenpost

In addition to new business models such as ***flaschenpost***, the Other Interests division includes other companies for procurement and logistics services, the IT service provider ***OEDIV***, the hotels ***Brenner's Park Hotel*** in Baden-Baden and ***Hôtel du Cap-Eden-Roc*** in Antibes as well as ***Oetker Digital***.

With regard to the different markets, the companies have developed differently. Overall, the Other Interests division recorded an increase in sales of 30.3 percent to EUR 687 million compared to the 2021 financial year. This was primarily due to the positive development at flaschenpost. Investments in the Other Interests division totaled EUR 41 million in the reporting year compared to EUR 42 million in the previous year. The number of employees based on full-time equivalents increased from 4,846 to 6,353 in 2022, in particular due to personnel increases at Flaschenpost during the year.

Since the successful integration of Durstexpress in the first half of 2021, **flaschenpost** has been consistently transforming itself from an instant beverage delivery service to a full online supermarket. The 2022 financial year was also characterized by numerous supermarket rollouts: The group now offers a full range of supermarket products at all its locations, including fresh produce, frozen products and drugstore products. The associated processes in procurement, storage and logistics were successfully adapted through initial investments. The selection of goods has also been further optimized. Through this transformation, flaschenpost is taking advantage of the opportunities offered by the dynamic market environment and participating in the growth of the online food trade. As expected, sales in 2022 increased significantly faster than the market development.

Sales through **OEDIV** were significantly higher in the 2022 financial year than in the previous year; expectations were once again clearly exceeded. This was due in particular to the pleasing development in business with third-party customers. In addition to growth with new customers, OEDIV also benefited from increased demand from existing customers for additional, previously unused services from its portfolio of services. Services that were particularly in demand from a customer perspective were Microsoft 365, security solutions, SAP S/4HANA, and hybrid or cloud services.

Together, the two hotels were able to increase their sales significantly compared to the previous year, which was affected by the corona pandemic. This means that business developed significantly better than originally forecast. Growth was particularly strong at the Hôtel du Cap-Eden-Roc. The hotel enjoyed high demand from the season opening in April to the end of the season, especially from North American guests. In addition, there was a pleasing development in the average rate per night. As planned, sales at

Brenner's Park Hotel were well above the previous year's level. After the first quarter was initially characterized by lower demand as a result of the Corona measures, since April, hotel revenues in particular have benefited from the return of international demand. Both hotels were able to exceed the pre-crisis level of 2019. Expenditure on investments in 2022 was higher than in the previous year due to renovation and modernization measures in the hotel group.

Financial position of the Oetker Group

The consolidated balance sheet total as of December 31, 2022 fell by EUR 401 million year-on-year to EUR 5,695 million. The decline on the assets side resulted primarily from the decrease in cash and cash equivalents, among other things as a result of investments and loan repayments, as well as changes in fixed assets.

As compared to the previous year, intangible assets decreased by EUR 297 million, to EUR 818 million. This is primarily due to depreciation of EUR 322 million; As planned, the majority of this related to goodwill and trademark rights from earlier acquisitions.

The book value of tangible assets amounted to EUR 1,540 million as of the balance sheet date and was therefore slightly below the value for the previous year (EUR 1,554 million). Additions of EUR 212 million were offset by depreciation of EUR 208 million in the 2022 financial year.

Total additions to property, plant and equipment and intangible assets amounted to EUR 235 million (previous year: EUR 301 million). EUR 4 million of this can be attributed to acquisitions (previous year: EUR 24 million). Current investments amounted to EUR 231 million; this corresponds to 3.6% (previous year: 4.7%) of group sales. The majority related to land and buildings as well as technical equipment, equipment under construction and advance payments made for the food business. Compared to the previous year (EUR 276 million), expenditure on investments was EUR 45 million lower, mainly due to lower capital expenditure in the Beer Division (EUR –34 million). From a regional perspective, the focus was again on investments in domestic companies, with the share of foreign companies in current investments increasing to 33.2% (previous year: 24.7%).

The fixed capital of Dr. August Oetker KG remained unchanged at a book value of EUR 1,125 million. As in the previous year, the equity ratio was 40.0%. The increase in provisions resulted primarily from changes in other provisions and higher obligations for pensions. The pension provisions amounted to EUR 401 million as of the balance sheet date and have increased by EUR 24 million compared to the previous year. The increase is due to the sharp rise in inflation in 2022 in particular to higher pension trend assumptions. As of the balance sheet date, other provisions mainly comprised amounts for outstanding invoices, for deposits from the brewery business, for sales deductions, particularly in the food business, and provisions for personnel, among other things due to the closure of the Dr. Oetker location in Ettlingen. Overall, other provisions increased by EUR 43 million to EUR 903 million.

Outlook for the financial year 2023

In its forecast for the 2023 financial year, the Group Management assumes that geopolitical tensions will not escalate and that the bottlenecks in the supply chains will decrease. Building on a stable foundation, the Oetker Group will continue to successfully pursue its growth path in the future. For 2023, the sales planning is based primarily on organic growth, supplemented by acquisitions. After strong growth in the past financial year, sales revenues will again increase significantly. The Group Management expects significant growth impulses, above all, from the new digital business models, in particular Flaschenpost. The two consumer goods divisions, Food and Beer and Nonalcoholic Beverages, are also expecting significant increases in sales, which will be primarily driven by price effects. The price adjustments for the Oetker Group's products and services will only be able to partially cushion the significant cost increases on the procurement side, which will also require further cost-cutting initiatives and efficiency improvements within the Group companies in the coming financial year. The investment budget (excluding first-time consolidations) for 2023 is significantly higher than last year's expenditure and forms the foundation for future growth. The investment budget is part of a large-scale investment program over several years, with the help of which innovations as well as the expansion of digital competencies and sustainability activities will be further advanced. The majority is accounted for by the Food division.

Notes:

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.

You can access this press release and the current annual report from June 13, 2023 in the press area of the Oetker Group:
www.oetker-gruppe.de

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The Oetker Group

Key Indicators

	2020		2021		2022		%[1]
		in %		in %		in %	
NET SALES (IN EUR MILLION) CONTINUED OPERATIONS[2]	**5,541**	**100.0**	**5,834**	**100.0**	**6,508**	**100.0**	**11.6**
Of which by division							
Food	3,687	66.5	3,685	63.2	3,963	60.9	7.5
Beer and Nonalcoholic Beverages	1,625	29.3	1,621	27.8	1,858	28.5	14.6
Other Interests	229	4.1	527	9.0	687	10.6	30.3
Of which by region							
Germany	2,883	52.0	3,176	54.4	3,645	56.0	14.8
Rest of the EU[3]	1,542	27.8	1,249	21.4	1,337	20.5	7.1
Rest of Europe[3]	200	3.6	483	8.3	534	8.2	10.6
Rest of the world	917	16.5	926	15.9	991	15.2	7.0
Discontinued operations[4]	***1,789***	–	***1,580***	–	–	–	–
NET SALES CONSOLIDATED FINANCIAL STATEMENTS	**7,330**	–	**7,413**	–	**6,508**	**100.0**	**– 12.2**
INVESTMENTS[5] (IN EUR MILLION) CONTINUED OPERATIONS[2]	**264**	**100.0**	**276**	**100.0**	**231**	**100.0**	**– 16.3**
Food	156	59.0	136	49.1	125	54.2	– 7.6
Beer and Nonalcoholic Beverages	82	31.0	99	35.9	65	28.0	– 34.7
Other Interests	26	9.9	42	15.1	41	17.8	– 1.2
Discontinued operations[4]	***78***	–	***84***	–	–	–	–
INVESTMENTS[4] CONSOLIDATED -FINANCIAL STATEMENTS	**343**	–	**361**	–	**231**	**100.0**	**– 35.9**
EMPLOYEES (FULL-TIME EQUIVALENTS) CONTINUED OPERATIONS[2]	**25,714**	**100.0**	**27,949**	**100.0**	**29,399**	**100.0**	**5.2**
Food	16,526	64.3	16,933	60.6	16,924	57.6	– 0.1
Beer and Nonalcoholic Beverages	6,311	24.5	6,169	22.1	6,122	20.8	– 0.8
Other Interests	2,877	11.2	4,846	17.3	6,353	21.6	31.1
Discontinued operations[4]	*7,693*	–	*6,337*	–	–	–	–
EMPLOYEES CONSOLIDATED FINANCIAL STATEMENTS	**33,407**	–	**34,285**	–	**29,399**	**100.0**	**– 14.3**

[1] Percentage change 2022/2021.

[2] Exclusively G5 companies (without G3 companies), see Note 4.

[3] UK sales are reported in the Rest of Europe region as of 2021 (previously in the Rest of EU region).

[4] With effect from November 2, 2021, the shareholders Dr. Alfred Oetker, Carl Ferdinand Oetker and Julia Johanna Oetker left Dr. August Oetker KG by way of a non-genuine real division and in return received from the Oetker Group companies in the Food, Sparkling Wine, Wine and Spirits and Other Interests divisions. These G3 companies are included in the consolidated financial statements of Dr. August Oetker KG until October 31, 2021, the date of deconsolidation.

For comparison purposes, the net sales, investments, and employees attributable to the deconsolidated companies in 2020 and 2021 are shown in a separate line for the discontinued operations.

[5] Without first-time consolidations.

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