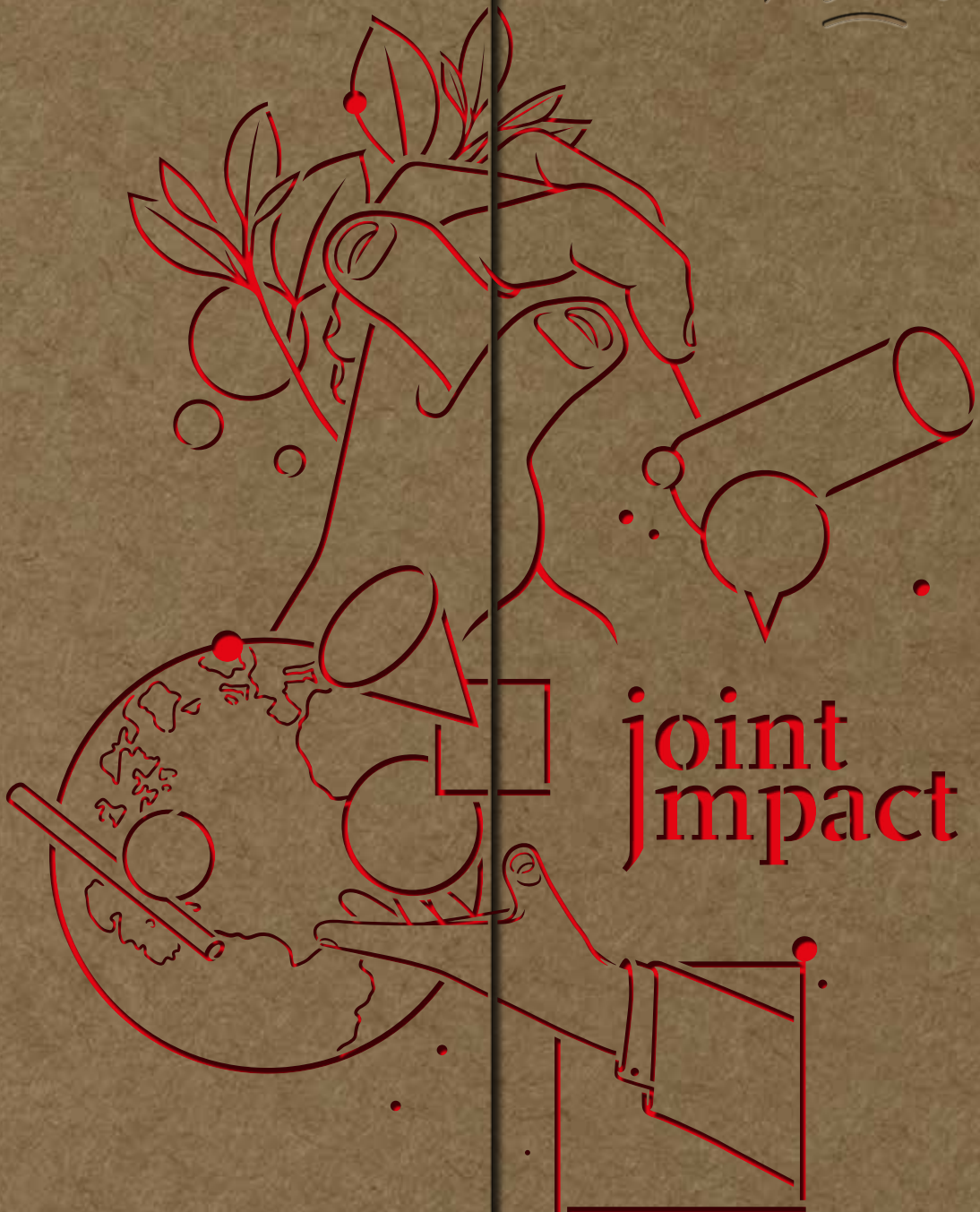


Melitta®



joint  
impact

Joint Impact – to make a difference, we need to work together. Because only together can we overcome the huge challenges we currently face.

We are embarking on a journey into a new era. In order to chart the right course, we need to reorganize the way we work together – within companies, with other companies, and in society as a whole.




*An interactive version of the main contents  
of this annual report is available here:  
[report.melitta-group.com/annual-report-2020/](https://report.melitta-group.com/annual-report-2020/)*

# Content


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Intro – Chief Corporate Management



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Company and Financial Report




→ Annual reports of the operating divisions

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Stories – Employee Conversations







Many of the things that applied for decades are now being questioned. The coronavirus pandemic has only accelerated the inevitable transformation process. We are embarking on a new era.

Chief Corporate Management:  
Jero Bentz and Volker Stühmeier



# JOINT IMPACT


*Never before has our world been so closely entwined as it is today: we exchange goods, data, ideas, and innovations around the globe at an ever-increasing speed. Our world is growing closer and closer together.*

*However, this close entwinement also increases our interdependence. The huge challenges we currently face can*

*only be overcome if we work together. This not only applies to sustainability, but also to demographic development, urbanization, and mobility.*

*The coronavirus pandemic has highlighted these close ties and interdependencies. It showed us how important it is to act collectively – and what forces are unleashed*





*when we see ourselves as a team. To make a difference, we need to work together more than ever. But this new reality also revealed how fragile our systems are and how quickly things can change – things we took for granted just a short time ago. It has accelerated developments and trends and helped us focus on what really matters.*

**STRUCTURES AND PROCESSES  
UNDER REVIEW**

*Over the past year – an exceptional year by any standards – we at the Melitta Group have therefore been reflecting more intensively than usual on many fundamental issues: on the structures and processes of our operating and corporate divisions, as well as on the ways in which we work together and the models we use. We addressed questions about the design of our supply chains, and about our production processes, the further development of our brands, and the importance of various distribution channels. We considered the growing importance of digitalization and networking, as well as the changes in consumer behavior. And we held in-depth discussions about our corporate culture, our values, and the importance of close collaboration, cohesion, and our joint impact.*







# To meet the demands of a new economy and a new society

we need to chart the right course.

IO

*We have approached these topics from different angles: How will the changes affect our products and services? How will our processes and structures have to change? Which new demands will be placed on our employees and workplaces? And which new abilities and skills are needed? The conversations with around two dozen of our employees featured in this annual report provide some of the answers to these questions.*

Firstly, it has become apparent that we are currently changing our value creation processes more extensively than ever before. This is not simply a matter of fine-tuning, but rather of adapting and in some cases fundamentally redesigning our operating processes. Examples range from the realignment of our product ranges and the introduction of forward-looking working models, to structural changes in our supply chains.

Secondly, the willingness to change has become a key success factor. Although this may sound trivial, in view of the sheer volume and speed of the changing parameters, this attribute is becoming increasingly pivotal to our future success. For traditional companies like the Melitta Group in particular, it takes a great deal of courage to embrace the new and abandon the tried and trusted.



Many of  
the things we  
held for true  
over decades  
are now being  
questioned.

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**CORPORATE CULTURE  
AS SUCCESS FACTOR**

*Thirdly, this openness and fundamental curiosity about change must be embedded in a corporate culture that encourages and rewards this willingness. We believe that agility, flexibility, and resilience – derided as buzzwords just a few years ago – are now just as important as outstanding specialist knowledge, extensive expe-*

*rience, and an excellent network. After all, permanent change is the “new normal”. Every employee must regard change as something that concerns them personally – and not simply as something their employer is targeting. This is why we promote and demand that our employees think and act in an entrepreneurial way. We want to encourage them to assume more personal responsibility and take matters into their own hands – much more so than in the past. In view of the opportunities this offers, we are happy to accept any mistakes that may occur along the way.*



*Fourthly, clear goals, motivation, and trust have proven to be the most important basis for commitment and passion in times of uncertainty. Managers*

*therefore have a special role to play in such transformation phases. With this in mind, we attach great importance to the corresponding development of our leadership principles.*

*Fifthly, in times of upheaval, it quickly becomes apparent how clearly we understand our shared*

*values. We are absolutely convinced that our values played a key role in helping us overcome the extraordinary challenges of the past year. And more than that: they played a major role in strengthening our cohesion.*

If we want  
to make a difference,  
we need to work  
together.

*Openness and curiosity must be embedded in a corporate culture that encourages and rewards this willingness.*



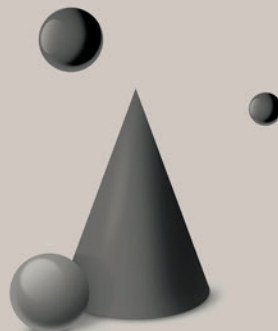
We will find  
answers to fundamental  
questions.

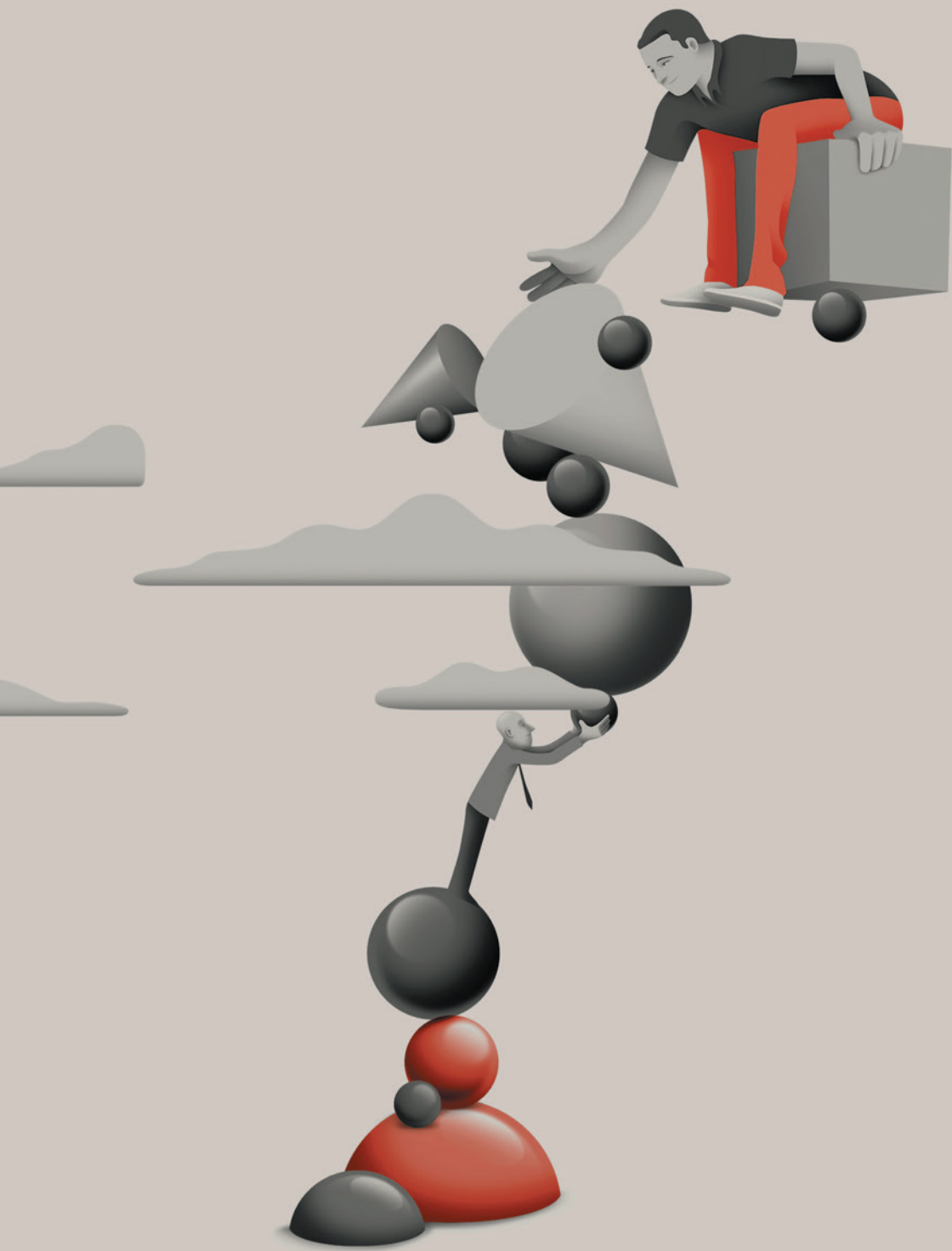


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**TURNING  
CRISES  
INTO  
OPPORT  
NITY**

*It goes without saying that developing solutions together has always been important. And it is hardly new to state that there is strength in unity. But if we want to make a difference in the future, we need to work hand in hand. This is just as true for society as it is for business. It is the only way we can tackle the major challenges of our time, gain new perspectives and potential, and together become a driving force for a future worth living. This is what we mean by joint impact.*





MELITTA GROUP

# Company and Financial Report 2020

# Financial Figures at a Glance

Key figures of  
the Melitta Group

	2020	2019
Sales / in € thous.	1,732,755	1,695,386
Capital expenditures / in € thous.	43,606	50,286
Employees / full-time employees, annual average	5,849	5,654
Tangible assets / in € thous.	268,596	279,627
Financial assets / in € thous.	17,229	56,067
Equity / in € thous.	286,728	290,999
Total assets / in € thous.	1,210,609	1,225,260
Equity ratio / in %	28	27



## Key figures of the operating divisions and the service unit

<b>_ Sales</b> in € thous.	<b>2020</b>	<b>2019</b>
Melitta Europe – Coffee Preparation Division*	<b>194,128</b>	171,469
Cofresco*	<b>289,223</b>	261,410
Wolf PVG*	<b>61,202</b>	57,846
Melitta Europe – Coffee Division	<b>320,106</b>	325,922
Melitta North America	<b>117,253</b>	101,970
Melitta South America	<b>240,576</b>	286,115
Melitta Asia Pacific	<b>1,302</b>	1,231
Melitta Single Portions	<b>311</b>	144
Melitta Professional Coffee Solutions	<b>204,833</b>	210,015
Coffee at Work	<b>13,986</b>	14,022
Cuki Cofresco	<b>221,368</b>	202,012
Neu Kaliss / Neukölln Spezialpapier	<b>35,075</b>	40,696
ACW-Film	<b>8,128</b>	7,813
Services and others*	<b>25,264</b>	14,721
<b>TOTAL</b>	<b>1,732,755</b>	1,695,386

<b>_ Employees</b> full-time employees, annual average	<b>2020</b>	<b>2019</b>
Melitta Europe – Coffee Preparation Division	<b>595</b>	634
Cofresco	<b>982</b>	971
Wolf PVG	<b>257</b>	285
Melitta Europe – Sales Europe Division	<b>437</b>	415
Melitta Europe – Coffee Division	<b>233</b>	221
Melitta North America	<b>160</b>	120
Melitta South America	<b>919</b>	901
Melitta Asia Pacific	<b>19</b>	17
Melitta Single Portions	<b>32</b>	22
Melitta Professional Coffee Solutions	<b>994</b>	925
Coffee at Work	<b>108</b>	109
Cuki Cofresco	<b>544</b>	530
Neu Kaliss / Neukölln Spezialpapier	<b>201</b>	212
ACW-Film	<b>48</b>	48
Services and others	<b>320</b>	244
<b>TOTAL</b>	<b>5,849</b>	5,654

\* Thereof Melitta Europe – Sales Europe Division total 2020: 504,875 | 2019: 429,248

# Letter from the Chief Corporate Management

May 2021

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*Ladies and gentlemen,*

*The coronavirus pandemic had a significant impact on the Melitta Group's business development last year – as it did for many other companies. It caused massive upheavals and uncertainties, requiring us to reassess our priorities and rapidly adapt our cooperation methods. In many areas of our business, we faced challenges we had never even imagined 24 months ago.*

*We are very proud that we were able to successfully master these exceptional challenges and that, despite everything, we can look back on a good fiscal year on the whole. We owe this in part to the rapid and competent response of our employees, who adapted to the new circumstances with great flexibility and coped superbly with the necessary changes. A further major factor was our sense of cohesion. Once again, we were reminded of what can be achieved when we all pull together. This is also one of the reasons we chose the motto “Joint Impact” for this year's annual report.*

*We are convinced that we will emerge stronger from this crisis – which unfortunately is still far from over. Not least because our structures and processes, our portfolio and strategy, and – even more importantly – our culture*

*and way of working together have proven to be extremely robust and crisis-resistant.*

*This is also reflected in our sales performance: compared to the previous year, we succeeded in raising revenue by two percent. We only failed to achieve our original target of ten percent sales growth as a result of currency effects and unfavorable commodity price movements. However, we gained market share in almost all segments and were thus able to significantly strengthen our competitive standing – even under these exceptional circumstances.*

*Whereas our B2C products achieved consistently strong growth in terms of both value and volume, the coronavirus pandemic led to a significant fall in our out-of-home-business. On balance, however, revenue growth in our B2C business more than offset the shortfalls in our B2B categories. This applies to all the business fields and regions in which we operate.*

*In the past fiscal year, the pandemic forced us to revise many of our plans and to set new priorities. Planned product launches, market entries, and marketing campaigns, for example, were all difficult to implement in this*

environment and held little promise of success. As a result, we focused instead on financial stability and on securing our production and supply chains. We are pleased to report that, thanks to our prudent and far-sighted approach, there was no significant loss of production in any area of the Melitta Group at any time. This is also the result of our commitment to long-standing, trusting, and mutually respectful collaboration with our business partners, with whom we maintain close contact.

We expect the current fiscal year to be similarly challenging. The first few months of 2021 have already seen numerous upheavals and considerable market turbulence. So far, we have been able to counter these very successfully, as our employees continue to display the same level of energy and dedication as in the past fiscal year.

We remain committed to our strategy of growth and internationalization. Trends that were already evident before the coronavirus pandemic have been given additional momentum by the extraordinary developments of the past fiscal year. This applies in particular to the topics of sustainability, digitization, and changing consumer behavior. We have been actively addressing these issues for some time now and therefore regard this as confirmation of our strategic alignment.

A good example of this is the trend toward individualization and premiumization: this has intensified noticeably

in the recent past and is reflected increasingly in the demand for our products. In our filter coffeemaker portfolio, for example, the higher-end models are now some of our best-selling products. This trend played a major role in our rise to becoming market leader in the filter coffeemaker category.

We expect further changes, uncertainties, and upheavals in our markets over the coming months. As a result, we will continue to focus primarily on securing our production and supply capabilities. Thanks in no small part to our high level of operational excellence and our financial stability, we are very confident that 2021 will be another good fiscal year for us.

We are extremely grateful to our employees for their outstanding efforts throughout these extraordinary times and are particularly proud of how they continue to display such passion and loyalty in helping us drive forward the Melitta Group. Moreover, we are acutely aware of the considerable adjustments they had to make to their private and professional lives in such a short space of time. We owe them tremendous respect and appreciation.

We would also like to thank our business partners for their loyalty and solidarity! Hopefully, we will be able to meet and share thoughts with them in person in the very near future.



Jero Bentz



Volker Stühmeier

# Our Management



**JOCHEN EMDE**  
Corporate Division – Finance

**DR. STEFAN SCHOLLE**  
Corporate Division –  
Corporate Development

**ROBERTO ROJAS**  
Corporate Division –  
Human Resources

**JOHN PAUL FENDER**  
Neu Kaliss / Neukölln  
Spezialpapier

**MARTIN T. MILLER**  
Melitta North America



**HOLGER FELDMANN**

Melitta Single Portions

**REMKO TETENBURG**

Melitta Europe –  
Sales Europe Division

**KATHARINA ROEHRIG**

Corporate Division –  
Communication and Sustainability

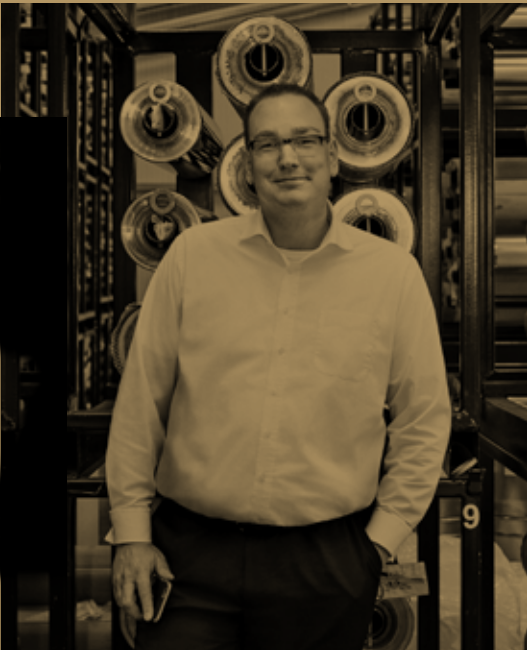
**OLIVER HEPPENER**

Melitta Asia Pacific

**OLIVER STRELECKI**

Cofresco





**DR. FRANK STREGE**  
Melitta Europe –  
Coffee Division

**MARKUS WIELEMS**  
ACW-Film

**KATJA MÖLLER**  
Melitta Europe –  
Coffee Preparation Division

**MARTIN SESJAK**  
Coffee at Work



**GUNHILD WEHMHÖNER**  
Corporate Division – Legal Affairs

**MARCO GOTTSCHALK**  
Melitta Professional Coffee Solutions

**CORRADO ARIAUDO**  
Cuki Cofresco

**MARCELO BARBIERI**  
Melitta South America

**PETER AUFDEMKAMP**  
Wolf PVG

# Organizational Structure

**MELITTA GROUP**

/ Chief Corporate Management; Jero Bentz and Volker Stühmeier /

Operating Divisions

01	<b>MELITTA EUROPE — COFFEE DIVISION</b> / Dr. Frank Strege /	06	<b>COFFEE AT WORK</b> / Martin Sesjak /	11	<b>CUKI COFRESCO</b> / Corrado Ariaudo /
02	<b>MELITTA EUROPE — COFFEE PREPARATION DIVISION</b> / Katja Möller /	07	<b>MELITTA SOUTH AMERICA</b> / Marcelo Barbieri /	12	<b>WOLF PVG</b> / Peter Aufdemkamp /
03	<b>MELITTA EUROPE — SALES EUROPE DIVISION</b> / Remko Tetenburg /	08	<b>MELITTA NORTH AMERICA</b> / Martin T. Miller /	13	<b>NEU KALISS / NEUKÖLLN SPEZIALPAPIER</b> / John Paul Fender /
04	<b>MELITTA SINGLE PORTIONS</b> / Holger Feldmann /	09	<b>MELITTA ASIA PACIFIC</b> / Oliver Heppener /	14	<b>ACW-FILM</b> / Markus Wielens /
05	<b>MELITTA PROFESSIONAL COFFEE SOLUTIONS</b> / Marco Gottschalk /	10	<b>COFRESCO</b> / Oliver Strelecki /	15	<b>MELITTA BUSINESS SERVICE CENTER</b> / Volker Stühmeier (interim) /

## Corporate Divisions

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/ Dr. Stefan Scholle /

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### **HUMAN RESOURCES**

/ Roberto Rojas /

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### **COMMUNICATION AND SUSTAINABILITY**

/ Katharina Roehrig /

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/ Jochen Emde /

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### **LEGAL AFFAIRS**

/ Gunhild Wehmhöner /

→ Annual reports of the operating divisions



**General Partners of Melitta  
Unternehmensgruppe Bentz KG**  
Dr. Stephan Bentz, Jero Bentz

**Limited Partners**  
Claudia Tauß, Jara Bentz, Thomas  
Dominik Bentz, Dr. Thomas Bentz

**Advisory Council**  
Joachim Rabe (Chair), Dr. Stephan Bentz,  
Jara Bentz, Claudia Tauß, Alastair Bruce,  
Javier González, Andreas Ronken

# Operating Divisions

## MELITTA EUROPE — COFFEE DIVISION

Headquarters — Bremen, Germany

The operating division Melitta Europe – Coffee Division is responsible for Melitta's coffee business in Europe, the Middle East, and Africa (EMEA). The range offers perfect coffee enjoyment for every taste: from whole beans for fully automatic coffee machines, to ground filter coffee, to pad ranges for single-cup preparation, to instant beverage specialties.

Sales in € thous.

2020	320,106
2019	325,922

Employees, full-time employees, annual average

2020	233
2019	221

## MELITTA EUROPE — COFFEE PREPARATION DIVISION

Headquarters — Minden, Germany

The operating division Melitta Europe – Coffee Preparation Division develops, produces, and markets top-quality products under the Melitta® brand for coffee preparation in private households. The range comprises products for preparing filter coffee, such as Melitta® filter papers, pour-over cones, filter coffeemakers, coffee grinders, and electric kettles, as well as fully automatic coffee machines for the preparation of coffee specialties at home. The range is rounded out by tea filter products under the Cilia® brand.

Sales in € thous.

2020	194,129
2019	171,469

Employees, full-time employees, annual average

2020	595
2019	634

## MELITTA EUROPE — SALES EUROPE DIVISION

Headquarters — Minden, Germany

Melitta Europe – Sales Europe Division is responsible for the sale of all Melitta Group consumer products in the region Europe, Middle East, and Africa (EMEA), with the exception of the coffee business. The best-known brands marketed by this division include Melitta®, Cilia®, Toppits®, Albal®, BacoFoil®, handy bag®, and Swirl®.

Sales in € thous.

2020	504,875
2019	429,248

Employees, full-time employees, annual average

2020	437
2019	415

## MELITTA SINGLE PORTIONS

Headquarters — Minden, Germany

Within the Melitta Group, Melitta Single Portions is responsible for all products connected with the preparation of hot beverages in the form of single servings. With its innovative solutions and products, the operating division aims to become one of the leading, globally operating suppliers for single-serve hot beverages. As of November 2019, Melitta Single Portions has been producing and marketing a premium range of individually portioned teas under its first-ever own brand Avoury®. With the Avoury® One tea machine and 40 certified organic tea varieties, Avoury® stands for a new and sustainable form of top-quality tea enjoyment.

Sales in € thous.

2020	311
2019	144

Employees, full-time employees, annual average

2020	32
2019	22

## MELITTA PROFESSIONAL COFFEE SOLUTIONS

Headquarters — Minden, Germany

Melitta Professional Coffee Solutions is the partner for professional hot beverage preparation in the out-of-home market, offering tailored solutions for its commercial clients. Its core business is the development, production, and global marketing of fully automatic machines for coffee specialties and filter coffee machines. Its range also includes specialist coffees, technical customer service, digital services, finance solutions, and customized marketing concepts.

Sales in € thous.

2020	204,833
2019	210,015

Employees, full-time employees, annual average

2020	994
2019	925



### MELITTA NORTH AMERICA

Headquarters — Clearwater, Florida, USA

Melitta North America produces filter papers and roasted coffee, both for consumers under the Melitta® brand and for the B2B market. Its core markets are the USA and Canada but its products are also marketed in Mexico, Central America, and the Caribbean.

Sales in € thous.

2020	117,253
2019	101,970

Employees, full-time employees, annual average

2020	160
2019	120

### MELITTA SOUTH AMERICA

Headquarters — São Paulo, Brasil

Melitta South America offers a comprehensive range of coffee products, coffee filters, instant coffees, and coffee preparation products. The operating division has four production facilities: three coffee roasting plants – one in the south and two in the southeast of Brazil – and one paper mill. Melitta South America is the leading vacuum-packed coffee supplier and one of the leading suppliers of coffee in general in Brazil.

Sales in € thous.

2020	240,576
2019	286,115

Employees, full-time employees, annual average

2020	919
2019	901

### COFFEE AT WORK

Headquarters — Witten, Germany

With its coffee at work® and water at work® brands, Coffee at Work® offers an all-inclusive service for coffee and water provision in the workplace. The offering includes the provision of coffee machines and table water dispensers, including regular maintenance. The services of Coffee at Work® also include the supply of coffee beans, milk powder, chocolate powder, and all other consumables.

Sales in € thous.

2020	13,986
2019	14,022

Employees, full-time employees, annual average

2020	108
2019	109

### MELITTA ASIA PACIFIC

Headquarters — Shanghai, China

Melitta Asia Pacific is responsible for Melitta's retail activities in the Chinese market. The company's activities focus on establishing the Melitta® brand, especially among young professionals in the pour-over segment. In addition, the operating division – together with Melitta Professional Coffee Solutions – offers fully automatic coffee machines and coffee beans in particular for offices, hotels, restaurants, and cafés in the out-of-home coffee segment.

Sales in € thous.

2020	1,302
2019	1,231

Employees, full-time employees, annual average

2020	19
2019	17

### COFRESKO

Headquarters — Minden, Germany

Cofresko is Europe's leading supplier of branded products in the field of household film and foil for home and professional use. The operating division's brands are at home in almost all European countries. Cofresko's portfolio comprises product solutions for the wrapping, preparing and freezing of food, for the safe storage of household and garden items, and for the disposal of waste.

Sales in € thous.

2020	289,223
2019	261,410

Employees, full-time employees, annual average

2020	982
2019	971

### **CUKI COFRESCO**

Headquarters — Volpiano, Italy

Cuki Cofresco specializes in the production and sale of food packaging, disposable containers, films for food preservation, and garbage bags – over 4,000 products aimed at both consumers and industrial clients. The operating division's products set high standards in quality, innovation, and sustainability.

Sales in € thous.		
2020	<div></div>	221,368
2019	<div></div>	202,012
Employees, full-time employees, annual average		
2020	<div></div>	544
2019	<div></div>	530

### **WOLF PVG**

Headquarters — Minden, Germany

Wolf PVG is a highly specialized systems supplier for all aspects of vacuum cleaning, industrial filter technology, and medical protective equipment. Its products include vacuum cleaner bags, vacuum cleaner nozzles, filters, and attachment flanges for vacuum cleaner bags. These products are developed and produced for both industrial clients and the operating division's own end-user business. Under its core brands, Swirl® and Worwo®, Wolf PVG markets vacuum cleaner bags, vacuum cleaner accessories, and cleaning products for private households in Europe. In addition, the company produces high-quality meltblown and composite materials, e.g. for medical face masks.

Sales in € thous.		
2020	<div></div>	61,202
2019	<div></div>	57,846
Employees, full-time employees, annual average		
2020	<div></div>	257
2019	<div></div>	285

### **ACW-FILM**

Headquarters — Rhede (Ems), Germany

ACW-Film develops and produces flexible packaging for the consumer goods industry in Germany and the rest of Europe. The operating division supplies – also just-in-time – films, film laminates, fully recyclable composites or monostructures, papers, and paper composites for the special packaging machinery of its clients. The main focus is on the delivery of sustainable, high-quality, innovative, and customized packaging films for the fresh meat, food, cleaning, and confectionery industries.

Sales in € thous.		
2020	<div></div>	8,128
2019	<div></div>	7,813
Employees, full-time employees, annual average		
2020	<div></div>	48
2019	<div></div>	48

### **NEU KALISS / NEUKÖLLN SPEZIALPAPIER**

Headquarters — Neu Kaliß, Berlin-Neukölln, Germany

Neu Kaliss / Neukölln Spezialpapier manufactures specialist papers and nonwoven materials for industrial use. Its range of materials includes nonwoven wallpapers, conductive nonwoven fabrics, and solar nonwovens. In its paper business, the operating division produces and processes coffee filter papers, beer glass and coffee cup drip catchers, crepe papers for large bakeries, udder papers, and extractor hood filters.

Sales in € thous.		
2020	<div></div>	35,075
2019	<div></div>	40,696
Employees, full-time employees, annual average		
2020	<div></div>	201
2019	<div></div>	212

### **MELITTA BUSINESS SERVICE CENTER**

Headquarters — Minden, Germany

The Melitta Business Service Center pools administrative tasks at Group level. In addition to shaping the operational HR and accounting processes, these tasks include strategic purchasing, business process management, business intelligence, and IT. The aim is to simplify, standardize, and align the Group's processes and systems in order to enhance flexibility and efficiency while also establishing the prerequisites for Group-wide digitization.

# Corporate Divisions

Headquarters — Minden, Germany

## **CORPORATE DEVELOPMENT**

*incl. 10X Innovation*

The corporate division Corporate Development deals with the strategic alignment of the Melitta Group and its various operating divisions. It provides support for Chief Corporate Management with the further development of Group strategy and helps the operating divisions implement their strategy projects. One of the division's most important tasks is to give recommendations regarding the design and implementation of strategic alternatives. This involves monitoring market trends and developments, evaluating strategic options, developing strategy programs, and jointly implementing them within the framework of corporate strategy. The division is sub-divided into the departments: Corporate Strategy, Investment Management, Planning and Reporting, Corporate Innovation/Melitta 10X Incubator, and the Digital Acceleration Team.

## **COMMUNICATION AND SUSTAINABILITY**

The corporate division Communication and Sustainability is responsible for internal and external communications across the Group. This includes the development of the Melitta Group's communication strategy and its implementation in the field of corporate communications, public relations, sponsoring, and events. Its responsibilities also comprise the Group-wide strategic alignment and development of sports partnerships, as well as in-house real estate management in cooperation with the relevant departments. The corporate division's other main tasks include the strategic alignment and coordination of the Group's sustainability activities, as well as the integration of sustainability into business strategy.

## **HUMAN RESOURCES**

The corporate division Human Resources shapes the strategic and infrastructural framework for the support, recruitment, and development of personnel. A key task is to strengthen the attractiveness of the Melitta Group as an employer, both internally and externally, in order to retain current and new employees over the long term. Corporate HR supports the operational HR departments with suitable measures and instruments, including digital tools for process optimization. By working in partnership with managers, employees, and worker representative bodies, as well as facilitating Group-wide synergies between the individual HR departments, Corporate HR also promotes the flexibility and competitiveness of the entire organization.

## **LEGAL AFFAIRS**

The corporate division Legal Affairs has the task of identifying all risks due to new legislation – from amendments to case law – and changes inside or outside the Group. It supports Chief Corporate Management, the other corporate divisions, and the operating divisions with all legal issues. To this end, it examines legal issues and contracts, as well as packaging and advertising materials, manages legal disputes with authorities and third parties and coordinates cooperation with external lawyers on behalf of the whole Group. It is also responsible for the legally secure structuring of companies, as well as the registration, renewal, and defense of intellectual property rights, and Group-wide data protection issues.

## **FINANCE**

The corporate division Finance develops the Group's financial strategy and is responsible for its accounting processes, financial management and treasury, as well as for customs and tax issues. Its main tasks include planning and managing funds, coordinating financial reporting on the basis of uniform standards, and global insurance management. The corporate division draws up guidelines on compliance with legal and regulatory requirements, and provides various financial services. In addition, it is responsible for the operational coordination and management of acquisitions and cooperations, as well as for the risk-oriented implementation of internal audit tasks at the Group's operating divisions.

# Group Management Report for the Fiscal Year 2020

MELITTA UNTERNEHMENSGRUPPE BENTZ KG

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## Basis of the Group

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### THE COMPANY —

The companies of Melitta Unternehmensgruppe Bentz KG (the “Melitta Group”) are leading providers of various branded products for the consumer segment (B2C) and attractive niches of the commercial customer segment (B2B) in the main business fields of Coffee, Coffee Preparation, and Household Products.

The structure of the Melitta Group enables management to closely align operations with the needs of the respective markets via our operating divisions, national subsidiaries, and portfolio units. With the aid of central corporate divisions, Chief Corporate Management steers the Group according to strategic objectives and on the basis of our mission, shared culture and values, as well as our fundamental corporate principles.

With its core brands Melitta®, Cilia®, Café Bom Jesus®, and Café Barão®, the business field Coffee offers a wide range of filter coffee, instant cappuccino, whole bean, and single-serve products, as well as tea products, in its regional and international markets.

The products of the Coffee Preparation business field marketed under the core brands Melitta® and Cafina® comprise coffee filters, filter coffee-makers and fully automatic machines, as well as electric kettles and milk frothers. This business field also includes Melitta Professional Coffee Solutions, a specialist for professional hot beverage preparation in the system and non-system catering segments, as well as the Office Coffee Solutions (OCS) division.

The Household Products business field comprises consumer and catering products for the fresh-keeping and storing of food, as well as waste disposal products, dust filter bags, and dust filter accessories, which are marketed under the core brands Toppits®, Cuki®, Swirl®, Albal®, handy bag®, BacoFoil®, and Wrapmaster®.

The remaining products are marketed to industrial clients (B2B). They include specialist papers for the wallpaper industry, industrial films for food packaging, and nonwoven materials for the processing of protective masks.

The innovation and development activities of our companies are designed to detect or shape new consumer trends in order to turn them into new and clearly differentiated products which will secure the company's sustainable development. This also applies to our food service and B2B clients.

In our Sustainability Statement published in late 2019, we defined binding targets for all value chains – especially coffee and coffee cultivation, plastics and plastic products, paper and pulps, and electrical appliances – as well as for the fields “Environmental Responsibility”, “Social Responsibility”, and “Responsibility for Employees”, which we aim to achieve by 2030 at the latest. By pursuing the measures derived from these targets, we strive to achieve the holistic integration of sustainability in our core business. As of 2021, we will report regularly and transparently on our progress in this field and the further course of action.



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## Economic report

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### BUSINESS ENVIRONMENT —

*The economic environment in those regions of relevance for the Melitta Group was significantly affected by the coronavirus pandemic in the past year. As a result, gross domestic product (GDP) in the European Union (EU) fell by 6.3% in 2020. However, short-time work programs prevented a more dramatic slump in the European labor market. Compared with the EU, the decline in GDP in the USA was milder (-3.4% in 2020) due to less extensive lockdown measures. Following growth in 2019, Brazil is expected to record a decline of approx. 4.5% for 2020. In addition, the recession has led to a significant depreciation of the Brazilian real. Economic growth in China of around 2.3% in 2020 is mainly attributable to strong exports and a faster recovery from the pandemic.*

*In all key markets for the Melitta Group, the coronavirus pandemic and regulations to prevent its spread led to a shift from out-of-home to at-home consumption.*

*In addition to this development, the world's largest coffee markets were also marked by volatile green bean prices in 2020. Sales volumes in the German coffee market as a whole increased by 7.9% in 2020, driven primarily by the whole bean segment (+25.2%). The coffee market in Brazil recorded growth of 0.5% in 2020, whereby growth in the first half of the year (approx. 6%) was almost fully offset by the negative impact of the coronavirus pandemic later in the year. The US and Canadian roasted coffee markets both posted volume gains.*

### DEVELOPMENT OF BUSINESS —

*As a result of the coronavirus regulations, the Melitta Group recorded extremely high demand for its products in the B2C segment, which more than compensated for shortfalls in the out-of-home segment. At the same time, we succeeded in maintaining supply chains and were thus always able to deliver our products in all key product categories. Employees in the production plants in Europe and the Americas deserve special praise for their exceptional dedication, despite extra shifts and significant restrictions due to the necessary protective measures. In spite of these adverse conditions, production capacities were thus maintained and fully utilized throughout the year. Our sales and administrative departments also made a very rapid and successful switch to remote working. Across the Group, approx. 80% of employees worked from home.*

#### **A) COFFEE**

*In its Coffee business field, the Melitta Group sold a total of 174 thousand metric tons of coffee in 2020, up 2% on the prior-year figure (170 thousand metric tons). In Germany, the year was dominated by numerous initiatives in our domestic business, exports and e-commerce, as well as by the topic of sustainability. Activities included the development of a new brand campaign, the start-up of a coffee manufacturing facility geared to the specialty market, and progress with our plans for a Melitta Coffee Competence Center. In Brazil, there was growth in both sales volumes and market shares in all regions, due mainly to improved visibility and presentation of the brands. Moreover, 2020 was marked by the expansion of the roasting plant in the state of Minas Gerais. Sales of coffee also grew by volume in North America. In Canada, Melitta has established itself as one of the market leaders in the whole bean segment. In the B2B segment, partnerships are being further intensified and production at our Cherry Hill site is being expanded.*

Following the market launch of the premium tea brand Avoury®, the dealer network and customer base were further expanded in 2020 – despite the challenging conditions caused by the coronavirus pandemic. As a result, the brand is now represented in almost all regions of Germany. The new brand world with its own manufacturing plant in Minden was also completed and opened.

With regard to our sports sponsorship activities, the existing partnership with Manchester United was extended and – together with other partners (including Borussia Dortmund) – we will continue to strengthen our brand presence, especially in the Coffee and Coffee Preparation business fields.

#### **B) COFFEE PREPARATION**

All in all, there was significant growth in sales volumes of branded filter papers, filter coffeemakers, and fully automatic coffee machines in 2020. This resulted in a corresponding increase in the market share of branded filter paper products in almost all EU countries. The countermeasures taken in the previous year in the field of fully automatic coffee machines had the desired effect in 2020 and also led to growth in sales volumes. Demand for premium products in the filter coffeemaker category was also up.

By contrast, the market environment for professional hot beverage preparation in the system and non-system catering segments was significantly hampered by the coronavirus regulations. Thanks to major long-term orders from international key accounts, however, our business in this field performed significantly better than the market as a whole in terms of sales growth. Moreover, the expansion of digital customer solutions represented an important investment in the long-term development of this segment. In the Office Coffee Solutions (OCS) segment, we were unable to replicate the growth of previous years due to similarly adverse market conditions. Nevertheless, we were able to mitigate the effects of the coronavirus pandemic

with targeted measures in the field of advertising and sales support. In addition, further improvements were made to the coffee at work® and water at work® brands.

#### **C) HOUSEHOLD PRODUCTS**

Changes in consumer behavior as a result of the coronavirus pandemic also led to an extremely positive trend in our Household Products business in 2020. On the whole, negative effects in the out-of-home and food service segments were more than offset. In addition to increased demand for products used in private households, there was also encouraging growth in market shares of all related product groups. This trend reflects the increased trust in brands and greater quality awareness among consumers; past investments in our brands therefore paid off in 2020. We continue to pursue the sustainability initiative launched in previous years with the ongoing development of ecologically compatible products.

The Cuki Group, in which we acquired a majority stake in 2018, also made good progress in 2020. In the course of the ongoing integration process, further synergies were developed and will have a positive impact on the development of this segment in the coming years.

Sales of dust filter bags also increased year-on-year by volume in the B2C and B2B segments. At the same time, numerous investments were made in product and sustainability projects, including the construction of a high-performance bag machine for the Swirl® brand business and the development of the Swirl® Smart Search web app. As a filtration expert and manufacturer of non-woven filters, meltblown materials were also sold to mask manufacturers and investments were made in expanding the corresponding capacities.

#### **D) OTHER BUSINESS**

The wallpaper industry continued to suffer from falling demand in 2020. In order to reduce dependence on this client sector, product solutions for other sectors are continuously being developed.

#### **EARNINGS POSITION —**

In its fiscal year 2020, the Melitta Group generated total sales of € 1,733 million. Compared to the previous year (€ 1,695 million), this represents nominal growth of 2.2%. Adjusted for currency differences, sales rose by around 7.5%. In view of the uncertainties surrounding the impact of the coronavirus pandemic at the beginning of 2020, expectations were more than met.

The performance of our individual operating divisions also illustrates that we were able to expand our business fields by gaining market share and increasing sales volumes. Against this backdrop, and in view of the investments made in new projects and growth initiatives during 2020 – adapted overall to the prevailing uncertainties – we are generally very satisfied with the overall development of the Melitta Group in the reporting period.

The table shows a breakdown of consolidated net sales.

Measured in euro, sales of the business field Coffee were slightly down year on year. However, currency-adjusted and above all without the significant depreciation of the Brazilian real mentioned above, total sales revenues in local currencies were up on the previous year. There was particularly strong year-on-year growth in Brazil. Sales revenues were also up in the USA and Canada.

Sales of the Coffee Preparation business field were up 5% year on year. Lower sales of professional hot beverage preparation products in the system and non-system catering segments due to coronavirus restrictions were more than offset by sales growth in the coffee filter, filter coffeemaker, and fully automatic coffee machine segments.

As a result of the progress made in the Household Products business field described above, sales revenue in this segment was around 10% higher than in the previous year. This trend was driven above all by branded products.

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	12-31-2020 in € thous.	12-31-2019 in € thous.
Coffee	582,604	623,701
Household Products	593,030	539,467
Coffee Preparation	505,141	482,093
Others	51,980	50,125
<b>GROUP</b>	<b>1,732,755</b>	<b>1,695,386</b>

## **ASSETS AND FINANCE —**

### **A) CAPITAL STRUCTURE**

As of December 31, 2020, the Melitta Group's equity capital stood at € 287 million. The year-on-year difference of € 4 million resulted from the net balance of the consolidated net profit, foreign currency changes without effect on income (see also our comments above regarding the significant depreciation of the Brazilian real), as well as shareholder contributions and withdrawals.

The equity ratio amounts to 28%. Bank balances, long- and short-term securities and cash equivalents contained in other assets were deducted from the balance sheet total when calculating the equity ratio.

Net bank borrowing of the Melitta Group as of December 31, 2020 amounted to € 176 million (prior year: € 233 million) and comprises bank liabilities and liquid funds; including other interest-bearing net financial liabilities, net financial debt totaled € 189 million (prior year: € 251 million). The main reason for the decrease in debt is the development of earnings in our business fields.

Bank liabilities decreased by € 38 million, from € 380 million to € 342 million.

Pension accruals and similar obligations rose from € 169 million to € 174 million. Other accruals, including tax accruals, increased by € 34 million to € 161 million.

As of December 31, 2020, the Melitta Group had trade payables of € 163 million – unchanged from the previous year. Other liabilities declined by € 9 million to € 72 million.

The Group's total assets decreased by € 14 million, from € 1,225 million to € 1,211 million.

As of the reporting date, there was a net decrease in non-current assets of € 55 million. The total net decline in financial assets amounted to € 39 million. The Melitta Group invested € 57 million in intangible and tangible assets. There was an opposing effect from depreciation and amortization of around € 59 million, and from other changes (especially in connection with the depreciation of the Brazilian real).

Current assets increased by € 40 million, from € 754 million to € 794 million.

### **B) LIQUIDITY**

The liquidity of the Melitta Group is analyzed via the cash flow statement. The Group generated positive cash flow from operating activities in 2020. There was a cash outflow from investing activities. Financing activities mainly comprise withdrawals made by the owners and the reduction of bank liabilities.

In fiscal year 2020, the Melitta Group continued to have sufficient credit lines to finance its working capital.

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## Overall assessment

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Although we fell short of our growth targets, we are very satisfied with the development of business in 2020. We successfully met the challenges facing the Melitta Group's business fields – especially from the coronavirus pandemic – and still succeeded in driving forward numerous initiatives and projects. These continue to involve exploiting the marketing potential in our core businesses, driving their continued internationalization, investing in future growth segments and in the digital transformation of our commercial departments. In spite of the challenging market environment, the Melitta Group not only increased its sales volumes and market shares, but also achieved year-on-year revenue growth and a significant improvement in pre-tax earnings. Capital expenditures were on a par with the previous years. Net financial debt is below the forecast figure.

### FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS —

Melitta's corporate management system is geared toward long-term, value-oriented, and profitable growth. To this end, we have defined specific controlling processes. Our key performance indicators are sales revenue, EBIT, and return on net capital employed.

In addition to these financial performance indicators, Chief Corporate Management also monitors non-financial figures. These performance indicators relate in particular to our product and supply chain responsibility, our environmental footprint, our responsibility for employees, and our social responsibility. The definition of these indicators is based on the relevant national and international standards as well as on their meaningfulness with regard to the achievement of our sustainability targets.

### EMPLOYEES —

The implementation of the Melitta Group's growth strategy requires an increase in human resources in various areas of the Group. Consequently, an annual average of 5,849 people were employed by Melitta in the reporting period. This corresponds to a year-on-year increase of 3.4% and demonstrates the necessary investment in our internal structures and expertise for the Group's continued growth.

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## Opportunity and risk report

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The Melitta Group uses a differentiated management system aimed at the structured identification and assessment of those risks to which the company is exposed. It includes all organizational regulations and measures for the early recognition, evaluation and analysis of risks.

Melitta pursues a balanced risk policy. In the course of auditing the annual financial statements 2020, we commissioned the external auditors to conduct a voluntary audit of our early recognition system according to Sec. 91 (2) of the German Stock Corporation Act (AktG). They were able to confirm that our early recognition system was appropriate and complied with statutory requirements. Irrespective of this, the risk management process will be continuously refined in 2021.

The management system comprises suitable reporting procedures. These ensure that the managers responsible are constantly and quickly informed about potential risks and opportunities. This enables both the Group and individual companies to take fast and effective corrective measures.



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## Forecast report

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*The main risks of the Melitta Group result from general economic developments, sector developments, and risks from general operating activities. In addition, price increases for commodities (especially green beans) and unfavorable exchange rate developments may lead to negative deviations from the Group's targets. These risks are currently also dominated by the long-term – and hard to predict – economic effects of the coronavirus pandemic on our professional hot beverage preparation business field.*

*The monitoring and controlling of financial risks is entrusted to the Group's treasury division. Foreign exchange and interest hedging instruments (options, swaps, futures and interest derivatives) are used where necessary to hedge against specific risks from existing or foreseeable underlying transactions. Liquidity risks and risks from cash flow fluctuations are countered constantly by local and group-wide liquidity planning.*

*However, these general risks are also countered by opportunities. For the Melitta Group, these arise in particular from the tapping of market potential via a further expansion of our international presence and growing awareness of the Melitta brands, as well as from the rising propensity to purchase commercial coffee machines.*

*Financial and profit-related opportunities with positive deviations from the planned trend in revenue and earnings result from additional sales, falling commodity prices and more favorable exchange rates.*

*The holistic integration of sustainability in our core business and the resulting measures serve not only to reduce existing or expected risks, such as the effects of climate change, but also to generate further opportunities in our markets.*

*At present, it is impossible to predict how the coronavirus pandemic will develop in 2021. However, we assume that it will continue to have a major impact on business at least in the first half of 2021 and are therefore aligning our activities accordingly. The Group's performance in the coming fiscal year will depend largely on whether and to what extent the out-of-home sector can recover in the short term and to what extent our B2C activities can continue to provide the necessary compensation. The progress of vaccinations, leading to a gradual easing of lockdown regulations and a resurgent economy, is certain to play a key role in determining further developments.*

*Based on these assumptions, for the full year 2021 we anticipate a further slight increase in sales revenue and stable earnings for the Group on a par with the previous year.*

Minden, March 2021

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**THE GENERAL PARTNERS OF  
MELITTA UNTERNEHMENSGRUPPE BENTZ KG**

# Consolidated Balance Sheet

MELITTA UNTERNEHMENSGRUPPE BENTZ KG  
*as at 12-31-2020 (abridged version)*

<b>Assets</b> in € thous.	<b>12-31-2020</b>	<b>12-31-2019</b>
Intangible assets	<b>130,475</b>	135,439
Tangible assets	<b>268,596</b>	279,627
Financial assets		
_ Shares in affiliated companies	<b>936</b>	1,648
_ Participation interests	<b>11,211</b>	11,161
_ Other financial assets	<b>5,082</b>	43,258
<b>Non-current assets</b>	<b>416,300</b>	471,133
Inventories	<b>246,842</b>	241,856
Receivables and other current assets		
_ Trade receivables	<b>319,045</b>	335,111
_ Other receivables and current assets	<b>27,617</b>	36,497
Securities	<b>9,943</b>	39
Bank balances, checks	<b>155,328</b>	106,007
<b>Current assets</b>	<b>758,775</b>	719,510
<b>Other assets</b>	<b>35,534</b>	34,617
<b>TOTAL ASSETS</b>	<b>1,210,609</b>	1,225,260

<b>Equity and Liabilities</b> in € thous.	<b>12-31-2020</b>	<b>12-31-2019</b>
<b>Equity</b>	<b>286,728</b>	290,999
Pension accruals	<b>173,747</b>	169,043
Other accruals	<b>160,647</b>	126,391
<b>Accruals</b>	<b>334,394</b>	295,434
Debts	<b>341,890</b>	379,999
Trade payables	<b>162,943</b>	163,421
Other liabilities	<b>73,026</b>	83,425
<b>Liabilities</b>	<b>577,859</b>	626,845
<b>Prepaid expenses</b>	<b>11,628</b>	11,982
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,210,609</b>	1,225,260

# Explanatory Notes on the Consolidated Balance Sheet

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## **I. General information on accounting and valuation**

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Certain items of the consolidated financial statements, drawn up in accordance with Sec. 13 German Company Disclosure Law (PubLG) in conjunction with Sec. 294-314 German Commercial Code (HGB), have been combined for the publication of this annual report for fiscal 2020. The Melitta Group makes use of the exemption pursuant to Sec. 13 (3) Sentence 2 PubLG regarding the publishing of income statements. The consolidated financial statements and Group management report, which were awarded an unqualified audit opinion by the independent auditors, and the disclosures pursuant to Sec. 5 (5) Sentence 3 PubLG are published in the Federal Gazette.

### **CONSOLIDATED GROUP —**

The consolidated financial statements include all domestic and foreign companies in which the parent company directly or indirectly holds the majority of the voting rights (Sec. 290 (2) No. 1 in conjunction with (3) HGB) and which are directly or indirectly under the common control of Melitta Unternehmensgruppe Bentz KG.

The consolidated group comprises 75 (prior year: 73) companies, of which 32 are based in Germany and 43 abroad.

Due to their minor importance for the financial position and performance of the Group, three companies (prior year: seven) were not included in the consolidated financial statements. Despite a shareholding of over 20%, three other companies (prior year: three) were not included as associated companies since Melitta Unternehmensgruppe Bentz KG exerts no significant influence on their business and financial policy.

In accordance with Secs. 311, 312 HGB, major participations are to be valued using the equity method if a significant influence can be exerted on their business and financial policy. This is the case with two companies (prior year: two).

The following changes to the consolidated group occurred in 2020: as of January 1, 2020, the two companies Interpart Holding AG, Switzerland, and Filtropa B.V., the Netherlands, which were previously not consolidated in accordance with Sec. 296 (2) HGB, were included in the consolidated financial statements for the first time.

The companies included in the consolidation have exercised their legal option to be exempted from an audit of their annual financial statements. The auditor of the consolidated financial statements examined the summarized consolidated reporting packages included in the consolidated financial statements in accordance with Sec. 317 (3) HGB and satisfied himself that these annual financial statements complied with the accounting and measurement regulations of the German Commercial Code and generally accepted accounting principles.

### **CONSOLIDATION METHODS —**

The consolidated financial statements were prepared as at December 31, 2020. This is generally the balance sheet date for all companies included in the consolidated accounts.

In the capital consolidation process, the acquisition cost or balance sheet valuation of the shareholding is offset against the proportional share of shareholders' equity on the date of the initial consolidation. Goodwill is formed for any resulting differences – insofar as these cannot be directly attributed to, and depreciated with, individual asset items – and amortized through profit or loss using the straight-line method over the following years with a useful life of 5 - 15 years. This consolidation method is also used for investments in associated companies. The assessment of the amortization period is based on the future use of the goodwill.

Investments in associated companies are consolidated using the book value method. Inter-group trading profits from transactions with associated companies were not eliminated.

Debt was consolidated according to Sec. 303 (1) HGB, while income and expenditure were consolidated pursuant to Sec. 305 (1) HGB and unrealized results eliminated in accordance with Sec. 304 (1) HGB.

Deferred taxes were formed for temporary differences with an effect on income from consolidation transactions using individual tax rates.

#### ACCOUNTING AND VALUATION PRINCIPLES —

Uniform valuation of assets throughout the Group is guaranteed by the application of corporate guidelines, valid for all members of the Melitta Group – with the exception of those companies consolidated using the equity method. These corporate guidelines correspond to commercial law regulations.

Intangible assets are valued at cost, while property, plant and equipment are valued at acquisition or production cost; they are written down using the straight-line method. In addition to direct costs, production costs also include a proportionate amount of overhead costs and depreciation. Investment subsidies reduce the cost of acquisition or production.

Financial assets are valued no higher than at acquisition cost, or the lower fair value. In the case of permanent impairment, non-scheduled impairment charges are recognized.

Inventories are valued at acquisition or production cost. Raw materials, supplies and merchandise are valued at the lower of average purchase prices and current values. Unfinished and finished goods are valued at production cost, which also includes a reasonable amount of necessary overhead cost and depreciation. Production costs are lowered accordingly, should this be necessary to avoid

valuation losses. Suitable allowances are made to cover the risk from holding inventories.

Advance payments on inventories, accounts receivable, other assets and cash and cash equivalents are carried at their nominal values or the lower rate for foreign currencies and where applicable the lower fair value. Lump-sum allowances have been made to cover general credit risks.

Prepaid expenses and deferred charges are formed in accordance with the provisions of Sec. 250 HGB.

Pursuant to Sec. 306 HGB, deferred tax assets and liabilities are formed for consolidation entries with an effect on income. In addition, deferred tax assets were formed for tax loss carryforwards for which it can be assumed with adequate probability that they will be used in future, as well as for temporary differences between the commercial and tax balance sheet (in the items non-current assets, current assets, accruals and liabilities), after netting with deferred tax liabilities. For the measurement of deferred taxes, the individual tax rates of the affiliated companies included in consolidation were considered (12 - 34%).

Pursuant to Sec. 246 (2) HGB, assets (plan assets) measured at fair value were netted with accruals for pension obligations. Any resulting positive balance from netting is disclosed in the balance sheet as an asset-side difference from asset allocation.

Limited partnership shares are measured at nominal value.

Accruals for pensions are calculated using the projected unit credit method. Pension accruals are measured with an interest rate of 2.31% as at December 31, 2020 (prior year: 2.71%). In accordance with the simplifying provision of Sec. 253 (2) Sentence 2 HGB, a standard remaining term of 15 years was assumed for the obligations. Future pay increases were taken into account at a rate of 2.0% p.a. and pension increases at a rate of 1.5%. Standard consideration throughout the consolidated German companies was also given to the



relevant biometric calculation basis (including the RT 2018 G mortality chart) and other calculation principles for the settlement amount to be used. Accruals for pensions of foreign companies were calculated as of December 31, 2020 using the projected unit credit method with an interest rate of 2.31% and individual assumptions as to pay and pension increases, as well as biometric assumptions.

Other accruals cover all recognizable risks and uncertain commitments in the amount of the respective settlement amount. Accruals with maturities of over one year were measured in accordance with Sec. 253 (2) HGB.

Subject to the fulfillment of the corresponding prerequisites, transactions expected with a high level of probability (hedged items) are placed together with derivative financial instruments in hedging relationships in order to balance contrasting value changes or cash flows from the acceptance of comparable risks. Such hedging relationships are presented in the financial statements using the net hedge presentation method.

Financial instruments are measured using generally accepted valuation models and mathematical procedures based on current market data.

Liabilities are carried at their respective settlement amounts.

Grants are recognized in profit or loss in accordance with the allocation of the expense that the grant is intended to cover.

historic rates and any resulting differences in values are netted in equity.

Assets and liabilities denominated in foreign currencies are translated at the spot rate as of the balance sheet date, providing there are no hedging transactions.

The average rates are determined by simple averaging on the basis of the daily ECB fixing rates. Currency translation differences from debt consolidation are recognized in the income statement under other operating expenses or other operating income. Currency translation differences from the elimination of intercompany profits are recognized in the income statement under changes in inventories.

## **CURRENCY TRANSLATION —**

The annual financial statements of consolidated subsidiaries prepared in foreign currencies are translated using the modified closing-date method. This means that balance sheet items in foreign currencies are converted at the closing-date rate and income statement items at average rates of 2020. Shares in affiliated companies, subscribed capital and reserves are translated at

## 2. Non-current assets

in € thous.

	Book values as of 12-31-2020*	Book values as of 12-31-2019 *	Additions	Depreciation current year	Other changes
Intangible assets	<b>130,475</b>	135,439	13,288	17,100	– 1,152
Tangible assets					
– Land	<b>114,151</b>	112,570	4,097	5,938	3,422
– Machines and equipment	<b>113,691</b>	126,677	15,609	29,615	1,020
– Other assets	<b>40,754</b>	40,380	23,900	6,424	– 17,102
	<b>268,596</b>	279,627	43,606	41,977	– 12,660
Financial assets					
– Shares in affiliated companies	<b>936</b>	1,648	4	0	– 716
– Participation interests	<b>11,211</b>	11,161	50	0	0
– Other financial assets	<b>5,082</b>	43,258	2,624	0	– 40,800
	<b>17,229</b>	56,067	2,678	0	– 41,516
	<b>416,300</b>	471,133	59,572	59,077	– 55,328

\* Differences arising from the currency translation of fixed and other assets at current rate values are offset against shareholders' equity or the corresponding liability items without affecting earnings.

### 3. Inventories

in € thous.

	12-31-2020	12-31-2019
Europe	193,412	189,970
North America	19,380	18,016
South America	10,636	11,522
Asia-Pacific	23,414	22,348
	246,842	241,856

### 4. Trade receivables

in € thous.

	12-31-2020	12-31-2019
Europe	257,448	261,304
North America	17,638	19,158
South America	21,794	29,621
Asia-Pacific	22,165	25,028
	319,045	335,111

### 5. Debts

in € thous.

	12-31-2020	12-31-2019
Europe	341,761	379,821
North America	117	178
South America	0	0
Asia-Pacific	12	0
	341,890	379,999

There are liabilities due to banks with terms of over five years of € 45 million.

### 6. Trade payables

in € thous.

	12-31-2020	12-31-2019
Europe	139,213	139,989
North America	8,039	7,753
South America	11,206	10,061
Asia-Pacific	4,485	5,618
	162,943	163,421

Minden, March 2021

**THE GENERAL PARTNERS OF  
MELITTA UNTERNEHMENSGRUPPE  
BENTZ KG**

# Locations and Markets



## EUROPE

### Austria

Salzburg — Melitta Ges.mbH  
— Melitta Professional Coffee Solutions International GmbH {Nl. Österreich}

### Czech Republic

Prague — Melitta ČR s.r.o.

### Denmark

Copenhagen — Melitta Nordic A/S

### England

Corby — Melitta Professional Coffee Solutions UK Ltd.  
Telford — Melitta UK Ltd.

### France

Saint Denis — Melitta Professional Coffee Solutions France S.A.S.  
— Cofresco PM S.A.S.  
— Melitta France S.A.S.  
La Terrasse — Cuki France S.A.S.

### Germany

Minden — Melitta Unternehmensgruppe Bentz KG  
— Melitta Group Management GmbH & Co. KG  
— Melitta Europa GmbH & Co. KG {Division Coffee Preparation}  
— Cofresco Frischhalteprodukte GmbH & Co. KG  
— Melitta Professional Coffee Solutions GmbH & Co. KG  
— Melitta Single Portions GmbH & Co. KG  
— Melitta Business Service Center GmbH & Co. KG  
— Melitta Europa GmbH & Co. KG {Division Sales Europe}  
— WolfPVG GmbH & Co. KG  
— Melitta Single Portions GmbH & Co. KG  
Düsseldorf — Melitta Europa GmbH & Co. KG  
Bremen — Melitta Europa GmbH & Co. KG {Division Coffee}

### Berlin

— Neukölln Spezialpapier NK GmbH & Co. KG  
— 10X Innovation GmbH & Co. KG

### Spence

— WolfPVG GmbH & Co. KG

### Neu Kalifß

— Neu Kaliss Spezialpapier GmbH

### Rhede

— ACW-Film GmbH & Co. KG

### Witten

— Coffee at Work GmbH & Co. KG

### Italy

Volpiano — Cuki Cofresco S.r.l.  
— DomoLiving S.r.l.

### Netherlands

Gorinchem — Melitta Nederland B.V.  
— Melitta Professional Coffee Solutions Benelux B.V.  
Maastricht — B.V. Filtrapa

### Norway

Oslo — Melitta Nordic AS

### Poland

Brodnicza — Cofresco Poland Sp. z o.o. Manufacturing Sp. k.  
Warsaw — Melitta Poland Sp. z o.o.  
Wąbrzeżno — Worwo Sp. z o.o.  
Wysogotowo — Cuki Alfatec Sp. z o.o.

### Turkey

Istanbul — Ilmak Makina Sanayi Ticaret AS

### Spain

Madrid — Cofresco Iberica S.A.

### Sweden

Helsingborg — Melitta Nordic AB

### Switzerland

Zofingen — Melitta GmbH  
— Cafina AG

## NORTH AMERICA

### Canada

Toronto/Ontario — Melitta Canada Inc.

### USA

Clearwater — Melitta USA Inc.  
Cherry Hill — European Coffee Classics Inc.  
Elgin — Melitta Professional Coffee Solutions USA Inc.

## SOUTH AMERICA

### Brazil

São Paulo / Avaré / Santos / Varginha / Contagem / Bom Jesus / Farroupilha  
— Melitta do Brazil Industria e Comércio Ltda.  
Guaíba — Celupa – Indústria Celulose e Papel Guaíba Ltda.

# Imprint

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**LIVING SUSTAINABILITY EVERY DAY**

Our commitment to sustainability is also reflected in the production of our annual report, which has been produced in collaboration with an environmental printing company. Based on a quality management system certified according to ISO 9001:2015, the print shop practices sustainability in word and deed – from production to logistics. For example, processless plates are used and the company's own photovoltaic system supplies it with green energy. A completely new generation of ecological inks, based on natural substances, produces exceptional printing results with little odor and excellent deinkability. It can also be produced without harming people or the environment and can even be used directly with foodstuffs. With the exception of the color pigments, the raw materials and binders are developed on the basis of renewable raw materials. Naturally, this report is printed primarily on recycled paper, which is either FSC®-certified or has been awarded the EU Ecolabel or the "Blue Angel" eco label, depending on the grade. Any paper left over after production was donated to kindergartens and schools – where children have great fun using it for handicrafts. The book is bound using a thread-knot binding without the use of adhesives. Unavoidable CO<sub>2</sub> emissions are offset via a recognized reforestation project, thus making a contribution to climate protection. You can find more information about the project under the indicated climate seal. The objective we pursued in designing and managing the production of this report was to achieve the best possible balance between environmental impact, product benefit, and appreciation.

What will change?  
What will stay the  
same? On the follow-  
ing pages, our em-  
ployees outline the  
upcoming trends  
and developments  
– and use them  
to derive options for  
a joint impact

One thing is clear: the  
changes ahead can only be  
solved by working together.





## 2

### CONVERSATION #1 — CONSUMER BEHAVIOR

Consumer behavior is increasingly being shaped by the trend toward individualization and sustainable development. — How should we respond to this trend?

Chris Hillman of Melitta North America and Kai Dornbusch of Cofresco are pursuing similar strategies in this regard – despite very different product ranges.



CHRIS HILLMAN  
*is Vice President Marketing  
of Melitta North America.*

**1. Needs change all the time of course. What's shaping current consumer behavior?**

Chris Hillman Well, in the past year there's been a lot of uncertainty and chaos in people's lives. Many people are therefore seeking out experiences that feel familiar – and maybe bring some degree of comfort. The home right now is the epicenter of people's daily lives. They're baking and cooking meals much more and generally enjoy being in the kitchen. They are also brewing more coffee and experimenting in how they prepare it. For example, we've noticed that an increasing number of people are using the pour-over method to brew their coffee because they have more time and want to enjoy the moment.

Kai Dornbusch We're noticing the same effect. Demand has grown strongly in all our product categories and we've been able to expand our market share and grow massively in all countries affected by lock-down. At the moment, people are turning increasingly to brands they can trust. Brands offer security and safety in a world in which everything seems to have been turned upside down.

Chris Hillman In the coffee category, we're seeing consumers move more toward premium products. Their willingness to pay more for a product to get better quality has definitely increased. At the same time, there's obviously an accelerated movement toward online purchasing. This is something I expect is going to continue in the years ahead. We were fortunate that we'd been building our e-commerce capabilities over several years and this is really proving advantageous at the present moment.


**2. For some years now, there has been a trend toward individualization and of course toward more sustainability. To what extent are these trends noticeable in consumer behavior?**

Kai Dornbusch The move toward individualization and greater sustainability has been going on for some time now and gained even more momentum in the past year. There's a growing importance of products which have a specific purpose. Consumers are questioning brand messages more than they used to.

Chris Hillman That's right. And the thing about individualization is that it's not just about product features but also about communication. Consumers want information that's tailored specifically to them and their world. And now, with digital technologies, this kind of tailored communication is possible. With regard to sustainability though, we see significant regional differences: in Canada, consumers are much more interested in sustainable products than consumers in the USA. For example, bamboo filters are far more popular in Canada than in the USA. However, a lot of studies have indicated that the pandemic has greatly increased the level of interest in sustainability and sustainable products.

Kai Dornbusch Our research is showing exactly the same thing. On the other hand, sustainability alone is becoming less important as a sales argument. People are still demanding the highest quality. But this promise of quality must be combined with the fulfillment of sustainability requirements. And – just as you say – communication plays a key role. The huge advantage of digital media is that we can address our messages to the right audience. The days when we had to address all our target groups and transport all relevant messages with a single TV commercial are definitely over. → page 5



A portrait of Kai Dornbusch, Chief Marketing Officer of Cofresco, standing in front of a modern glass building. The image is overlaid with a semi-transparent orange filter.

KAI DORNBUSCH  
is Chief Marketing Officer  
of Cofresco.

5 „This promise  
of quality must  
be combined  
with the ful-  
fillment of sus-  
tainability re-  
quirements.“

The huge advantage  
of digital media is that  
we can address our  
messages to the right  
audience.

### 3. What does this mean for the design of the Melitta and Cofresco range?

Chris Hillman Well, regarding sustainability, we're in the process of adding additional sustainability certifications to our coffee filters. We're also exploring new paper sources which are potentially more sustainable. In terms of coffee, we're working with the global team on the "Coffee of the Future" project.

Kai Dornbusch With our "Honest 100" strategy, we're aiming to become 100 percent sustainable by the year 2025. An important component of this strategy is to gradually change all our products. For example, we're currently in the process of raising the recycled content of our waste management products to 80 percent. And this is just a first step on our journey. However, these efforts are being well received by consumers and this has strengthened our resolve to pursue this strategy.

Chris Hillman In order to drive the trend toward individualization, we recently launched a new direct to consumer brand which allows consumers to actually develop coffees specific to their own taste profiles. In addition, our licensing partner for electric products has introduced a new coffeemaker that allows consumers to brew coffee based on their specific needs. I'm convinced that more and more people are looking for something special which also expresses their personality. ☑

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# 7

STATEMENT #1 — E-COMMERCE

The volume of goods bought online has grown strongly in recent years. — What will the e-commerce concept of the future look like?

New exciting technologies will continue to boost online retailing, but bricks-and-mortar stores will remain, predicts Vanessa Traue of Melitta Europe – Sales Europe Division.

**1. How important is e-commerce for Melitta? How has online business developed over the past few years?**

*E-commerce has, of course, become much more important in recent years. A sales organization without online stores is hard to imagine these days. And this trend has gained even more momentum as a result of the coronavirus pandemic. Melitta was an early adopter of e-commerce and, in addition to the well-known online platforms, we also set up our own web shop in order to establish direct contact with consumers. Our approach is to offer goods wherever shoppers spend time and expect to find our products – whether in bricks-and-mortar stores or online, and whether on external e-commerce platforms or in our own web shop. This approach proved highly successful in the past fiscal year, as it enabled us to respond very flexibly to the growing demand for our products.*

**2. How do you expect e-commerce to develop in the coming years?**

*First of all, I expect the upward trend of the past few years to continue and possibly even intensify. This is because people who previously had no, or only little, experience of e-commerce had far greater exposure to it as a result of the pandemic. There has been a definite increase in the number of online shoppers. And this applies especially to those segments which previously only accounted for a small share of online sales. A good example of this is the food sector. We expect to see very high growth rates in these segments in particular over the coming years. In addition, new technologies such as augmented reality and artificial intelligence are likely to bring about further improvements in the online shopping experience.*

**3. Will e-commerce continue to squeeze traditional store sales in the coming years?**

*We believe that e-commerce will become increasingly important, but will not displace traditional bricks-and-mortar stores. On the contrary, the two forms complement each other. The choice between physical and virtual store ultimately depends on a number of factors: personal preference, the particular situation or occasion, and of course the product. As such, bricks-and-mortar stores will continue to exist as the virtual shopping experience can never compare with being able to physically wander through the store. Shopping centers and malls are not only aware of this fact but already adapting to it: offering more experiences, entertainment, and diversions to maintain the relevance and attractiveness of in-person shopping. → page 10*

**4. How do you manage to sell more complex products that require more explanation without the possibility to make personal contact?**

*Consumers have very different information requirements, as these depend on their prior knowledge, their own personal need for information, and their preferred communication media. Different lifestyles and experiences also have an influence on their need for information. As a result, the challenge for product providers is to develop information offerings for as many different shopper types as possible: some like to read texts, others prefer tables or comparisons, and some are best reached via video or live chats. A significant number of consumers are also swayed by certificates, labels or seals of approval, or persuaded by the reviews and “likes” of other shoppers. Personal recommendations, for example from friends or influencers, are also becoming increasingly important. The new technologies already mentioned, such as the use of augmented reality technology in combination with 3D animations, are helping us provide these different types of information. The fascinating thing here is that customers are, of course, also continuously evolving in their information behavior, so that providers must constantly adapt and develop their communication with customers and the way they present their products. ☑*

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LIKES  
SHARE  
RATING

# Sales 195



**VANESSA TRAUER**  
is Team Lead Brandshop  
at Melitta Europe –  
Sales Europe Division.





## II

### CONVERSATION #2 — SUPPLY CHAINS

Supply chains are becoming increasingly vulnerable as a result of globalization – and not just due to pandemics. — Do companies need to realign their supply chains?

More regional and greater diversification can help, but are only possible to a limited extent, say Andree Jürgens and Olivia Muxlow of Melitta Europe – Coffee Division.



I2

**1. To what extent do we need to restructure supply chains or adapt them to global developments and sustainability requirements?**

**Andree Jürgens** *The coronavirus pandemic has highlighted numerous weaknesses in global supply chains and, in some cases, a need for restructuring. With regard to the trading of green coffee beans, however, there is nothing new about supply chains not running smoothly. There have been a number of bottlenecks restricting the flow of goods over recent years – as a result of strikes, political instability, or even armed conflict in the growing countries. This is why we decided to conduct a fundamental risk analysis some years ago, which helped us to identify areas of weakness and adjust our sourcing strategy accordingly.*

**Olivia Muxlow** *With regard to the procurement of packaging materials – one of my responsibilities – the situation is a little different, as we procure these exclusively in Europe. The vast majority – 90 percent, to be precise – is sourced from German suppliers. Nevertheless, there are also occasional bottlenecks here as well, for example when our partners for intermediate materials, such as aluminum or plastics, experience shortages. We already faced this problem a few times before the pandemic. This is why we choose to work with partners who have a proven track record of flexibility and for whom our purchasing volumes are of significant scale. Long-standing relationships with strong personal connections can be extremely helpful in such situations. Another aspect that is increasingly important for us – not least due to our own inner convictions – is the issue of sustainability. The main issue here is the recyclability of our packaging. We are currently adapting our supply chains in this regard and will continue to develop them extensively in the years ahead. → page 14*



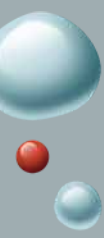
**2. How can supply chains be made more resilient?**

**Olivia Muxlow** *One important factor is regionality: we deliberately focus on sourcing materials from Germany and Europe, as this allows us to maintain our flexibility. It means there are no long transport routes, and in the event of an emergency, communication with our partners is much better as we can talk to them personally. Having said that, supply chains must also be constantly reviewed with regard to their resilience: which materials should we use and what is their origin and downstream transport route? Can we use alternative goods with improved properties, that are maybe more economical or have a smaller carbon footprint? What can we do without? How can we diversify?*


**Andree Jürgens** *In our case, localizing the supply chain is simply not possible as coffee can only be grown in a relatively narrow belt around the equator. This is why we focus primarily on diversification: over the past few years, we have steadily increased the number of countries and contractual partners from whom we source green beans. We have also expanded the individual stages within the supply chain. This has enabled us to reduce our dependencies. These measures helped us a great deal during the coronavirus pandemic and effectively secured our supplies.* → [page 15](#)



3. How can Melitta Europe – Coffee Division ensure that the functionality of its supply chains is maintained in the future? What are the challenges here?



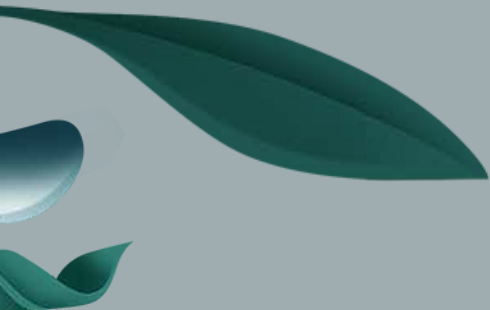
**Andree Jürgens** *Green beans are a natural product. Over the past few years, there have been numerous surprises that have resulted in challenges for us. And this is expected to continue in the future. We have adapted to this situation and established options for a more flexible and agile approach. However, we must continue to diversify our sourcing – despite the ongoing concentration process in the coffee business. This means making the best possible use of the networks we have established and continuing to expand them.*

**Olivia Muxlow** *This is something I also believe is necessary. In addition, we need to regularly explore new materials, especially with regard to sustainability. We are therefore constantly on the look-out for additional partners who have the corresponding production capabilities. We are particularly interested in materials that can be used in a variety of ways. Proximity to our site is an advantage here. But one thing must also be clear: sustainability is not so much a differentiating factor, but has to be established throughout the industry. There are currently some very exciting approaches in this regard.* 

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**OLIVIA MUXLOW**  
is Chief Buyer at Melitta  
Europe – Coffee Division.



**ANDREE JÜRGENS**  
is Head of Green Bean Management  
and Member of the Executive Board at  
Melitta Europe – Coffee Division.

STATEMENT #2 — DIGITALIZATION AND NETWORKING

IT has become the key success factor for all organizations. — Which factors will be decisive when designing the IT infrastructures of the future?

Stefanie Bohnhorst of the Melitta Business Service Center believes it will be standardization, simplification, and the cloud – and predicts that future collaboration will be hybrid.

**1. To what extent did the past year play a role in raising the importance of digitalization and networking?**

*I think the coronavirus pandemic has given digitalization a huge boost: the most obvious example is perhaps that web and video conferencing, as well as other digital formats, have now become a standard means of communication for almost all administrative staff. And whereas managers in particular used to travel halfway around the world for a meeting, they now use digital platforms to communicate with each other and their team members. I am convinced that we will continue to make great use of this efficient means of exchanging ideas across locations and countries in the future.*

**2. What will be the key factors when designing future corporate IT infrastructures?**

*Cyber security has become a key issue as online crime is steadily increasing – and has even intensified over the past year. Numerous measures need to be taken to effectively protect ourselves against cyber attacks, such as the creation of uniform IT standards throughout the Group and the ability to manage complex system landscapes. Cloud services are also becoming increasingly important. The more we work remotely, the more important it is to have secure, location-independent access to all the data and applications we need. → page 18*



3. And what consequences  
will this have for workplaces?

*I expect far-reaching changes in our working lives and a shift toward more hybrid cooperation formats. By this I mean that many employees will only spend part of their working time in the office and the other part will be more mobile or from home. This also means that in the future, some team members will sit in a “real” conference room while their colleagues participate virtually in the meeting. We need to align our IT infrastructure with this trend.*

*Shared desk concepts will also be part of everyday life at Melitta in the future. From an IT perspective, this means we need to standardize the technical equipment of our workplaces even more to make it easy for staff to use compatible devices in all offices. Greater standardization is also needed in the field of client configuration and device management. All of this requires heavy investment and, in some cases, fundamental change – a process that will take more than just a few months. ▣*







CONVERSATION #3 — BRANDS

Brands offer orientation and protection, especially in times of high uncertainty. — Will brands be even more important in the future?

Yes, say Thomas Görlich of Melitta Europe – Coffee Preparation Division and Sabrina Zohren of Melitta Single Portions. However, they believe a brand will only remain successful if it continues to develop.

**1. Brands are said to offer orientation and protection, especially in times of great uncertainty. Just how important are brands for Melitta?**

*Thomas Görlich* There is no doubt that our brands are our most important asset. This has been demonstrated very clearly once again during the pandemic: in times of crisis, people trust strong brands like Melitta®. As a result, we were able to significantly expand our market shares in numerous product categories last year. And I expect this effect to continue beyond the crisis, as many consumers are currently rediscovering the benefits of branded products.

*Sabrina Zohren* Absolutely, and I think brands will become even more important in the future. In a world full of uncertainty, they are increasingly becoming a beacon of orientation for consumers. And that is why it is so important to consistently develop and nurture your brands. This is the only way we can repeatedly gain and maintain consumer trust. [← page 24](#)

Having a well-established brand also entails a high level of ob



**THOMAS GÖRLICH**  
*is CMO at Melitta Europe –  
Coffee Preparation Division.*

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lished  
o  
high  
obligation

– namely, to meet the  
continuously changing  
expectations placed on  
the brand.



SABRINA ZOHREN  
is Head of Marketing at  
Melitta Single Portions.

## 2. How does Melitta charge and nurture its brands in order to fully realize their potential?

Thomas Görlich In order to enhance brand equity, we need to continuously respond to the changing expectations placed on it. These include, for example, the growing requirements with regard to sustainability, but also the need for products that retain their value while still being affordable. A key aspect here is brand stretching: the Melitta® product brand covers a very broad range of products – for both the B2C and B2B segments. This represents a particular challenge for brand management and requires intensive cooperation between the various operating divisions using the brand.

Sabrina Zohren The most important thing is that brands appeal to consumers. To achieve this, we need to establish customer proximity and enter into a dialog with them. We not only want consumers to be able to rely on our brands, but also to know what they stand for. And this is something you simply cannot convey with advertising messages alone. Our employees can play a key role here: if they have internalized what our brands stand for, they can be the best brand ambassadors of all.

Thomas Görlich We believe it is important to engage with our customers where we find them. And this is another area where the pandemic has brought about significant change: digitalization is advancing in leaps and bounds, and digital channels have never been as important as they are today. We need to respond to this by adopting a brand management approach that is both accessible and interactive. However, this does not mean that traditional channels are no longer important. On the contrary: it is all about finding the right mix.

Sabrina Zohren When it comes to brand management, the important thing is to understand and keep in mind that the brand exerts its power wherever the customer experiences it and wherever we come into contact with the customer. And it makes no difference whether this contact is digital or analog. Much more important is that the messages are uniform and consistent. → page 25



### 3. What do brands need in order to convey the desired customer promise – today and in the future?

Thomas Görlich The most important thing for us is that the core of the Melitta® brand – namely to offer the ultimate in coffee enjoyment – must always be recognizable in all our products, services, and interactions. At the same time, we need to continuously develop the brand and adapt it to new needs. Reconciling these two aspects is our main task. We also have to recognize that communication is increasingly becoming a mixture of point-of-sale and communication platform. In e-commerce, for example, sales can no longer be separated from marketing. This has led to a completely new collaboration between our colleagues in sales and marketing.

Sabrina Zohren Consumers have to be able to experience the brand at the touchpoints. In the future, it will no longer be just about the product itself, but also everything that goes with it. And that includes customer service, for example. In the case of Avoury®, we systematically adopt the same premium approach to our customer service as we do to the Avoury® brand itself. Naturally, this only works if you have a precise understanding of your own brand essence and can then make this tangible for the consumer with the right customer service measures. ☑

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# 26

CONVERSATION #4 — PRODUCTION

The coronavirus pandemic made it impossible to manufacture products in many areas. — Will production processes have to be redesigned for the future?

José Gomes Araújo Jr. and  
Tiago Pilz of Melitta South America  
say no. In their view, it is more  
important to have the right values,  
corporate culture, and mindset.

TIAGO PILZ  
 is Industrial Director  
 for Paper and Filters at  
 Melitta South America.

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1. In the past fiscal year, public life and economic activity was brought to a standstill to an even greater extent in Brazil than in Europe. How do you keep production going when employees have to avoid contact or are sick for long periods of time?

*José Gomes Araujo Jr.* First of all, it is important to make decisions quickly in such a situation. And for this, you need to have the appropriate hierarchical structures and short decision-making paths. In addition, we set up a crisis team straight away to ensure that we could take fast and appropriate action. This team gathers and evaluates the most important information every day and decides which measures to take. The important thing is that this information is passed on – not just to managers, but to all employees.

*Tiago Pilz* A key factor here is the high degree of flexibility displayed by our employees. After all, we had to introduce numerous new procedures and – depending on the development of the pandemic – repeatedly change them. These included, for example, temperature checks, more frequent cleaning, new shift regulations, different break times and much more besides. As a result, our employees had to constantly adapt to new conditions. The fact that they managed to do this so well is down to their extremely high level of flexibility and commitment. And as a manager, you can only be very grateful for this. → page 28

**2. The Varginha site in particular was due to be expanded in 2020. To what extent did the coronavirus pandemic impact your expansion plans?**

José Gomes Araujo Jr. The coronavirus pandemic obviously impacted our plans to expand the Varginha plant. For example, the pandemic significantly delayed delivery of the necessary materials. But in the end, we still managed to reach all the important milestones for this project.

José Gomes Araujo Jr. And it is worth noting that we had comparatively few illnesses, as both the companies we contracted and our own employees observed the health and safety regulations very carefully. As a result, there were very few absences.

→ page 30

Tiago Pilz This was due in no small part to the excellent team we had on site, which enabled us to cushion much of the impact. In addition to the exceptional commitment of our employees and the partnership with the construction company, this once again demonstrates the high degree of flexibility on the part of everyone involved.

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**JOSÉ GOMES ARAUJO JR.**  
is Industrial Director for  
Coffee and Beverages  
at Melitta South America.



Tiago Pilz and José Gomes Araujo Jr.  
Melitta South America

# KEY TO 29 SUCCESS



### 3. Do production lines and processes need to be rethought and reorganized?

Tiago Pilz No, not necessarily. We have made some adjustments in production, but there is no need to redesign or reorganize the production process – not even if a pandemic like this should happen again in the future. However, we have of course learned quite a few things: including just how important local suppliers are. Due to the pandemic, we experienced a number of bottlenecks, for example with regard to technical services. If no one is allowed to travel in order to repair plant or machinery in the event of an emergency, this can lead to incalculable production losses – even though the entire workforce is actually available for work.

José Gomes Araujo Jr. It also became apparent just how much potential there is in digitization. For example, we were able to rapidly develop solutions that enable us to adjust our systems online and to digitally monitor how production is running at all times. This is certainly an area in which we intend to invest even more in the future.

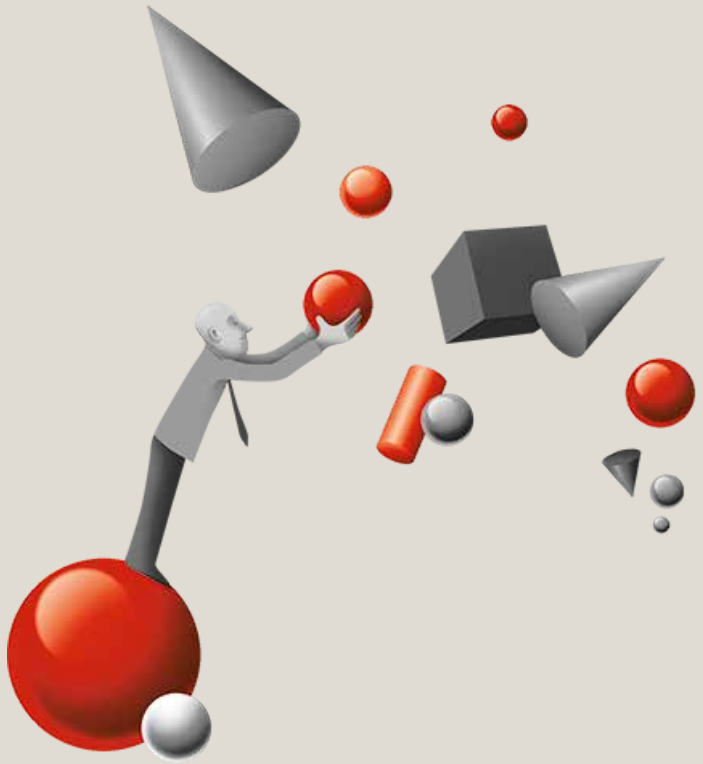
Tiago Pilz But the key to success is good and loyal employees. For example, it proved extremely helpful to be able to deploy employees with extensive knowledge in other positions at short notice. This requires them to have the appropriate experience and qualifications. And this is why we will certainly be investing even more in training and skills development in the future, as well as promoting cooperation between staff.

José Gomes Araujo Jr. In this context, the importance of a strong corporate culture and clear values should not be overlooked. We can be very proud of the fact that Melitta has a fantastic corporate culture with a clear system of values. "Passion" in particular has played an extremely important role over the past few months. Together we are strong – something the coronavirus pandemic has made abundantly clear to all of us. ☑

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→ are good and loyal employees.





3I

CONVERSATION #5 — CIRCULAR ECONOMY

People are becoming increasingly critical of the use of plastics. — What solutions does the circular economy offer?

Stefan Dieks, Martin Rogall and Carlo Bertolino describe the approaches taken by the Melitta Group as well as the current ideas for achieving environmentally compatible plastics.





**STEFAN DIERKS**  
*is Sustainability Director at  
Melitta Group Management,  
Corporate Communications  
and Sustainability.*

**1. The public perception of plastics is increasingly critical – with regard to both the quantities used and their properties. Which possible approaches does Melitta see for tackling this problem?**

**Stefan Dierks** Plastic products such as cling film, garbage bags, or food packaging are of particular importance to our business. This is why we have long been addressing the question of how to counter this increasingly critical attitude, driven by issues such as plastic waste in the oceans and microplastics. In the course of these deliberations, it became clear to us that plastics – viewed holistically – actually have a better environmental footprint than many other materials for a wide range of applications. One prerequisite for this, however, is that the recycling of plastics is fundamentally redesigned. Our goal is the “plastic of the future”. To achieve this, we follow the principles of the so-called 4R approach, i.e. “ReDesign”, “ReCycle”, “ReUse” and “ReDuce”. We support the New Plastics Economy Global Commitment of the Ellen MacArthur Foundation and, in view of this, have launched a Group-wide project entitled “Plastics in the Melitta Group”. The aim of this project is to jointly develop roadmaps for each operating division to implement the 4R approach and the principles of the Ellen MacArthur Foundation in our product ranges and supply chains. → page 33

**Martin Rogall** *At Cofresco, we have developed this approach as part of our "Honest 100" sustainability strategy. Our goal is to be 100 percent circular by 2025. This means that by then 1) all the materials we use will come from either recycled or renewable sources and 2) everything we produce will be recyclable or compostable at the end of its life. In this regard, we have already achieved a great deal and will have changed over one-third of the materials we use by the end of 2021. For example, we have already switched a significant proportion of the plastics we procure to recycled or renewable resources and have reengineered many of our products. However, we are also dependent on what happens both upstream and downstream in the value chain. We can only create a fully functioning circular economy if all organizations involved in this chain adapt their processes.* → page 34

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**CARLO BERTOLINO**  
is Chief Marketing Officer  
and responsible for sustainability  
issues at Cuki Cofresco.





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**MARTIN ROGALL**

*is Chief Sustainability Officer and  
Member of the Cofresco Executive Board.*

**Carlo Bertolino** I fully agree. In accordance with our shared fundamental approach, we are working on viable solutions for Cuki's sales markets and have reached similar results. We are trying to find the best solution for food protection, for the fight against food waste, and for the environment. This is why, for example, we are in the process of replacing some of our disposable containers with reusable containers that consumers can wash and reuse.

We are using an increasing proportion of post-consumer recycled plastic for our garbage bag range and aim to increase this to 100 percent. We are also designing PET containers that are manufactured using 50 percent recycled plastic. At the same time, we are stepping up our efforts to test plastics made from renewable materials and are currently driving forward a number of projects in this field. ← page 35

**2. What are the possibilities to replace or develop plastics in the food industry in order to promote sustainability?**

**Carlo Bertolino** *There are a number of possibilities. In some areas, we offer alternatives made of aluminum or cardboard. Our portfolio includes aluminum containers for storage and freshkeeping, and we are investing in the expansion of cardboard packaging at our plant in Frosinone. Moreover, in cooperation with the University of Rome, we are also developing a heat-resistant biobased composite plastic. This could – at least partially – replace certain plastics in the food industry.*

**Martin Rogall** *We have two business fields at Cofresco: Waste Management and Freshness and Flavour. These two business fields are very different and as such we have developed different approaches for them: in our Waste Management business, we focus on making our products more recyclable. In other words, we are replacing new, oil-based plastics with materials made from waste. In the Freshness and Flavour business field, we focus on using recycled materials from organic waste and residual materials, as well as natural materials. In addition, we offer reusable products as alternatives. Last year, for example, we launched food wraps made from beeswax. Not only are they made from biobased materials, but they can also be reused up to 500 times. We will continue to pursue this path and include more and more reusable products in our range.*

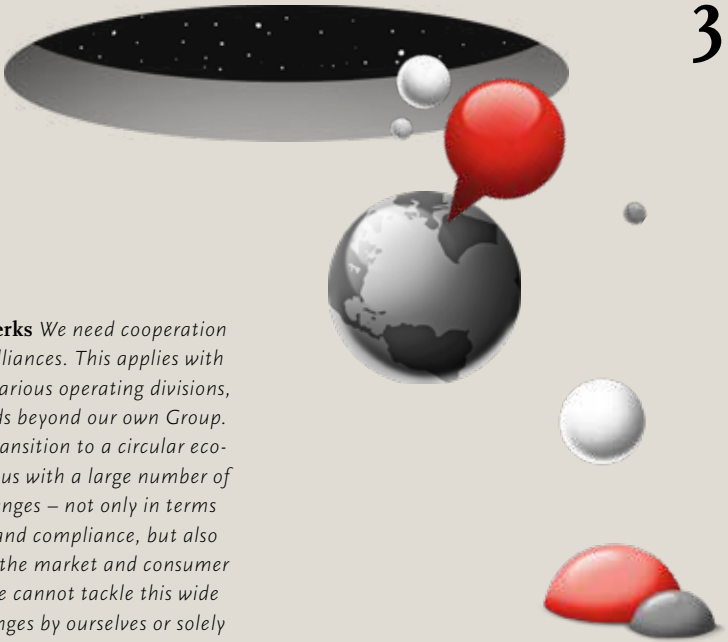
**Stefan Dierks** *When it comes to products and packaging that come into contact with food, the challenge of using recycled materials is naturally much greater than in the non-food sector – due to the legal and quality requirements. We therefore believe that innovative technologies such as chemical recycling should be used more, especially for plastics in the food industry. In this process, used plastics are broken down into their basic building blocks in order to*

*produce new plastics again. Of course, we know there are still unresolved issues regarding the environmental compatibility of this process. Once these have been solved, however, we believe that chemical recycling could become a key building block for the use of recycled materials in the food sector.* → page 36

### 3. To what extent do companies need to work together to achieve a circular economy?

**Martin Rogall** *Close cooperation is essential. This is because the resources used and the design of the products with regard to recyclability are essential for the successful collection, sorting, separation, cleaning, and reprocessing of used materials. We depend on our partners and on a network of experts, as such a task cannot be accomplished alone. This is exactly why we created our Cofresco Forum 20 years ago. The Forum enables us to regularly exchange ideas with researchers and scientists throughout Europe and even beyond. The use of plastics in the food sector and the introduction of an efficient circular economy on a global scale are the key challenges for the future of our industry and we can only solve them by working together.*

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**Stefan Dierks** *We need cooperation and we need alliances. This applies with regard to our various operating divisions, but also extends beyond our own Group. After all, the transition to a circular economy presents us with a large number of different challenges – not only in terms of technology and compliance, but also with regard to the market and consumer acceptance. We cannot tackle this wide array of challenges by ourselves or solely with our partners in the value chains. We therefore need to push even harder for industry-wide and even cross-industry alliances. We are currently working on this. ☑*





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STATEMENT #3 — INNOVATION

Innovation cycles are becoming shorter and shorter. — How can companies enhance their ability and willingness to innovate?

Gerold Schandl of Wolf PVG believes that innovation must be desired from within and exemplified from above.

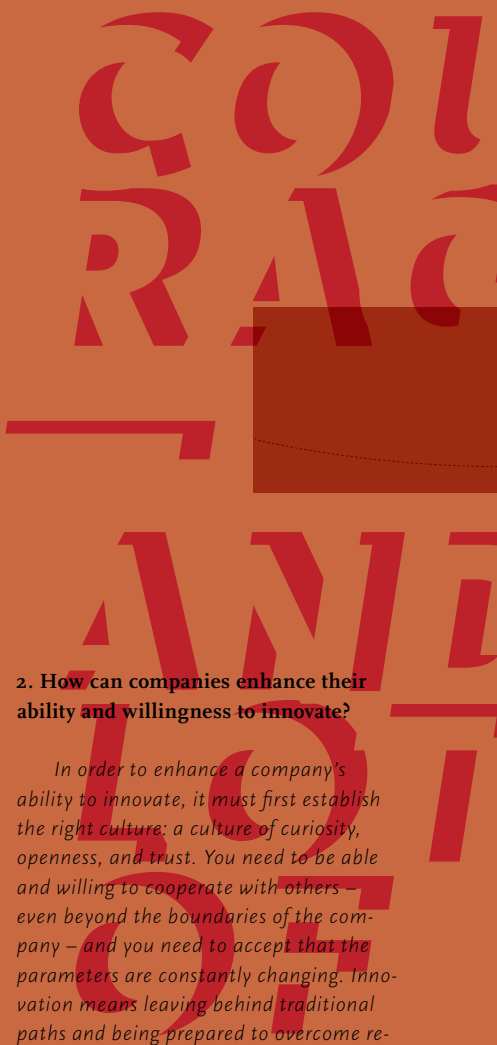
**1. How do you identify future consumer needs and demands and translate them into groundbreaking innovations? What approach does Wolf PVG take?**

*In order to develop truly groundbreaking innovations, we need to take a long-term view of the future. To do this, we use the foresight process to explore living and cleaning habits in private households – but in the year 2030. This involves combining various trends – such as tech, home, shopping, consumer, and megatrends – and attempting to extrapolate them and their influence on other developments, as well as on consumer attitudes. The best way to do this is to analyze them with the aid of a cross-functional team. For us as Wolf PVG, it is extremely helpful that the Melitta Group has a dedicated innovation unit which can give us excellent support and guidance with regard to methodology and content. The aim of all analyses is to develop future scenarios, which in turn serve to identify the next logical steps in product development. In this respect, the approach is similar to that of athletes who have a clear vision of their target and align their route and tactics accordingly. Although the foresight process is no crystal ball, it does enable us to systematically determine a roadmap and thus steer innovations in a specific direction.*

**GEROLD SCHANDL**  
is responsible for Business Development  
at Innovation and Member of  
the Executive Board at Wolf PVG.

**2. How can companies enhance their ability and willingness to innovate?**

*In order to enhance a company's ability to innovate, it must first establish the right culture: a culture of curiosity, openness, and trust. You need to be able and willing to cooperate with others – even beyond the boundaries of the company – and you need to accept that the parameters are constantly changing. Innovation means leaving behind traditional paths and being prepared to overcome resistance. Manufacturing companies in particular are geared for efficiency and their proven structures and processes are much loved and, of course, very important. Exploring new paths and imposing new methods therefore requires courage – and lots of it. This in turn requires a culture that encourages mistakes and open-ended processes. And: the company must really want innovation. If it regards innovation as a*





You need to be able and willing to cooperate with others – even beyond the boundaries of the company – and you need to accept that the parameters are constantly changing.

duty or simply assigns it to a single department or person, this will not result in innovative strength. Innovation must be desired from within and exemplified from above. Ideally, every employee should be involved and everyone must be aware that change is necessary. In Wolf PVG's foresight process, we also involve top management in the development of future scenarios and are now asking employees to participate as volunteers in an ideas workshop. In this way, we can broaden the willingness to innovate and at the same time receive numerous new approaches, valuable impetus, and additional ideas.

### 3. How do you involve consumers in the development of new concepts and products?

Product concepts today are generally much more complex than they used to be. It is therefore extremely important to involve consumers as early as possible. In order to be successful, we have to put the customer's needs at the center of the process and base everything else on that. We employ a number of classic methods: customer discussions, in-home sessions, qualitative market research such as usage and attitude studies, product tests, and in-depth psychological interviews. However, these methods often have the disadvantage that they require concepts that are already largely mature. In our agile approach, we involve the consumer right from the ideas phase. One example of this is smoke tests: we run ads on Facebook or Instagram, for example, in which we present different versions of product concepts and then gauge the response to them. We then gradually develop the concept in small iterative steps until it finally becomes a finished and marketable product. ☑



STATEMENTS #4 #5 — CRISIS MANAGEMENT

Crisis management was top of the agenda for many companies in the past fiscal year. — Which measures proved particularly successful?

Martin Sesjak of Coffee at Work and Marco Gottschalk of Melitta Professional Coffee Solutions explain the difficult decisions they faced – and how they felt about taking them.

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
**MARCO GOTTSCHALK**  
*is Managing Director of  
Melitta Professional Coffee Solutions.*

## Marco Gottschalk

→ I doubt that anyone in the world was really prepared for the pandemic. The developments were simply too fast and too unpredictable. It is therefore much more important to always be open for the unexpected and to develop a feeling for where you can observe developing trends – and for when you need to react swiftly. You also have to accept that you simply cannot forecast developments or know what to expect the day after tomorrow.

Managing staff under these conditions presents a particular challenge, as each employee experiences the situation from a different perspective. This is particularly true when employees work at different locations. In order to get a better feel for the situation, I found it helpful last year to first reflect on my own experience of the current situation. I then tried to deduce how staff are probably also feeling and what support they might need. It is extremely important

to give employees a sense of security and convey the message that – whatever happens – we are all doing our outmost to achieve the best possible result in these difficult times.

Having the necessary confidence to do this is relatively easy if you have a solid and future-safe business model. We are all convinced that once the pandemic is over, society will return to normal – and the out-of-home sector will therefore pick up again. Naturally, we are also well prepared for this moment, as we used the past few months to refine and further improve our offerings, structures, and processes. 

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“Always be open for the unexpected.”

↑ Marco Gottschalk



**MARTIN SESJAK**  
*is Managing Director  
of Coffee at Work.*

## Martin Sesjak

→ Our business model has been severely affected by the pandemic. The lockdowns brought our growth strategy to a standstill, and our sales team was unable to make appointments for months. It was therefore essential for us to react quickly and make adjustments in order to cushion the impact. At the same time, we had to put the majority of our workforce on short-time work. Only by taking these measures, and maintaining a high degree of cost discipline, were we able to close the past year with a healthy profit. For our staff, the coronavirus crisis is not only a threat to their

physical health, but also to their mental health as they face concerns about their professional future. I have the greatest sympathy for this uncertainty, as no one can say for sure how long this situation will last. As an entrepreneur, this lack of planning certainty and inability to offer any kind of perspective is deeply painful. You can only try to communicate with everyone as comprehensively and as reliably as possible. Being part of a larger group of companies provides a measure of security. Within the diversified Melitta Group, the more crisis-proof operating divisions can compen-

# “Stable relationships are essential.” 45

↑ Martin Sesjak

sate for sales slumps in other divisions. Not only that, but we are currently experiencing how intact and resilient our corporate culture is. The fact that Melitta is a family-owned company also makes us more confident that we can successfully weather a severe and prolonged crisis such as the one we are currently experiencing. This is because family businesses think more long-term and are more resilient as a rule. As a member of such a group, we are therefore optimistic about the future and looking forward to hitting the ground running very soon with our new “fresh at work” brand.

For the future, we will all have to consider the possibility of further pandemics or similar events happening again. However, it is impossible to prepare for such events in detail. What is possible, and important, is to strengthen our professional and private networks and relationships with regard to employees, customers, and suppliers. After all, stable relationships are essential in crisis situations – as the coronavirus pandemic has very clearly demonstrated. [a](#)

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CONVERSATION #6 — PURPOSE AND COHESION

Cohesion is especially important in challenging times. — How can a shared purpose help strengthen this sense of belonging?

Jochen Emde, Katharina Roehrig, Roberto Rojas, Dr. Stefan Scholle and Gunhild Wehmhöner of Melitta Headquarters are convinced that cohesion is the result of a functioning corporate culture.







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## 1. Why is it so important to strengthen purpose and cohesion at this particular time?

**Jochen Emde** *Over the past few years, I have noticed a significant increase in the need for purpose, in other words for work that is regarded as meaningful. For younger employees in particular, it is becoming increasingly important to see work as something that fulfills them and with which they can identify. The clearer the purpose is, the more it helps to foster loyalty and cohesion. And this is ultimately reflected in the commitment and passion of all employees.*

**Dr. Stefan Scholle** *I fully agree. Especially in times of crisis, this desire for purpose becomes even stronger and particularly important. This is because people tend to think much more about what they are doing and why at such times. At the same time, they want to know whether they can rely on each other and whether they form part of a cohesive unit. Purpose leads people to act much more on their own initiative, unlocks extra energy, and fosters a sense of pride in doing something meaningful.*

**Katharina Roehrig** *This was especially noticeable in the past fiscal year. As a result of the pandemic, personal contact had to be reduced and many employees spent months working from home. In times like these, however, it is particularly important that everyone pulls together and develops a team spirit. Purpose leads to cohesion, and cohesion in turn leads to passion. And that is exactly what is needed in such a challenging situation. ← page 50*



**2. What is Melitta doing to promote cohesion and passion?**

**Roberto Rojas** Cohesion and passion are not something you can prescribe, but are the result of value-oriented leadership that actively addresses employee needs. This includes a variety of measures: from regular and open communication, to appropriate compensation, joint celebrations, and corporate citizenship activities. It is important that these measures are consistently aligned with the Group's corporate culture. And in order to be authentic, this cohesion and passion must be continuously nurtured and encouraged. The strong sense of cohesion at Melitta was demonstrated during the pandemic, for example, by the fact that the employees themselves took swift and largely unprompted action to create new communication channels for contacting each other.

**Katharina Roehrig** I believe that managers also have a special responsibility in this regard: they not only have to set a good example with regard to cohesion and passion, but must also demonstrate the necessary trust in their team members. Respect for others is a prerequisite for both cohesion and passion. Each team member must always feel that he or she has an important role to play. And: the better the co-operation, the better the result. ← page 51

**Gunhild Wehmhöner** *I also believe that certain gestures – large or small – are important for cohesion. At Melitta, for example, we occasionally organized food trucks simply as a way of offering something special during these difficult times. And Chief Corporate Management also sent out a strong signal by declaring right at the start of the pandemic that there would be no redundancies as a result of the coronavirus. Signals like these have a big impact and, taken together, go a long way toward building cohesion. It was also quite fortunate that we celebrated our anniversary year in 2019: this gave us plenty of opportunity at the time to discuss what our brand means to us and how proud we can be of our history and values. This helped us a lot in 2020. → page 52*

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**DR. STEFAN SCHOLLE**  
is Managing Director of  
Corporate Development.





**KATHARINA ROEHRIG**  
is Managing Director of Corporate  
Communication and Sustainability.

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### 3. How do you convey values and visions?

**Jochen Emde** *The word “convey” already indicates that this is not a one-off task, but a constant and evolving process. And you can only convey values and visions if you actively engage with each other. This is why, for me, ongoing and intensive communication is vital when it comes to conveying and nurturing values and visions.*

**Dr. Stefan Scholle** *Exactly. You cannot expect values to be lived if they are simply written down and learnt by heart. Values must be experienced and perceived, and they need to be exemplified and repeatedly addressed. And visions must also be made tangible in order to provide genuine orientation. This is why celebrating successes is so important, even if they are only small steps on the journey toward the vision. → page 54*

**JOCHEN EMDE**  
*is Managing Director of  
Corporate Finance.*



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**Gunhild Wehmhöner** *As I see it, conveying individual values is not the right approach anyway. Values are a component or expression of a culture. Cohesion in particular cannot be simply imposed by emphasizing individual values. Instead, cohesion is created when there is a corporate culture that focuses equally on human aspects and target orientation – and thus both supports and challenges our employees.*

**Roberto Rojas** *I agree. And this culture naturally manifests itself in the behavior we display every day and in the way we treat our colleagues. But our corporate culture can also be recognized in the way we deal with problems and conflicts: for example, do we show respect for each other even in difficult situations? Do we always debate issues on an equal footing? And are we willing to find a good solution, even if we disagree? Only if we can answer “yes” to these and similar questions do we have a corporate culture that can play an important role in strengthening our cohesion. ☐*



**GUNHILD WEHMHÖNER**  
*is Managing Director of  
Corporate Legal Affairs.*

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**ROBERTO ROJAS**  
*is Managing Director of  
Corporate Human Resources.*









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