HAWESKO
HOLDING AG

NO. 1 FOR PREMIUM WINES

ANNUAL REPORT 2020

€ 620

million sales

Growth + 12 %

€ 42

million EBIT

Growth + 45 %

€ 2.00

dividend

1.60 + 0.40

comprising € basic and special dividend

per share, proposal

AT A GLANCE

	RETAIL	E-COMMERCE	B2B
SALES (€ MILLION)	228	230	162
YEAR-ON-YEAR CHANGE	+12 %	+29 %	–7 %
TOTAL ACTIVE CUSTOMERS ('000)	1,350	1,155	46
OPERATING RESULT (€ MILLION)	24	22	3

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REVIEW AND OUTLOOK – A WORD FROM THE BOARD OF MANAGEMENT

Dear Shareholders,
Dear Friends of the *Hawesko Group,*

Specifically in a financial year as extraordinary as 2020, we are especially delighted at the immense trust our customers have shown in us and their desire to enjoy top-class wines. Continuing to respond to those sentiments while building our company into Europe's leading wine trading group are the goals that the entire *Hawesko Group* wholeheartedly embraces – and they are also the basis for long term profitable growth, strategic development opportunities and sustainably dependable dividends.

Coronavirus-dominated 2020 confronted all of us with scarcely imaginable changes and challenges that affected even the minutiae of everyday life. Professional and private certainties and routines were very rapidly thrown into question and entire market structures were overturned.

In this exceptional environment, we succeeded in strengthening our market position and increased sales to € 620.3 million in 2020. Meanwhile we substantially improved our profitability.

Our Group EBIT climbed by 44.6 percent to € 42.2 million. This result, which was only possible thanks to the strategic and operational groundwork of earlier years, highlights how scalable and effective our business model is.

As the *Hawesko Group,* we understand the strategic strength of our business model – it is simultaneously balanced, diversified and flexible, reflects customer preferences and diverse consumer habits and has latterly proved itself in impressive style over the many months of lockdown. In short, our group is a modern, high-performing omnichannel provider that offers its customers various points of access to excellent service. It is this that enabled the *Hawesko Group* to respond flexibly to changing market conditions above all in the year under review of 2020.

Our strong e-commerce business is based on an effective, scalable digital commerce platform that enables us to respond swiftly to market trends and new developments. It also means we are able to launch individual shops swiftly and cost-effectively. In addition, we have a group-wide data warehouse that allows us to approach customers in a targeted, efficient way. We apply sophisticated algorithms that undergo continuous refinement – naturally all in full compliance with data protection requirements.

We are convinced the digital transformation of our market will continue apace. For us, that means continuing steadily along a chosen path that balances profitability with growth. Especially in the quality-conscious premium wine area, focusing on customers, service and specialist expertise are essential.

Our drive to keep improving our competitiveness also includes the restructuring of the B2B segment in a way that better reflects our portfolio, is less dependent on individual channels and is therefore leaner overall.

Our hard work and clear focus have been rewarded: 2020 saw our most recent acquisition *Wein & Co.* achieve the turnaround and post a positive EBIT for 2020. Also, the online marketplace of *WirWinzer* attracted an exceptionally high number of new customers and winemakers, and enjoyed a substantial rise in profitability.

"Our customers' desire to enjoy top-class wines is our overriding priority. Service quality and specialist expertise are the basis of our success as Europe's leading wine trading group."

THORSTEN HERMELINK

“We are reaping the rewards of having a scalable and effective business model: sales and EBIT have been raised to a new level.”

RAIMUND HACKENBERGER

Our efforts and the pleasing business performance were also reflected in the trading price of *Hawesko* shares in 2020. After the coronavirus-related slump in share prices in the spring, which did not spare *Hawesko* shares, the trading price rapidly recovered and climbed to nearly € 45 at the end of the year, representing a gain of more than 25 percent within one year.

Today, the much-improved profitability of the *Hawesko Group* affords us even greater liberty to capitalise on market opportunities for investments or acquisitions. Meanwhile we want you, the shareholders, to participate suitably in our corporate success. Together with the Supervisory Board, we therefore propose a year-on-year increased basic dividend of € 1.75 per share plus a special dividend of € 0.25 per share for financial year 2020.

Based on the past financial year, we are confident about the year in progress despite all the uncertainties that the coronavirus brings. The restructured, future-oriented business model – a mix of stronger e-commerce business and attractive offerings in over-the-counter trading – means we are excellently set up for 2021 and in a position to continue responding flexibly to a variety of eventualities.

Within the *Hawesko Group,* we are adopting a responsible approach to the pandemic situation. Our overriding priority is to protect our customers and teams. For example, for several months now almost all our employees have been working from home and making use of the diverse scope for online collaboration. Business travel is currently suspended.

Even if the future course of the coronavirus pandemic is not plannable and a high level of uncertainty remains, we are nevertheless set for a reopening and the related swift ramp-up of the restaurant and hotel trade. We anticipate that the services of those areas will prove very popular with customers as soon as the restrictions have been lifted. The past year has also shown that shifts in sales away from one segment often mean the other segments then perform better. Furthermore, we are not dependent either on specific suppliers or on specific wine-growing regions.

Finally, we would like to say thank you: to you, dear shareholders, for the trust you have placed in us; to our employees, whose exceptional efforts throughout this unusual year enabled us to build on our market position; to our agency partners, who continued to pull out all the stops on behalf of the *Jacques'* brand and its customers amid difficult conditions; to our suppliers, who have continued to entrust their exclusive products to us; and of course to our very many customers.

We look forward to elaborating on the future direction of the *Hawesko Group* with you at our side, and to extending our leading market position!

The Board of Management

Thorsten Hermelink	Alexander Borwitzky	Raimund Hackenberger

"As a modern, high-performing omnichannel provider we were able to respond flexibly to changing market conditions in 2020."

ALEXANDER BORWITZKY

EUROPE'S LEADING WINE TRADING GROUP

The wine market is a very regionalised, highly fragmented market comprising several hundred thousand winemakers, millions of labels and countless nuances of taste. Achieving a significant market position in this market segment consequently involves a great deal of hard work.

Work that all companies of the *Hawesko Group* perform to an admirable standard, and in doing so play a crucial role in making us Germany's premium-segment market leader with a 25 percent market share – and Europe's No. 1 premium wine trader in Europe.

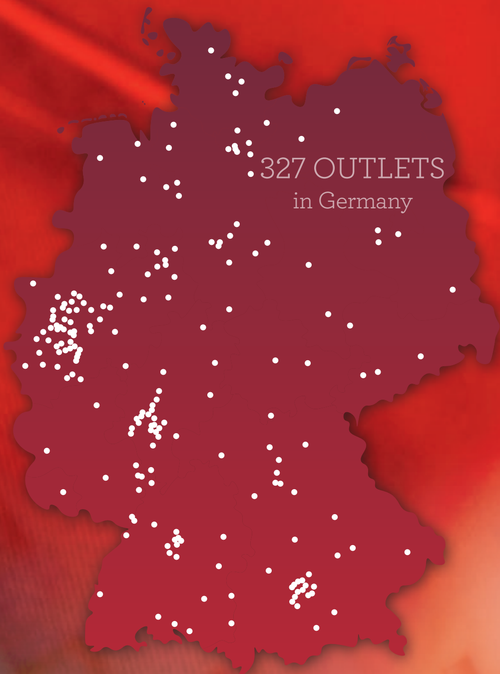
Our aspiration as a leading European wine trading group for high-quality wines, champagnes and spirits is not merely to make our customers happy – but also to surprise and delight them, time after time. The *Hawesko Group* therefore adopts a common strategy: with our deep roots in the world of wines, we offer exceptional expertise at every level. The closeness and sense of partnership with the winemakers that has been built up over many years places us at a unique advantage – as do our teams of wine experts, who spot trends sooner than others and come up with the perfect response. Last but not least, our group benefits from decades of experience and data-based knowledge of what our customers want.

All these strands come together in our overriding aim: to create a competitive advantage through exclusive products. The resulting economic benefit is huge – as is the satisfaction level of our customers. So this year, too, we can proudly claim:

Only we – the *Hawesko Group* – deliver all this.

Jacques'

COME IN AND TASTE.



In the German wine market, year after year *Jacques'* proves to be a veritable success model – in a twofold sense.

Because *Jacques'* is not merely the country's biggest chain of specialist wine retailers comprising over 320 partner-led outlets; it is also the go-to place where everyone who loves wine can enjoy a very special, personalised experience.

To ensure the customer selects only the products that are genuinely to their taste from a carefully compiled range of around 300 wines, everything revolves around the tasting. In a relaxed atmosphere customers can taste their way through our wines, be guided perfectly by the expert personnel and thus be sure of finding their very own favourites. With scope for ordering favourite wines for home delivery at the click of a mouse, *Jacques'* Internet presence complements the analogue shopping experience to create a compelling omnichannel model.

REVIEW OF 2020

Although the retail trade was hit hard by the coronavirus crisis, Jacques' succeeded in increasing its sales by 14.2 percent and its earnings by 30.6 percent. Specifically at this challenging time, *Jacques'* was able to capitalise on its strong customer loyalty. *Jacques'* was consequently always able to remain in contact with holders of the customer card, and the carefully planned hygiene concepts put in place by our dedicated partners at the individual outlets made for a safe in-shop experience. Video presentations by the partners and online events also offered customers an innovative alternative to wine tastings in-situ.

OUTLOOK FOR 2021

The expansion of the digital strategy, including such aspects as an online-based customer journey, a gradual switch from print to digital media and the modernisation of the brand identity, is one of the main projects designed to maintain *Jacques'* success in 2021 and beyond.

	2018	2019	2020
SALES (€ MILLION)	158.5	164.1	187.5
EBIT (€ MILLION)	15.3	18.5	24.2
EBIT MARGIN	9.7 %	11.3 %	12.9 %
NEW CUSTOMERS ('000)	125.8	130.2	138.8

HAWESKO
Hanseatisches Wein und Sekt Kontor

NR. 1
PREMIUM ONLINE WINE TRADER.

With a success story stretching back more than 55 years, *HAWESKO* is Germany's largest and most-experienced mail-order company for premium wines and champagnes.

On its extensive online platform, *HAWESKO* offers its customers a choice selection of over 5,000 premium products from all over the world, available round the clock – a range that over one million customers have now come to appreciate. What started out many years ago in Hamburg as a catalogue-based mail-order venture is now a modern e commerce business with annual sales of € 126 million.

REVIEW OF 2020

HAWESKO succeeded in turning the crisis into an opportunity thanks to the pandemic-related shift towards online trading and registered a massive sales increase of 30.6 percent in 2020. Further evidence of its substantial growth is supplied by the number of new customers: 140,000 in the course of a single year – a new record.

The sales share for exclusive brands was increased to around 35 percent in the past year. Since last year *HAWESKO* has been offering the ICON Collection, for example, an exclusive selection of top wines assembled in partnership with the world's best vineyards, presented in an elegant design and at an unbeatable price.

OUTLOOK FOR 2021

At the start of the second half *HAWESKO* is planning to relaunch its web shop on the DCP group platform and go online with a feature that is unique worldwide. A "taste algorithm" will gauge the customer's preferred tastes and suggest a new wine that they might like – as soon as the software knows just one other wine the customer already likes.

	2018	2019	2020
SALES (€ MILLION)	92.7	96.5	126.0
EBIT (€ MILLION)	5.9	6.3	13.3
EBIT MARGIN	6.3 %	6.5 %	10.6 %
NEW CUSTOMERS ('000)	84.0	92.2	143.8

WEIN & CO

EXPERTS IN CONNOISSEURSHIP –

DISCOVER THE APPEAL OF WINE, LIVE.

Wein & Co. is Austria's leading wine trader and a strong brand with nationwide recognition.

As a genuine omnichannel player, this specialist for high-calibre wines and champagnes runs both the online channel and 21 shops with opportunities for tastings. Seven of these shops also house wine bars, where customers can also enjoy exquisitely prepared fare as well as wines.

REVIEW OF 2020

The lockdown closure of shops and restaurants in Austria meant *Wein & Co.* was our B2C format that was most affected by the coronavirus crisis. However thanks to the brand's impressive strength, very sharp growth in online trading actually more than compensated for this downturn in over-the-counter sales.

The lockdown also provided the opportunity for a comprehensive brand relaunch: the new advertising approach placed even greater emphasis on quality and expertise, and on a restructured, less price-aggressive range.

OUTLOOK FOR 2021

Based on the new brand identity, the aim is for *Wein & Co.* to maintain its positive sales performance from Q3 &Q4 2020. Alongside a high-publicity PR campaign, current efforts focus on "accelerating" the online channel and "reactivating" restaurant business after the pandemic.

By expanding own brands, it aims to optimise margins and pave the way for further online and over-the-counter expansion – including beyond Austria's borders.

	2019	2020
SALES (€ MILLION)	39.2	40.2
EBIT (€ MILLION)	–0.5	0.2
EBIT MARGIN	–1.3 %	0.4 %
NEW CUSTOMERS ('000)	22.9	37.4

A RELISH FOR SPANISH WINE.

"We aren't selling wine – we're selling a lifestyle" is the philosophy with which *Vinos* has been delighting connoisseurs of Spanish wine since 1996.

With over 1,800 wines on offer, *Vinos* carries Germany's biggest and best selection of wines from Spain. One particular highlight of the Vinos range is the wine projects developed in direct collaboration with selected bodegas.

Everything revolves around customer satisfaction at *Vinos*. That's because the feedback from the branches, the web shop and the customer service department directly impact the management of the product range and all the delivery services – always with the aim of creating extra delight for *Vinos* customers.

REVIEW OF 2020

Vinos registered strong growth in demand over the year 2020 as a whole, registering more than 100,000 new customers for the first time. The relaunch of the web shop on the DCP group platform was a resounding success: conversion and length of visit climbed by 20 percent and 28 percent respectively. Other developments that thrilled customers were the creation and launch of an online wine tasting concept, where customers join a community tasting as part of an interactive Facebook Live event, and the tenth anniversary of the MESA wine project.

OUTLOOK FOR 2021

25 years of *Vinos* – starting in September, this special birthday will be cause for a whole year of celebrations. In 2021, the stepping-up of online wine tastings and expansion of over-the-counter retailing in major cities aim to give even more customers a direct opportunity to taste and enjoy Vinos lifestyle.

	2018	2019	2020
SALES (€ MILLION)	46.1	47.6	61.6
EBIT (€ MILLION)	3.4	3.2	6.7
EBIT MARGIN	7.4 %	6.8 %	10.8 %
NEW CUSTOMERS ('000)	57.6	77.4	106.2

WIRWINZER
BESTE WEINE DIREKT AB HOF

GERMANY'S BIGGEST MARKETPLACE

FOR REGIONAL WINES

With its focus on German vineyards and winemakers, *WirWinzer* enjoys the unique claim to be Germany's biggest marketplace for regional wines: its range currently comprises 24,000 wines from over 1,200 local winemakers.

Another element of its success is the intuitive online platform, which gives customers easy, direct access to the wide-ranging world of German wine. The terms for end customers are persuasive: top quality at "straight from the winery" prices.

REVIEW OF 2020

Contact restrictions and the extensive lockdown affecting retailers and restaurants caused sales to soar. The online shop *WirWinzer* anticipates 66 percent growth thanks to the coronavirus-led shift in customer behaviour from over-the-counter to online shopping. Winemakers, too, were impressed with its modern image as a digital 24/7 estate shop that is also especially suited to the time of COVID-19.
With wines from over 500 new winemakers added to the *WirWinzer* portfolio in 2020, the company became a dependable partner amid the challenges of the pandemic.

OUTLOOK FOR 2021

The experience of 2020 provides a positive basis for the coming financial year. The platform expects to recruit yet more winemakers in 2021. The successful CRM pathways are also set for further expansion. And *WirWinzer* is planning to take yet another step. It is currently assessing whether to branch out into other European wine markets such as Austria and Italy.

	2018	2019	2020
SALES (€ MILLION)	3.9	6.2	9.2
EBIT (€ MILLION)	-1.0	-0.9	1.3
EBIT MARGIN	-26.1%	-14.4%	14.1%
NEW CUSTOMERS ('000)	52.8	61.7	93.5

THE WORLD'S WINES FOR PROS

The wine traders Wein Wolf, Abayan and company have over 30 years of experience in B2B, making them the premier addresses in direct distribution for the restaurant and hotel trade, online and offline specialist retailing and food retailers.

The impressive range of over 9,000 selected premium wines from more than 400 winemakers includes the world's best-known winemakers – often on an exclusive basis.

REVIEW OF 2020

The far-reaching lockdown of restaurants and hotels meant sales slumped by an estimated 80 percent from the end of March. Sales did not start to recover until the summer months. Conversely, business with food retailers performed exceptionally well, with a growth boom of 30 percent. The channels registering the highest sales volume were specialist retail and e-commerce.

OUTLOOK FOR 2021

The B2B trading arm is confident that the sales channels will return to normal and expects restaurants and hotels to reopen by the second half of 2021.
To build a successful future, it aims to continue with the process of expanding the sales structures that was started in 2020. This will include integrating the smaller distribution companies *Volume Spirits GmbH, Deutschwein Classics GmbH & Co. KG* and *Alexander Baron von Essen Weinhandelsgesellschaft mbH* into *Wein Wolf* and closing down smaller locations.

	2018	2019	2020
SALES (€ MILLION)	175.3	169.0	160.3
EBIT (€ MILLION)	9.5	5.7	4.1
EBIT MARGIN	5.4 %	3.4 %	2.6 %
DEPTH OF PRODUCT RANGE	8,950	9,080	9,100

SOUND REASONS FOR THESE SHARES

Hawesko shares enable our shareholders to participate in the success of Europe's largest, most innovative and most profitable wine trading group in the premium segment. All the benefits of *Hawesko* shares at a glance.

HIGH-PERFORMANCE PLATFORM

The outlay of previous years on modern technology has paid off. We have an effective, scalable digital commerce platform that enables us to respond swiftly to market trends and new developments. The group-wide data warehouse enables us to target customers very accurately. The progress we make in that area is fed back into the ongoing development of our platform.

LARGEST PREMIUM WINE TRADER IN EUROPE

We are the market leader for premium wines in Germany and Austria, and also have operations in Sweden, Switzerland and the Czech Republic. We have steadily strengthened this position over the years and again made progress in 2020. This will remain our sound basis for organic and acquisition-led growth.

CONSISTENTLY CUSTOMER-CENTRED

With our product range, we address the quality-conscious, upscale premium segment. This calls for an uncompromising focus on the customer. Service quality and specialist expertise are the basis of satisfied customers and therefore commercial success. This resolute focus on the customer is part of our DNA and the guiding principle behind our day-to-day actions.

CRISIS-PROOF BUSINESS MODEL

Coronavirus-dominated 2020 demonstrated the strategic strength of our balanced but flexible business model. Thanks to having the varied Retail, e-commerce and B2B segments, we the *Hawesko Group* are also well equipped to absorb significant market changes.

PROFITABLE GROWTH

Last year we achieved a further substantial improvement in profitability. This profitability affords us the liberty to make investments that will add to our strength or seize market opportunities that arise. We plan to keep following the path of profitable growth over the coming years.

MODERN OMNICHANNEL PROVIDER

We have closely dovetailed our various different sales channels and are a genuine omnichannel provider. The way the individual channels seamlessly interlock means we can also respond to customer preferences and consumer habits by a variety of approaches.

ATTRACTIVE DIVIDEND

Our shareholders benefit doubly: first, from our attractive, pro-shareholder distribution policy that for many years has dependably brought forth an appropriate flow of dividends. And second, from our success as the market leader that uses its operational and financial strength to steadily consolidate and extend its market position.

FINANCIAL INFORMATION

of Hawesko Holding Aktiengesellschaft for the 2020 financial year

COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

of Hawesko Holding Aktiengesellschaft for the 2020 financial year

COMPANY PROFILE

AN ARRAY OF BRANDS – ONE TOP-PERFORMING PREMIUM WINE TRADING GROUP

HAWESKO Holding Aktiengesellschaft (hereinafter *Hawesko Holding AG*) and its subsidiaries (hereinafter the *Hawesko Group*) specialise in trading quality wines in the superior and premium market segments. The *Hawesko Group* achieved sales of € 620.3 million in 2020. 86.0 percent of the total was generated in Germany (previous year: 84.3 percent). The group has several subsidiaries in other European countries. It comprises the parent company *Hawesko Holding AG,* which functions as the superordinate unit, and performs management tasks in the areas of corporate strategy, corporate financing as well as corporate cash and risk management. Operational activity spans the three segments Retail, e-commerce and B2B. Retail and e-commerce serve end customers along a variety of distribution channels, while the B2B segment supplies restaurants and commercial resellers. All three segments enjoy leading positions in Germany within their respective markets.
The group management believes the group structure bears the hallmark of a balance between non-corporate units and corporate functions. Key factors behind the company's success include long-standing, trust-based relationships with top wine producers all over the world. There are agreements in place which secure the group companies the exclusive distribution rights for Germany for many renowned wines and vineyards.
On the customer-facing side, there are business relationships with many consumers in Germany, Austria and Switzerland (DACH) who are interested in high-class wine.

A NATIONWIDE PRESENCE AND AN ATTRACTIVE INTERNATIONAL POSITION

The group management and the management of the e-commerce segment are based in Hamburg. The e commerce segment includes in particular the subsidiaries *HAWESKO* (for ease of reading the company names are abbreviated in the following. Please refer to the overview on page 33 of the notes to the consolidated financial statements) and The Wine Company, which are managed from Hamburg, as well as Vinos with its registered office in Berlin.
The Retail segment comprises *Jacques'* with registered office in Düsseldorf and *Wein & Co.* with registered office in Vösendorf, Austria. *Jacques'* with 327 outlets throughout Germany and *Wein & Co.* with 21 branches across all of Austria each hold the position of leader in their respective home markets. The B2B segment is managed from Bonn. From there, it coordinates the group's B2B activities in Germany. There are in addition B2B subsidiaries in Austria and Switzerland.

MANAGEMENT SYSTEM: STRATEGIC TARGETS FOR GROWTH AND RATE OF RETURN, FINANCING TARGETS

The *Hawesko Group* has set itself the following growth, rate-of-return and liquidity targets and applies these key financial performance indicators for internal control purposes:

- *Sales growth:* The sales growth of the *Hawesko Group* should always be higher than that of the market as a whole. Even if the overall market is not expanding, the group's sales should rise. The goal is to continuously increase the market share of the *Hawesko Group*.

- *Profit margin:* The ratio of earnings before interest and taxes (EBIT) to sales revenues (EBIT margin) is to be raised to 7.0 percent in the long term, but may be lower in growth and transformation phases.

- *Return on capital employed:* The return on capital employed before tax (ROCE) should be consistently at least 14.0 percent.

- *Free cash flow:* The aim is to generate a liquidity surplus from business operations so that adequate financial resources are available above all for capital expenditure and for paying appropriate dividends. This indicator is considered primarily for the whole group on the basis of the cash pooling agreements with the principal subsidiaries.

The goal of economic management within the *Hawesko Group* is profitable growth alongside a systematic, sustained rise in corporate value.

The developments in sales and earnings therefore supply important benchmarks for the internal management system. The sales performance is gauged on the basis of the year-on-year growth rate. Improving it is a high priority. The profit indicator EBIT and the EBIT margin, along with their development, serve as the benchmark for the earnings performance. These two indicators reflect the short-term operating performance of the group and of the individual segments.

In setup or reorientation phases they may depart temporarily from the benchmark.

The return on capital employed is an ongoing method of measuring how profitably business is performing in relation to the capital required to run it. The aim of the *Hawesko Group* is to generate the costs of capital raised on the capital market (see the remarks under "Financial position", page 14) in every segment of the group. The group therefore reasserts that it will only invest in those areas of business that exceed their costs of capital and therefore contribute to increasing the corporate value in the long term.

The free cash flow is defined as the total of cash flow from current operations and investing activities (excluding the acquisition and disposal of subsidiaries and excluding inpayments and outpayments for financial assets held as investments) as well as interest paid. Cash flow and return on capital employed serve as liquidity-oriented indicators. This ensures that adequate financial resources will continue to be available for payment obligations from operations, the repayment of borrowings and investing in future growth, and that a dividend appropriate to earnings per share can continue to be paid. The Board of Management believes sustained optimisation of working capital and effective investment management will decisively support this goal.

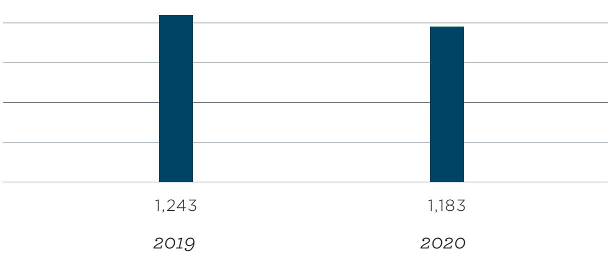
No key non-financial performance indicators are used in the management of the group.

EMPLOYEES

The group employed an average of 1,183 people in the 2020 financial year (including 29 apprentices), predominantly in Germany. Women make up 46 percent of the group's workforce (previous year: 45 percent), and the figure among its management is 28.5 percent (previous year: 25 percent). The target of achieving 25 percent women among management by 30 June 2022 has been met since 2019.

Expenditure on training and advancement measures in the year under review amounted to € 0.2 million (previous year: € 0.3 million). On 31 December 2020, 399 employees of the group belonged to the pension fund (prior-year balance sheet date: 403). As in the previous year, collectively negotiated employer subsidies amounted to € 0.1 million in the year under review. Please see the separate report on environmental, employee and social matters for further information on employee matters (www.hawesko-holding.com/en/corporate-governance/).

EMPLOYEES
Annual average



RESEARCH AND DEVELOPMENT

As a trading company, the *Hawesko Group* does not perform research and development in the narrower sense.

PARTICULARITIES OF THE WINE TRADE IN RESPECT OF THE GROUP

The principal intangible assets of the group come under the category of relationships with customers and suppliers.

This above all means the customer database, which contains many of the people in Germany and Austria who are interested in high-quality wines. Another major advantage is expertise in warehousing and transport logistics specialising in the product wine. In the Retail and e-commerce segments, almost 2.5 million end customers were served in Germany, Austria and Sweden in 2020 (2019: 1.8 million). These customers made purchases averaging € 183 net during the past year (previous year: € 211. The customer base of the wholesale segment comprises approx. 17,600 customers (previous year: 16,000), predominantly in Germany; they are made up of grocery retailers, specialist wine retailers and the restaurant trade.

Long-established relations with vintners from all over the world are another important success factor. In addition, exclusive distribution rights for relevant brands in the individual sales markets are of significance. The *Hawesko Group* holds the distribution rights for Germany for such producers as Marchesi Antinori, Domaines Barons de Rothschild (Lafite), Louis Jadot, Penfolds, Taittinger and Torres.

As a trading group specialising solely in the wine trade, the *Hawesko Group* also possesses many years of expertise in wine logistics. All logistics processes and facilities are geared entirely towards the warehousing and shipping of wine. The employees' many years of experience moreover assure expert handling of wine as a sensitive natural product. The group's distance-selling logistics are based around a fully climate-controlled delivery centre at Tornesch with suitably tailored and optimised processes, to provide the logistics services for the e-commerce segment. In the year under review an external logistics provider in the Retail segment within Ger006Dany was substituted. The B2B segment has made use of third-party services provided from a warehouse in central Germany since 2019.

For information on environmental matters, please see the separate report on environmental, employee and social matters (www.hawesko-holding.com/en/corporate-governance/).

ECONOMIC REPORT

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

The German economy took a huge hit in the coronavirus crisis year of 2020. According to provisional calculations by the Federal Statistical Office, real gross domestic product (GDP) declined by −5.0 percent. This contrasted with slight growth of 0.6 percent in the previous year. The German economy consequently slumped deep into recession after a ten-year growth phase, echoing the developments of the financial and economic crisis of 2008/2009. The provisional calculations nevertheless indicate that the economic slump of 2020 was not as severe of that of 2009, which reached −5.7 percent. Almost all sectors of the economy suffered a setback in 2020. The losses in manufacturing industry excluding construction, the processing trade and the service sector were especially high. Merely the construction industry achieved growth of 1.4 percent. Exports and imports of goods and services equally declined for the first time since 2009. Exports were down −9.9 percent and imports by −8.6 percent. On the labour market, 2020 brought to an end a steady upward trend stretching back 14 years. Germany's economic output was generated by −1.1 percent fewer people, while the number of employees making social insurance contributions remained constant.

According to Gesellschaft für Konsumforschung (GfK) the per capita purchasing power of Germans (nominal disposable net income including state transfer payments) will be € 23.6 thousand in 2021. This is 2.0 percent up on GfK's revised prior-year figure and is indicative of a slow recovery.

German wine market

According to figures from the German Wine Institute, Germans drank an average of 0.6 litres more wine per person in the past wine year (1 August 2019 – 31 July 2020) than in the prior-year period. Consumption of sparkling wine again declined slightly. In all, 19.8 million hectolitres of local and imported still and sparkling wine were consumed. Across the population of 83.1 million, this translates into per capita consumption of 23.9 litres and growth of two percent. This volume of demand places the German wine market fourth among the world's biggest consumer markets for wine. Only the USA (33 million hectolitres), France (26.5 million hectolitres) and Italy (22.6 million hectolitres) consume more wine.

BUSINESS PERFORMANCE AND FINANCIAL PERFORMANCE

Overall statement on 2020 business performance and economic situation

The *Hawesko Group* was able to increase its sales in 2020 by 11.6 percent compared with the previous year (6.0 percent) to € 620.3 million. About 86.0 percent of sales were generated within Germany, with year-on-year growth reaching 13.9 percent domestically. The group thus reasserted its market position. EBIT came to € 42.2 million, as against € 29.1 million in the previous year.

The consolidated balance sheet shows a total of € 427.7 million (previous year: € 394.9 million).

The equity ratio is 27.4 percent (previous year: 28.1 percent). Net debt owed at the balance sheet date amounts to € 102.1 million, compared with € 135.1 million one year earlier.

Cash flow from current operations for the year under review came to € 81.0 million (previous year: € 33.6 million). Free cash flow rose from € 31.6 million in the previous year to € 71.6 million.

On the back of above-average success in 2020, the Board of Management's overall assessment of the economic situation of the group is good.

The Board of Management's expectations had envisaged a sales rise of 7.0 to 9.0 percent year on year (€ 556.0 million). This target range was easily exceeded thanks to strong consumer demand in the B2C segment.

EBIT reached € 42.2 million and the EBIT margin of 6.8 percent clearly exceeded the expected range of 5.0 to 5.5 percent thanks to an improved gross profit margin and cost savings made possible by the coronavirus pandemic.

The performance indicators shown in the following are used in analysing the net worth, financial position and financial performance. However to some extent they are not part of the International Financial Reporting Standards (IFRS) and therefore need to be declared as alternative performance indicators. The indicators used by *Hawesko Holding AG* are:

€ million	*Definition*	**2019**	**2020**
Sales	Sales revenues	556.0	620.3
Sales growth	Percentage growth in sales revenues	6.0 %	11.6 %
EBIT	Operating result	29.1	42.2
EBIT margin	EBIT divided by sales revenues	5.2 %	6.8 %
ROCE	EBIT divided by capital employed; see section "Return on capital employed (ROCE)"	12.3 %	18.7 %
Free cash flow	Total of cash flow from operating activities, investing activities and interest paid	31.6	71.6

The following rate-of-return targets (financial performance indicators) were communicated for 2020 in the 2019 Annual Report. The following table shows to what extent they were achieved.

	Objective	2020	Attained
Sales growth	Approx. 3.0%	11.6%	✓
EBIT margin	5.0–5.5%	6.8%	✓
ROCE	10.0–17.0%	18.7%	✓
Free cash flow (€ million)	€15.0 to €25.0 million.	71.6	✓

Financial performance

2020: increase in sales and earnings

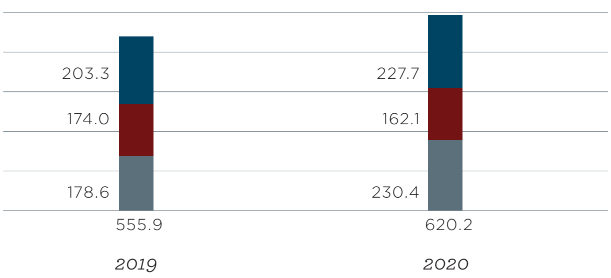
Hawesko Group sales were increased by 11.6 percent in 2020, from € 556.0 million to € 620.3 million. The extra sales were achieved largely in the e-commerce and Retail consumer-facing segments. The increase was aided by sales revenues from mail-order sales placed online, which rose significantly by 49.6 percent to € 170.1 million. Sales revenues for the retail outlets also developed positively, growing 8.8 percent to € 207.8 million. Due to the official restrictions introduced because of the COVID-19 pandemic, sales revenues from customers in the restaurant, hotel and specialist retail trades fell by –12.9 percent to € 97.2 million. Conversely there was a marked rise in demand at food retailers; within the B2B segment this almost compensated for the lost sales.

The German market accounted for around 86.0 percent of sales. Overall, 23.6 percent of sales came from French wines (previous year: 23.0 percent), 27.7 percent from Italian products (previous year: 26.0 percent), 16.8 percent from Spanish wines (previous year: 17.0 percent), 12.6 percent from German products (previous year: 13.0 percent) and around 3.7 percent from Austrian wines. The overall sales volume came to 100 million bottles (previous year: 74 million).

The gross profit margin, calculated from sales revenues less the cost of purchased goods relative to sales revenues, was increased to 44.2 percent in the year under review (previous year: 43.3 percent). This development is attributable first and foremost to the higher weighting given to the Retail and e commerce segments, at the expense of the B2B segment.

Personnel costs comprised wages and salaries as well as statutory, collectively negotiated and voluntary social contributions. This item rose by 3.4 percent in the year under review to € 69.2 million (previous year: € 66.9 million). The personnel expenses ratio (personnel expenses relative to sales revenues) rose came down to 11.2 percent in the 2020 financial year (previous year: 12.0 percent). Other operating expenses showed a slight rise of € 8.5 million to € 157.6 million.

SALES BY SEGMENT
€ million



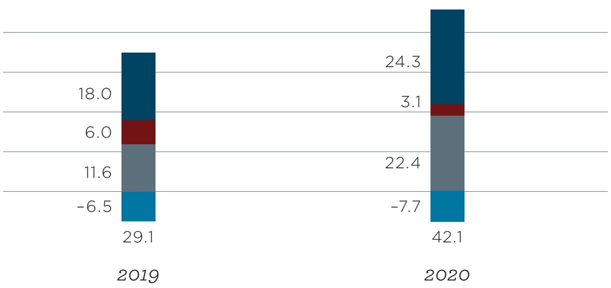
- *Retail*
- *B2B*
- *e-commerce*

Rounding differences possible

The rise in other operating expenses is largely volume-led.

Advertising expenses amounted to € 39.6 million (previous year: € 43.6 million); the level in proportion to sales declined significantly to 6.4 percent compared with the previous year (7.8 percent). Advertising proved more efficient, given the pandemic-related decline in advertising spending by other sectors. The advertising expenses include outlay for the acquisition of new customers and the reactivation of inactive customers. This outlay is designed to broaden the business basis of the group year by year: 555,000 new customers were recruited for the end consumer segments in 2020 (previous year: 381,000). The delivery costs for the group rose from € 31.2 million to € 37.8 million. The delivery costs ratio increased to 6.1 percent (previous year: 5.6 percent). This disproportionately sharp rise relative to sales is attributable to factors that include higher costs for logistics providers as well as the costs of relocating the *Jacques'* warehouse.

GROUP EBIT BY SEGMENT
€ million



- *Retail*
- *B2B*
- *e-commerce*
  (2019: including income of € 4,0 million from sale of property)
- *Costs of the holding company, other, and consolidating items*

Substantial rise in consolidated EBIT

The operating result (EBIT) of the *Hawesko Group* came to € 42.2 million (previous year: € 29.1 million) in the year under review.

DEVELOPMENT IN EARNINGS € million	**2018**	**2019**	**2020**
EBIT	**27.7**	**29.1**	**42.2**
– Year-on-year change	–10.0 %	5.1%	45.0 %
– EBIT margin	5.3 %	5.2 %	6.8 %
EBT (earnings before taxes)	**30.5**	**25.4**	**35.8**
– Year-on-year change	10.0 %	–16.7 %	40.9 %
– EBT margin	5.8 %	4.6 %	5.8 %
CONSOLIDATED NET INCOME EXCLUDING NON-CONTROLLING INTERESTS	**22.0**	**15.8**	**23.8**
– Year-on-year change	20.0 %	–28.2 %	50.6 %
– Net margin	4.2 %	2.8 %	3.8 %

COST STRUCTURE as % of sales	**2018**	**2019**	**2020**
Personnel costs	11.3 %	12.0 %	11.2 %
Advertising costs	8.0 %	7.8 %	6.4 %
Delivery costs	4.7 %	5.6 %	6.1%
Other operating income and expenses (balance)	11.8 %	8.7 %	10.0 %
Depreciation and amortisation	1.6 %	3.9 %	3.8 %
TOTAL	**37.4 %**	**38.0 %**	**37.4 %**

Return on capital employed (ROCE)

Alongside EBIT, the development in assets has a major influence on ROCE. The indicator ROCE is calculated as follows in the *Hawesko Group:* EBIT (€ 42.2 million) divided by the average capital employed of € 225.6 million [(capital employed at 1 January 2020 plus capital employed at 2020 balance sheet date) divided by 2]. The ROCE achieved exceeded the range forecast in the previous year by about three percentage points thanks to the substantially higher EBIT coupled with the slightly lower average capital employed.

The interest-free liabilities include all liabilities less lease liabilities, loans and retirement benefit obligations.

GROUP IFRS €'000	**01/01/-31/12/2019**	**01/01/-31/12/2020**
EBIT (OPERATING RESULT)	**29,146**	**42,152**
Total assets	394,930	427,699
Less		
- cash	18,725	49,818
- deferred tax assets	6,148	8,002
- interest-free liabilities	129,930	158,818
CAPITAL EMPLOYED (REPORTING DATE CURRENT YEAR)	**240,127**	**211,061**
Average capital employed (over the year)	**236,510**	**225,594**
ROCE	12.3%	18.7%

Consolidated net income

The financial result shows a net expense of € –6.3 million, which was substantially attributable to interest expense for lease agreements and to the measurement of put options for minority interest (2020: interest expense of € 3.3 million). The year-on-year increase stems mainly from the higher measurement of the put option for minority interest, reflecting the healthy business development.
The consolidated earnings before taxes for 2020 came to € 35.8 million, up € 10.4 million on the prior-year figure of € 25.4 million.

The effective tax rate declined to 32.5 percent in the year under review (previous year: 35.9 percent). The main reason for this development was tax expenses unrelated to the accounting period in the previous year.

Overall, after deduction of the tax expense there remained consolidated net income of € 24.2 million, which was € 7.9 million up on the prior-year figure of € 16.3 million. The consolidated net income attributable to the shareholders of *Hawesko Holding AG* – excluding non-controlling interests – came to € 23.8 million (previous year: € 15.8 million).

Reported earnings per share were € 2.65 (previous year: € 1.76). The figures for both the year under review and the previous year are based on 8,983,403 shares.

BUSINESS PERFORMANCE OF THE SEGMENTS

EBIT MARGINS as % of external sales	**2019**	**2020**
Retail	8.9%	10.7%
B2B*	3.4%	1.9%
e-commerce*	6.5%	9.7%

* *The prior-year figures have been adjusted for ease of comparison, to reflect certain changes in the composition of the segments*

ROCE	**2019***	**2020**
Retail	15.6%	20.0%
B2B	16.9%	8.2%
e-commerce	20.4%	35.8%
Group	12.3%	18.7%

* *2019 figures adjusted to reflect changes in the composition of the segments*

Retail:

Jacques' maintains profitable growth, Wein & Co. achieves turnaround

Sales for the Retail segment (*Jacques'* as well as *Wein & Co.*) grew by 12.0 percent overall in the year under review and reached € 227.7 million (previous year: € 203.4 million). The individual company *Jacques'* increased its sales by 14.2 percent to € 187.5 million. Like-for-like, in other words disregarding newly opened outlets, sales growth was 11.6 percent. In 2020 *Jacques'* served over 1,000,000 active customers. That is 13.8 percent more than in the previous year (900,000). Including *Wein & Co.*, the segment had 1,350,000 customers. *Jacques'* achieved this sales growth for example by stepping up its advertising activities and through successful drives to retain, reactivate and acquire customers. The average spend at *Jacques'* showed a slight rise compared with the previous year. 2020 saw *Jacques'* acquire around 140,000 new customers (previous year: 130,000). At 31 December 2020 there were 327 *Jacques'* outlets in operation in Germany (previous year: 320). There are no outlets outside Germany. Seven new shops were opened, none were closed and none were relocated. At the reporting date for the year, *Wein & Co.* operated 21 locations in Austria, seven of which had a wine bar. The operating result (EBIT) for the segment was increased by 35.0 percent to € 24.3 million in the year under review (previous year: € 18.0 million) and corresponds to an EBIT margin of 10.7 percent (previous year: 8.9 percent). ROCE for the segment climbed from 15.6 percent to 20.0 percent. This higher indicator is mainly attributable to the substantial rise in EBIT coupled with only slightly higher capital employed.

B2B:

Clear impact of restrictions on restaurant and hotel trades

The B2B segment was the most severely affected by coronavirus-related restrictions in 2020. This translated into sales losses in the second and fourth quarters. The sales of the B2B segment for the year under review were down 6.8 percent on the previous year, at € 162.1 million (€ 174.0 million). Adjusted for the sale of Vogel Vins, sales amount to € 160.5 million (previous year: € 169.0 million). The difficult consumer environment affected all B2B sales subsidiaries. The EBIT earned by all B2B brands came to € 3.1 million and was therefore clearly below the figure for the previous year (€ 6.0 million). ROCE for the B2B segment fell from 16.9 percent to 8.2 percent due to the impact on earnings. The shareholdings in the companies *Vogel Vins* and Ziegler were disposed of in the financial year and removed from consolidation, so the indicators are not fully comparable. Also, the company *WeinArt* was reclassified to the e-commerce segment in 2020. For greater ease of comparison the 2019 figures in the upper section were adjusted accordingly.

e-commerce:

Healthy performance above all at HAWESKO, WirWinzer and Vinos

In the e-commerce segment, 2020 sales were increased by 29.0 percent to € 230.4 million (previous year: € 178.6 million). At *HAWESKO* strong online demand boosted sales from € 96.5 million to € 126.0 million, a rise of 30.6 percent. The wine trading platform *WirWinzer* again achieved dynamic growth and grew by 46.9 percent to € 9.2 million (previous year: € 6.2 million). Thanks to intensive activities to acquire new customers, sales at *Vinos* went up 29.4 percent to € 61.6 million (previous year: € 47.6 million). Tesdorpf succeeded in increasing its sales by 5.0 percent year on year, to € 13.9 million. *The Wine Company* (distance selling to Sweden) registered a sharp rise in sales of 34.8 percent to € 14.0 million.

The measures to acquire new customers were again a success: 380,000 new customers were gained across the segment (previous year: 228,000). The figures are shown exclusive of the customary annual migration. At 31 December 2019 the segment therefore had more than 1,155,000 active customers on its books, meaning those who have placed at least one order in the past 24 months (figure at prior-year reporting date: 931,000).

64.1 percent (previous year: 56.3 percent) of total sales for the segment were generated online, and the remainder via classic sales channels such as post, phone and fax. The operating result (EBIT) for the segment reached € 22.4 million (previous year: € 11.6 million, after adjustment for the sale of a property € 7.6 million). The EBIT reported represents an EBIT margin of 9.7 percent (previous year: 4.3 percent, after adjustment for sale of a property). The main reason for the higher adjusted result was improvements in the trading margin and cost structure at *HAWESKO*. The year under review saw the online platform *WirWinzer* fully realise the potential that the Board of Management believes it has, and it achieved clearly positive EBIT. Tesdorpf broadly maintained its operating result at the prior-year level, while *The Wine Company* (mail order to Sweden) significantly improved its result. Since the relocation of the B2B warehouse in 2019 the subsidiary *IWL* in Tornesch has focused its services on supporting e-commerce. In the period under review, the operating result (EBIT) came to € –0.6 million (previous year: € –1.3 million), which includes restructuring costs arising from the relocation. The increased result boosted ROCE for the e-commerce segment from 20.4 percent in the previous year to 35.8 percent in the year under review.

The companies WeinArt and *IWL* were reclassified to the e-commerce segment in 2020. For greater ease of comparison the 2019 figures in the upper section were adjusted accordingly.

Holding-company costs

The reported costs for the holding company and consolidating items in the group amounted to € 7.8 million for 2020 (previous year: € 6.4 million).

FINANCIAL POSITION

Principles and aims of financial management

The principles and aims of financial management were explained in the section “Management system: strategic growth, rate-of-return and financing targets”.

Capital structure

The capital requirements of the *Hawesko Group* comprise the capital expenditure on fixed assets and the financing of operating activities. For these purposes, the group finances itself largely through short-term bank loans, lease agreements and the cash flow from current operations. At 31 December 2020 the liquidity resources of the group included cash of € 49.8 million (previous year: € 18.7 million). Within time-unlimited credit lines for the financing of current business operations (working capital), there exist short-term credit facilities with a volume totalling € 75.0 million (previous year: € 65.0 million). At the reporting date these credit facilities were drawn on to a level of 7.8 percent (previous year: 13.0 percent). The *Hawesko Group* reported short-term and long-term borrowings amounting to € 24.0 million at 31 December 2020 (previous year: € 31.4 million). Of this total, € 12.5 million (previous year: € 15.3 million) is due within the next twelve months. Thanks to the financial performance in the year under review, amounts due to banks could be further reduced by a substantial € 7.4 million to € 24.0 million. Conversely lease liabilities rose as a result of newly concluded and extended tenancy agreements for retail stores and the concluding of a long-term tenancy agreement for a warehouse.

The long-term and short-term borrowings consist predominantly of bank loans arranged with German banks on the basis of credit agreements, as well as lease liabilities according to IFRS 16. The contractual obligations of *Hawesko Holding AG* within the credit agreements have always been met. The existing credit facilities moreover assured adequate cash levels at all times during the year under review. Long-term borrowings included amounts due to banks totalling € 11.5 million (previous year: € 16.1 million) and lease liabilities of € 114.8 million (previous year: € 108.5 million).

According to internal calculations, the costs of the equity and borrowed capital made available to the group are currently 5.2 percent (previous year: 4.5 percent. They comprise the weighted costs of the equity capital of 5.9 percent on the one hand, and 1.9 percent for borrowed capital on the other.
In calculating the cost of equity, the basis used is a long-term risk-free interest rate of 0.17 percent and a risk premium of 7.5 percent at a beta factor of 0.8.

COMPOSITION OF BORROWINGS AT 31/12/2020	*Short-term €million*	*Short-term %*	*Long-term €million*	*Long-term %*	*Total €million*
Due to banks	12.5	52.1 %	11.5	47.9 %	24.0
Lease liabilities	12.0	9.5 %	114.8	90.5 %	126.8
TOTAL	**24.5**	**16.2 %**	**126.3**	**83.8 %**	**150.8**

Rounding differences possible

COMPOSITION OF BORROWINGS AT 31/12/2019	*Short-term €million*	*Short-term %*	*Long-term €million*	*Long-term %*	*Total €million*
Due to banks	15.3	48.7%	16.1	51.3%	31.4
Lease liabilities	12.8	10.6%	108.5	89.4%	121.3
TOTAL	**28.1**	**18.4%**	**124.6**	**81.6%**	**152.7**

Rounding differences possible

The short-term loans mainly consist of rolling borrowings denominated in euros and Swiss francs, in each case with a maturity of between one and three months. Please refer to the notes to the consolidated financial statements for the terms of the borrowings and details of the lease liabilities.

At 31 December 2020 there was net debt of €102.1 million. This compares with €135.1 million reported in the previous year. The marked decrease in net debt results mainly from the sharply higher cash flow from operating activities and the related development in cash.

The following table shows the development in the net debt owed:

€million	2020	2019
Due to banks	24.0	31.4
+ Lease liabilities	126.8	121.3
+ Provisions for pensions	1.1	1.1
GROSS DEBT OWED	**151.9**	**153.8**
– Cash	49.8	18.7
NET DEBT OWED	**102.1**	**135.1**

Rounding differences possible

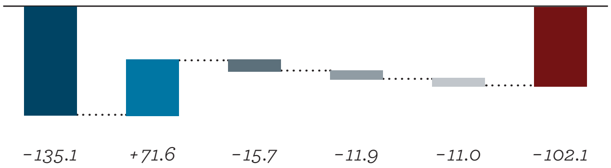
Investment

The *Hawesko Group* invested € 5.7 million in intangible assets and in property, plant and equipment in the year under review (previous year: € 7.7 million). This amount, relative to sales, produced an investment ratio of 0.9 percent (previous year: 1.4 percent).

Investments in intangible assets came to € 3.0 million (previous year: € 3.9 million) and were occasioned by the optimisation of online business (including for the modernisation of the ERP software in the Retail segment and of the online shops in the e-commerce segment).

Investments in property, plant and equipment in 2020 totalled € 2.7 million (previous year: € 3.8 million). The Retail segment accounted for a sizeable portion of this amount, from the expansion and modernisation of individual locations.

NET DEBT OWED
€ million



NET DEBT OWED 31/12/2019	-135.1
Free cash flow	+71.6
Dividend	-15.7
Outpayment lease liabilities	-11.9
Other	-11.0
NET DEBT OWED 31/12/2020	**-102.1**

Liquidity analysis

CONSOLIDATED CASH FLOW € million	**2020**	**2019**
Cash flow from current operations	81.0	33.6
Cash flow from investing activities	-10.3	2.5
Cash flow from financing activities	-39.7	-42.6
Free cash flow	71.6	31.6

The consolidated cash flow from current operations rose from € 33.6 million in the previous year to € 81.0 million in the year under review. This is substantially the result of the business performance and the much higher EBIT in the financial year, as well as the improved working capital at the reporting date, especially within inventories.

The cash flow from investing activities in the previous year was dominated by the disposal of real estate, with the associated cash inflow of € 10.1 million yielding a positive figure. The financial year under review saw the disposal of the shares in the company *Ziegler,* but the purchase price will not be accrued until 2021 and 2027, and therefore has no effect on the cash flow from investing activities for 2020. The disposal of the shares in the companies *Vogel Vins* and *Ziegler* yielded a positive cash flow of € 0.1 million after deduction of the cash reserves disposed of.

The cash flow from financing activities comprises the payment of dividends (€ –11.7 million as in previous year), the payment of a special dividend of € 4.0 million (previous year: € 0) as well as substantially the redemption of credit and outpayments for lease liabilities.

Overall, the free cash flow rose markedly from € 31.6 million to € 71.6 million and was therefore well above the range forecast in the previous year of € 15.0 – 25.0 million, essentially because of the significant rise in cash flow from current operations as described above.

NET WORTH

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – ASSETS	2020		2019	
	€ million	*% of balance sheet total*	*€ million*	*% of balance sheet total*
NON-CURRENT ASSETS				
Intangible assets	53.4	12 %	56.4	14 %
Tangible assets	130.2	30 %	127.1	32 %
Investments accounted for using the equity method	4.1	1 %	3.9	1 %
OTHER FINANCIAL ASSETS	0.1	0 %	0.1	0 %
Deferred tax	8.0	2 %	6.1	2 %
Other non-current assets	8.3	2 %	4.0	1 %
	204.1	**48 %**	**197.6**	**50 %**
CURRENT ASSETS				
Inventories	108.6	25 %	120.9	31 %
Trade receivables plus other current assets	65.2	15 %	57.7	15 %
Cash	49.8	12 %	18.7	5 %
	223.6	**52 %**	**197.3**	**50 %**
BALANCE SHEET TOTAL	**427.7**	**100 %**	**394.9**	**100 %**

Rounding differences possible

The balance sheet total for the group came to € 427.7 million in 2020 (previous year: € 394.9 million). This represents a gain of 8.3 percent.

Intangible assets declined slightly in the financial year. This is substantially a result of slightly lower investments coupled with a constant level of depreciation and amortisation.

Property, plant and equipment comprises the rights of use from lease agreements and rose slightly as a result of new (specifically for one warehouse property) and extended lease agreements. This more than compensates for the reduction from the disposal and deconsolidation of the company *Ziegler* together with its production facilities.

The other non-current financial assets were up year on year as a result of the loan granted in connection with the sale of the company *Ziegler*. By contrast, the advance payments made for wines on subscription fell in a reflection of demand.

The portion of advance payments made for the 2018 Bordeaux vintage that was still long-term in 2019 was reclassified as scheduled to the corresponding short-term item because the wines in question will be delivered in the coming twelve months.

Current assets rose from € 197.3 million to € 223.6 million. This change is substantially due to the marked rise in cash. There was an opposite, downward development in inventories because of the much higher business volume at the end of the financial year.

Trade receivables as well as other assets and receivables moved up slightly from € 57.7 million in the previous year to € 65.2 million in the year under review. This development, specifically compared to the development in sales revenues, is mainly attributable to the fact that many B2C customers already placed pre-Christmas orders in late November and early December, with the effect that they were to some extent already settled by the balance sheet date.

The coronavirus pandemic and the associated closures in the restaurant trade led to a decline in business activity and therefore of receivables in this customer segment. By contrast, the sharply higher B2C sales involve much shorter payment deadlines. For the most part receivables were already settled by the balance sheet date. Conversely, other assets rose mainly because of the purchase price receivable from the sale of the company *Ziegler*.

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES	2020		2019	
	€ million	*% of balance sheet total*	*€ million*	*% of balance sheet total*
SHAREHOLDERS’ EQUITY				
Subscribed capital of Hawesko Holding AG	13.7	3 %	13.7	3 %
Capital reserve	10.1	2 %	10.1	3 %
Retained earnings	91.3	21 %	83.6	21 %
Other reserves	–0.4	0 %	–0.2	0 %
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG	**114.7**	**27 %**	**107.2**	**27 %**
Non-controlling interests	2.3	1 %	3.7	1 %
	117.0	**27 %**	**110.9**	**28 %**
LONG-TERM PROVISIONS AND LIABILITIES				
Provisions	2.7	1 %	2.9	1 %
BORROWINGS AND LEASE LIABILITIES	126.3	30 %	124.6	32 %
Remaining non-current liabilities and deferred tax liabilities	12.5	3 %	15.6	4 %
	141.5	**33 %**	**143.1**	**36 %**
CURRENT LIABILITIES				
Minority interest in the capital of the unincorporated subsidiary	0.0	0 %	0.3	0 %
BORROWINGS AND LEASE LIABILITIES	24.5	6 %	28.2	7 %
Trade payables	78.1	18 %	71.0	18 %
Remaining current liabilities	66.6	16 %	41.4	10 %
	169.2	**40 %**	**140.9**	**36 %**
BALANCE SHEET TOTAL	**427.7**	**100 %**	**394.9**	**100 %**

Rounding differences possible

Consolidated equity came to € 117.0 million and was therefore up € 6.1 million on the prior-year figure of € 110.9 million. Retained earnings rose by € 7.7 million compared with the prior-year reporting date to € 91.3 million (previous year: € 83.6 million). This change was mainly attributable to the much higher consolidated net income. The equity ratio (prior to distribution) represented 27.4 percent of the balance sheet total (previous year: 28.1 percent).

The long-term provisions and liabilities declined slightly to € 141.5 million (previous year: € 143.1 million). Within this, the non-current liabilities for financial and contractual obligations fell whereas the lease liabilities rose. The decline in financial liabilities is mainly attributable to the healthy liquidity situation in the financial year, which meant that to some extent loans were redeemed ahead of schedule. The contractual liabilities fell in a reflection of weaker consumer demand for the 2019 subscription vintage. By contrast there was a rise in long-term lease liabilities, especially from the conclusion of a long-term tenancy agreement for a warehouse and from the expansion of *Jacques'* retail outlets. The remaining non-current liabilities comprise such items as the obligation to purchase the remaining 10.0 percent of the shares in *Vinos* in 2022.

The current liabilities grew by € 28.3 million to € 169.2 million mainly as a result of an increased volume of Christmas business compared with the previous year. Specifically contractual liabilities and trade payables due to the increased business volume were higher. In addition, higher tax liabilities were formed in response to the much higher earnings before taxes.

On the other hand short-term borrowings eased off from € 28.2 million to € 24.5 million. This development was attributable to the repayment of short-term loans and a slight drop in short-term lease liabilities due to contractual adjustments.

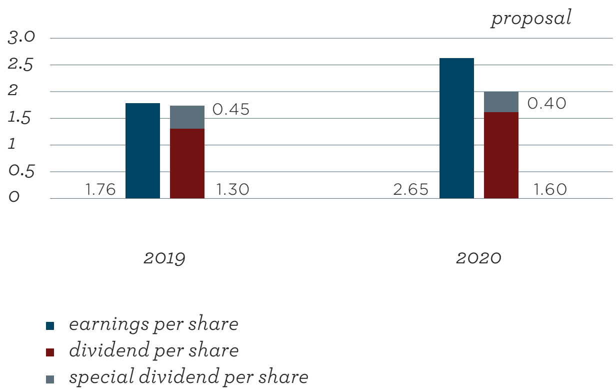
Off-balance-sheet financial instruments are not used.

Shares

The intention is to position the shares of *Hawesko Holding AG* on the stock market as dividend-paying stock. The distribution ratio will reflect on the one hand an appropriate payout to shareholders from the profit performance and on the other hand the desire to strengthen the group's self-financing capability for its further growth, its strategic development and its long-term future.

As in the previous year, the total number of shares was 8,983,403 throughout 2020. No capital measures were carried out.

KEY DATA PER SHARE
in €



REPORT ON POST-BALANCE SHEET DATE EVENTS

No occurrences which are of particular significance for the assessment of the net worth, financial position or financial performance of *Hawesko Holding AG* and of the group for the year 2020 occurred after the end of the year under review. Please refer in this connection to the appropriate passage in Note 52 to the consolidated financial statements.

EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS REPORT

REPORT ON EXPECTED DEVELOPMENTS

Direction of the Hawesko Group in the next financial year

At the historically very centrally run group, strategic matters of group-wide scale are coordinated by the superordinate holding company, which adopts an overarching management approach. Important strategic topics such as digitalisation are planned and managed centrally within the group, to share the expertise and unlock the synergies that are present within the group. For example, over the past two years a digital commerce platform has been created with the technology to replace the local web shops operated by the e-commerce subsidiaries. This project will be completed in summer 2021 with the changeover of the *HAWESKO* web shop. By drawing on the expertise and resources of the group, these measures will make it possible to address future issues more effectively than would be possible within individual operational group subsidiaries. This will pave the way for the group to consolidate and build on its already strong market position.

General economic situation

Anticipated future developments in economy as a whole

According to the International Monetary Fund (IMF) the world economy should achieve stronger growth in 2021 than in 2020. The IMF expects global real growth of 5.5 percent. The drive to vaccinate against the coronavirus and other economic stimuli in a number of major industrial nations are expected to yield a positive effect. For Germany and Europe, the IMF expects weaker growth for 2021 than latterly assumed. The IMF has reduced its forecast for Germany for the current year by 0.7 percentage points to 3.5 percent. For the eurozone overall, the IMF expects growth of 4.2 percent in 2021. The IMF forecasts are closely bound up with the prevailing pandemic. Broad access to coronavirus vaccines in industrial nations and certain emerging economies has a direct impact on overall economic development.

For the German economy, the German government expects to see a cyclical recovery in 2021 subject to the further course of the pandemic. The pre-crisis level will be reached no earlier than the turn of 2021/2022. Price-adjusted gross domestic product (GDP) will gain 3.0 percent in 2021. Economic output in the first quarter of 2021 is limited by the pandemic. It can be assumed that the vaccination of wider sections of the population will ease the pandemic. The economy will then be able to regain momentum as soon as the restrictions on public life are reduced. For the time being, the economy fundamentally remains a story of two halves: the service sector that is more dependent on social contact, and robustly performing industry.

German exports should increase substantially over time and trigger increased investing activities by enterprises.

Households' nominal disposable incomes are expected to rise by 2.7 percent on the previous year in 2021. It is currently assumed that consumer spending, after deduction of the inflation rate, will rise by a price-adjusted 3.6 percent (2020: –6.0 percent).

The *Hawesko* Board of Management echoes the above expectations for the German economy and specifically for consumer behaviour. It assumes that the cyclical trend in 2021 will show an overall more healthy development in the relevant home market

Germany than elsewhere because of the German government's economic stimulus programmes. With a relatively robust pattern of wine consumption in Germany, the wine market should also remain stable.

Global wine market in 2021: smaller harvest reverses production surplus

The International Organisation of Vine and Wine (OIV) estimates wine production in 2020 at 258 million hectolitres; as such it would be unchanged from the previous year's level and below the average for the past 20 years for the second year in succession (2000-2019: 270 million hectolitres). The production volume in the European Union in 2020 is an estimated 159 million hectolitres, up about 5.0 percent on the previous year.

Future situation in the trade

Despite economic uncertainty, the German wine market should be bolstered by a continuing healthy level of consumer spending in 2020. It should be possible to maintain the current high level of sales in the premium segment. The *Hawesko* Board of Management expects that already long-established trends in the upscale market segment will continue and be aided by demographic change. The significance of online business has risen sharply in the wine trade, too, as a result of COVID-related restrictions. Out-of-home consumption will again suffer from restrictions to the restaurant and hotel trade. In other countries in Central Europe, the trends in wine consumption being observed fundamentally resemble the pattern in Germany.

The existing quality trends will moreover continue in 2021 and will define the market: there is growing professionalism in the world of wine, consumers are becoming increasingly discerning, and Europe will remain a focal area of global wine consumption. Outside Europe, there are already signs that wine consumption is rising – a development that will continue. The consequence of this is that the virtues the *Hawesko Group* has carefully nurtured over many decades are more important than ever as unique selling propositions in the marketplace: its extensive range of top-class wines, knowledgeable handling of the product wine, experience in specialised warehousing and shipping logistics as well as the ability to keep enthusing customers and retaining them through high service commitment and quality are key to the group brands' high recognition in the wine market.

Anticipated financial performance

The Board of Management of the *Hawesko Group* continues to strive for sustained, long-term, profitable growth. In 2020 the group set new records for sales and EBIT because of, but also to some extent in spite of, the effects of the coronavirus pandemic. The course of the 2021 financial year will depend very much on the duration and features of the measures taken – and possibly yet to come – to combat the pandemic and its aftermath, but also on how consumers respond after restrictions have eased. The B2B area will continue to be impacted significantly by closures in the restaurant trade in the event of a protracted lockdown. However even if restrictions are eased or lifted, the Board of Management anticipates that any recovery will be slow. The shift from out-of-home consumption to the private sphere during the lockdown continues to have a highly positive effect on sales in the B2C segments. The sales development once pandemic-related restrictions have ended will depend very much on how consumers respond. The Board of Management considers that any assessment of future development involves exceptionally high uncertainty in view of the context presented above. As such, no serious forecast of the financial performance indicators is possible at present. However the Board of Management believes sales, EBIT, ROCE and free cash flow for 2021 will not fall short of the pre-pandemic results (2019 financial year).

Based on the current developments, the Board of Management will announce firm expectations in the Interim Financial Report at the earliest.

Anticipated financial position

It is assumed in the *Hawesko Group's* financial planning that planned capital expenditure both on property, plant and equipment and intangible assets and on the working capital, as well as dividend payments, can continue to be financed from ongoing cash flow.

Capital expenditure on property, plant and equipment and intangible assets in the 2021 financial year is likely to be € 2.0 – 2.5 million up on the previous year (€ 5.7 million). Capital expenditure will focus on the continuing digital transformation and IT as already envisaged, but also on modernisation and expansion measures in the Retail segment, and on expansion and replacement investment in the e commerce segment.

The current plans do not envisage other long-term investments or acquisitions.

Overall statement on the anticipated development of the group

In light of the above individual factors and the assessment of the wine market's development, the Board of Management considers a steady upward development in the *Hawesko Group* to be realistic but not predictable due to the effects of the COVID 19 pandemic. Consistently exceeding a return on capital employed (ROCE) of 14.0 percent remains an important benchmark.

RISK REPORT

Risk management system

The core tasks of the Board of Management of *Hawesko Holding AG* include the strategic management of the group. Based on intensive observation of the competitive environment, changes and developments to national and international markets and the business environment are analysed. The group management translates the findings of these analyses into a plan of action for safeguarding and building on the company's success over the long term.

In the context of its activities in its sales markets, the *Hawesko Group* is exposed to the fundamental risks that go hand in hand with entrepreneurial activity. Risks are defined as events or possible developments within and outside the group that can adversely affect the companies or the attainment of the corporate targets, and/or restrict the entrepreneurial leeway of Board of Management members and managing directors. The Board of Management has established a modern, comprehensive risk management system that is moreover undergoing continuous refinement. The early identification of risks is of major significance and is achieved by means of a risk early warning system implemented group-wide, the binding principles of which are laid down in a risk management guideline.

The risk management system of the *Hawesko Group* covers all subsidiaries. Risks are placed in standard, predefined categories and documented in a risk inventory. The risks identified are then evaluated on the basis of their probability and the loss they would involve. They are managed by defining and regularly examining countermeasures to limit the risks identified. The risk management system processes are identical for the entire group and are controlled by the risk manager and the risk management officers in the operating segments.

Description of the key features of the internal control and risk management system for financial reporting purposes for the group parent and group

The internal system of control for the group companies and for group financial reporting is a key component of the reporting system and therefore of the internal management and control system. In addition, it serves as the basis for assuring compliance with both internal and external requirements.

As part of the internal system of control, the risk management system methodically records and evaluates the risks identified as part of the risk inventory conducted annually. In respect of group financial reporting, the aim of the risk management system is to reflect the risks appropriately in the consolidated financial statements (for example, through the creation of provisions) and thus to limit the risk of incomplete presentation of the net worth, financial position and financial performance. Further notes on the risk management system are given in the Risk Report.

The Supervisory Board, in this context specifically the Audit and Investment Committee of *Hawesko Holding AG*, is involved in the financial reporting process for the group parent and group, and deals with such matters as key questions of financial reporting, risk management as well as with the audit mandate and its priorities.

The internal system of control in respect of the financial reporting process

The clear structures of organisation, control and monitoring installed within the *Hawesko Group* focus on the complete and accurate recording of all business transactions that are relevant for financial reporting purposes. The application of uniform recognition and measurement principles for the companies included in the consolidated financial statements, taking account of the requirements of the IFRS, is assured in the *Hawesko Group*.

The general organisation of the Accounting department and the involvement of the divisions participating in the processes that are relevant for financial reporting purposes are handled in such a way that there is an appropriate degree of separation between approval, executive, invoicing and controlling functions for a company of this size and sphere of activity. This separation of functions enables extensive preventive and disclosing controls in all material business processes throughout the group that have been implemented by the management, based on an assessment of the inherent risk of the individual processes and the controlled environment in question. The manual controls are supplemented by corresponding IT process controls and suitable IT authorisation concepts.

Complex questions of measurement such as are needed e.g. for measuring provisions for pension or derivative financial instruments, or for performing purchase price allocations, are examined in consultation with external independent specialists.

The internal system of control in respect of the consolidation process

The processes that are relevant for financial reporting purposes are recorded in local standard bookkeeping systems for the separate financial statements of the subsidiaries. For preparation of the consolidated financial statements, the separate financial statements as well as supplementary standardised information are fed into consolidation software, using a corresponding authorisation concept, and examined by Group Accounts. The internal control and risk management system of *Hawesko Holding AG* is designed to ensure that financial reporting by the company and by all companies included in the consolidated financial statements is uniform and in agreement with the legal and statutory requirements as well as internal guidelines.

All consolidation processes as well as the reconciliation of the local separate financial statements with IFRS financial reporting standards are carried out and documented by the Corporate Finance central department. A lease accounting tool is used to handle accounting in accordance with IFRS 16. The internal and external data required for the notes to the consolidated financial statements and for the group management report is also evaluated and consolidated at group level using the newly adopted Smartnotes tool. The effectiveness and adequacy of Group Accounting in preparing the accounts are overseen directly by the Chief Financial Officer or the individuals appointed by him to perform that task within Group Accounts.

Risks

The prevailing pandemic situation in the year under review is not reflected in risk management as an individual risk because the key effects of the pandemic, for example economic slump or dependency, increased debt default, loss of decision-makers and logistics risks, are already documented in the risk management system and have accordingly been evaluated on a regular basis.

In addition to the general business risk, the group is exposed to the risks explained in the following. Over a one-year horizon these are classified in descending order as A, B and C risks in the basic scenario depending on the anticipated loss; please refer to the following diagram. The losses stated are a net view with the impact on EBIT.

Public debate on alcohol and advertising bans or restrictions

For quite some time the European Union has been debating whether to restrict the advertising of alcoholic beverages throughout the EU; in Sweden the discussion intensified in autumn 2016. Even if such measures were to be passed, the *Hawesko* Board of Management believes advertising bans for alcoholic products would probably not result in lower wine consumption in the medium term. Depending on what specific form any restrictions on advertising were to take, such an advertising ban could nevertheless have a significant impact on the business operations of the *Hawesko Group*. Based on its market position and product range, however, the Board of Management considers that the group would barely be affected by a public debate aimed at encouraging consumption of alcohol only in moderation.

The risk from the public debate on alcohol and advertising bans or restrictions is classified as an A risk, with a medium probability.

Loss (€million)

1) Very high (>5)	B	A	A	A	A
2) High (2.5 to ≤5)	B	B	A	A	A
3) Moderate (1 to ≤2.,5)	B	B	B	A	A
4) Low (0.25 bis ≤1)	C	C	B	B	A
5) Very low (bis 0.25)	C	C	C	C	B
	5) Very low (0 to <10)	4) Low (10 to <25)	3) Moderate (25 to <50)	2) High (50 to <75)	1) Very high (75 to 100)

Probability (%)

Increasing competition

The wine markets in Germany, Austria and Switzerland exhibit increasing competition. New market participants are entering the market and attempting to capture market shares as rapidly as possible.
As such market participants do not have a customer base that has been built up over decades, nor the specialist expertise that the *Hawesko Group* can offer, they try to gain market shares through price. They succeed in this to some extent by using special offers and discounts, with the result that the high price transparency of online offers can increase the pressure on prices and margins for all market participants and erode profitability. Although this approach does not fundamentally threaten the business models of the *Hawesko Group* with their focus on expertise, service and sustained growth, it hinders the acquisition of new customers and inflates the cost of this process. The effects of more intense competition are built into the plans and risk assessments of the *Hawesko Group* entities but for a variety of reasons are not fully foreseeable. The *Hawesko Group* attempts to cushion these effects by offering an extensive product range expertly and by striving not to be dependent on individual wines or producers. Furthermore, the group subsidiaries endeavour to include unique products and specially bottled wines in their range to avoid direct comparison.

The risk from increasing competition is classified as an A risk with a high probability.

Wine as a natural product: marketability and fitness for consumption, quality, possible negative effects

Wine is a product of nature which accordingly exhibits variations in quality from year to year, and also depending on variety and location, under the influence of the weather, the individual locations and the fermenting processes. This variation affects prices and influences demand for individual products. On the strength of its many years of experience in the wine market, the *Hawesko Group* is able to limit the impact of these risks, but it can never exclude them entirely.

The *Hawesko Group* is not dependent on specific suppliers. In no individual instance do the sales generated by products from a single producer exceed the level of 5.0 percent of consolidated sales.

Quality assurance for the wines we buy starts with a visit to the vineyard where they are produced, and continues with tests conducted on the end product by recognised laboratories. Quality problems are rare. The vintners know the *Hawesko Group* and the high standards it expects; moreover, they pride themselves on the quality of their wines. If a breach of the current laws or guidelines on consumer or product protection should nevertheless occur and should this result in a recall campaign or sales ban for the product in question, this could in turn entail additional costs. Such a breach by a competitor could equally have a media impact that could spread to the whole wine industry, including the *Hawesko Group*. In such an instance, lost sales would be feared.

In the year under review, only an insignificant proportion of deliveries was rejected by the *Hawesko Group* companies for quality reasons.

The risk from the constellation marketability and fitness for consumption, quality and possible negative effects is classified as an A risk with a medium probability.

Dependence on the business cycle

The *Hawesko Group* generated approx. 86.0 percent of its sales in the Federal Republic of Germany in 2020. Germany's macroeconomic fortunes exercise considerable influence over the propensity of the population to consume and therefore over the business development of the *Hawesko Group*.

14 percent of consolidated sales were achieved outside Germany in the year under review. The neighbouring countries Austria and Switzerland account for around 75.3 percent of those sales.

The risk from dependence on the business cycle is classified as a B risk with a medium probability.

Loss of the highest-volume suppliers

Business is influenced to a substantial degree by the ability of the *Hawesko Group* to maintain agreements securing it the status of exclusive distributor for renowned wine producers. If an existing agreement were not to be extended, sales would suffer in the short term. The Board of Management assumes that this risk is reduced by spreading the product range across multiple suppliers.

The risk from the loss of the highest-volume suppliers is classified as a B risk with the probability varying from supplier to supplier.

Public debate on duty on alcohol

For some years it has been debated in the European Union whether higher duty should be levied on alcoholic beverages throughout the EU. Even if such measures were to be decided, the *Hawesko* Board of Management believes that higher duty for alcoholic products would probably not result in lower wine consumption in the medium term. Efforts to cushion increased duty could erode the trading margin.

The risk from the public debate on duty on alcohol is classified as a B risk with a very low probability.

Data protection as well as protection of data against unlawful actions

Hawesko's Retail and e-commerce segments each acquire a considerable portion of their new customers by methods covered by the "list privilege", but have equally undertaken to use customer data responsibly. Core aspects include regular training for employees on the General Data Protection Regulation (GDPR), a matching user rights concept, the logging of all access to personal data compliance with the regulations concerning the storage of customer data on mass storage media. In addition there is regular optimisation of the internal processes (including with external expert support) and of the IT infrastructure. The data protection area is closely intertwined with information security, a topic that is regulated by the Compliance Guideline of the *Hawesko Group*. Data protection audits as well as regular IT security checks have been and are carried out by external consultants.

The risk from the data protection area is classified as a B risk, with a very low probability.

Logistics risks

Commercial and private customers alike today expect the goods ordered to be delivered as swiftly as possible. High-price and premium products such as those sold by the *Hawesko Group* are no exception. While late delivery for B2B customers (resellers and restaurant trade) may lead to lost sales, a failure to deliver goods ordered by end customers in time for a particular occasion, for example, can spoil their enjoyment of the product. Customers will remember what they perceive as late delivery as a negative service experience and may prompt specifically new customers to switch suppliers. The *Hawesko Group* is therefore eager to implement intelligent purchasing management to keep as many products as possible available immediately. Alongside this, it works solely with reputable partner enterprises on the logistics side. All logistics processes focus on keeping goods traffic as efficient as possible and are constantly being refined to create demand-led logistics. Corporate logistics management is under development.

The risks from the logistics area are classified as a B risk with a medium probability.

Financial risks

There exist a number of financial risks within the *Hawesko Group*. These include above all influences of exchange rate and interest rate movements, as well as the non-payment and liquidity risk. Risks from the use of financial instruments are not material for the *Hawesko Group*.

The subsidiaries of the *Hawesko Group* are importers of wines traded internationally, and as such are to a limited extent affected by exchange rate movements outside the eurozone. However, imports are overwhelmingly from within the eurozone.

To a minor extent the refinancing of the *Hawesko Group's* working capital requirements takes the form of loans which are taken out at current interest rates. Dependence on interest rate movements is thus low. As part of centrally controlled liquidity management, sufficient funds are kept available to the *Hawesko Group* for ongoing business and for capital expenditure. The risks from receivables are limited by credit checks and credit management systems.

The risks from the financial area are classified as a B risk with a medium probability.

Failure of web shop

The steadily growing share of transactions handled online, specifically in the distance-selling area, also increases awareness of the availability of the web shops operated by the *Hawesko Group*. A failure, especially if it were for an extended period, would result in significant sales losses. The issue of IT security and availability is closely managed and updated promptly to reflect new threat scenarios.

The risks from the web shop area are classified as a B risk, with a very low probability.

Over and above this, the following potential risks that are not further quantified in the risk management system are kept constantly under observation.

Legal and fiscal risks

The company is unaware of any legal or arbitration proceedings, whether pending or anticipated, with a significant influence on the economic situation of the *Hawesko Group*. The company is not aware of any fiscal risks which have a significant influence on the economic situation of the *Hawesko Group*.

The group assesses the legal and fiscal risks as C risks.

In view of their immaterial effects, C risks are not listed individually here. No aggregation of C risks into a higher class of risk is expected because of the self-contained nature of these risks.

	Probability	Reach	Risk assessment	Year-on-year change
Public debate on alcohol and advertising bans or restrictions	Medium	Very high	A risk	➔
Increasing competition	High	Medium	A risk	➔
Wine as a natural product: marketability and fitness for consumption, quality, possible negative effects	Medium	High	A risk	➔
Dependence on the business cycle	Medium	Medium	B risk	➔
Loss of the highest-volume suppliers	Medium	Medium	B risk	➔
Public debate on duty on alcohol	Very low	High	B risk	➔
Data protection as well as protection of data against unlawful actions	Very low	Very high	B risk	➔
Logistics risks	Medium	Medium	B risk	➔
Financial risks	Medium	Low	B risk	➔
Failure of web shop	Very low	High	B risk	➔

Other risks

COVID-19 pandemic

At the start of 2020 the spread of the coronavirus threatened to alter the risk assessments that were in place. The *Hawesko Group* feared the virus would expose it to increased cyclical, logistics and employee risks. Considering the year as a whole, cyclical risks were evident in the B2B segment due to declining demand as a result of the lower number of people visiting restaurants and catering establishments or increased closures of these. However from a group perspective these were cancelled out or more than compensated for by increased demand in the e-commerce and Retail segments, with the result that in economic terms the year 2020 can be regarded as an above-average success at group level. As previously, the risks of losing suppliers were reduced by the group not allowing itself to be dependent on individual suppliers or individual areas of origin, and thus remaining flexible. The group has already responded to the risks from the possible loss of employees by making intensive use of scope for working from home, hygiene concepts at the locations (offices, warehouses and retail outlets), ad hoc rapid tests and the increased use of video conferences to reduce in-person meetings.

No other substantial risks are currently identifiable.

Overall statement on the risk situation of the Hawesko Group

As matters stand, based on the information known it can be established that there exist no risks that pose a threat to the company as a going concern, nor are any such risks identifiable in the future.

OPPORTUNITIES REPORT

At present the *Hawesko* Board of Management does not expect to see any further clear-cut opportunities in 2021 considering the prevailing economic environment. It currently expects consumption of high-end wines commanding a price of more than € 5.00 per bottle to remain stable or rise slightly over the year as a whole.

At the balance sheet date of 31 December 2020 the *Hawesko Group* enjoyed very financial ratios, such as the equity ratio of 27.4 percent as well as the consistently positive operating result (EBIT). The Board of Management assumes that most of its competitors do not share this financial strength.

The Board of Management perceives opportunities in the event that efforts to access new customer groups might progress especially well. This could occur organically as a result of advertising campaigns, measures to acquire new customers or newly developed concepts being well received and leading to a habit of repeat purchases. However the Board of Management regards the probability of this occurring as on the low side. An acquisition rate for new customer groups in excess of the planned levels could also be achieved by non-organic means, in other words through the purchase of businesses or business units. From the present perspective the Board of Management believes the probability of such a scenario is low to medium.

All companies of the *Hawesko Group* use marketing concepts that the group management considers to be appropriate. They are able to dissociate themselves to a limited degree from the general macroeconomic trend by focusing their marketing activities as accurately as possible on those who are interested in their product range. These people generally have above-average incomes and therefore respond less sensitively than the average consumer to cyclical fluctuations. Marketing partnerships are moreover conducted with renowned companies. If the group or individual segments succeed in extending these activities to other companies with suitable clientele, business performance could receive a boost.

Finally, the Board of Management is convinced that the *Hawesko Group's* many years of management experience specifically in the wine industry and also in respect of new sales channels provide a vital basis for the group's continuing successful performance over the next year.

Other risks and opportunities management system

At the monthly meetings of the Board of Management, information on each business segment is exchanged to draw attention to any special situations – whether positive or negative – in addition to current business progress. If the Board of Management believes that a challenge or opportunity renders particular measures necessary or advisable, it is able to initiate or instruct them promptly.

LEGAL STRUCTURE OF THE GROUP AND INFORMATION REQUIRED UNDER TAKEOVER LAW

REPORT PURSUANT TO SECTIONS 289A AND 315A OF GERMAN COMMERCIAL CODE (HGB):

CONCLUDING DECLARATION OF THE BOARD OF MANAGEMENT ON THE REPORT ON RELATED PARTIES

Tocos Beteiligung GmbH, Hamburg, holds an interest of 72.6 percent in *Hawesko Holding AG*. This constitutes a dependent relationship.

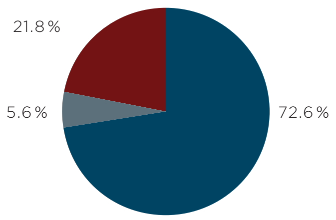
No control or profit transfer agreement exists between *Hawesko Holding AG* and *Tocos Beteiligung GmbH*. The Board of Management of *Hawesko Holding AG* has therefore issued a dependency report on relationships with affiliated companies in accordance with Section 312 of the German Stock Corporation Act (AktG). At the end of the report, the Board of Management has made the following declaration: "We declare that, for transactions with affiliated companies listed in the report on related parties, *Hawesko Holding AG,* Hamburg, received appropriate consideration based on the circumstances known to us at the time those transactions were carried out. Other measures within the meaning of Section 312 AktG have neither been taken nor omitted."

LEGAL STRUCTURE OF THE GROUP

Hawesko Holding AG has been listed on the stock exchange since May 1998. The subscribed capital amounting to € 13,708,934.14 at the 2020 reporting date is divided into 8,983,403 no par value bearer shares, all carrying identical rights and obligations. The company is not aware of any restrictions affecting voting rights or the transfer of shares. Equally, no other classes of share exist. Under the articles of incorporation the Board of Management is, with the consent of the Supervisory Board, authorised until 18 June 2022 to increase the capital stock by up to a total of € 6,850,000.00, by issuing new no par value bearer shares. No authorisation to acquire treasury shares according to Section 71 (1) No. 8 of German Stock Corporation Law exists. An amendment to the articles of incorporation requires a shareholders' resolution carried by a majority of at least three-quarters of the capital stock represented in the vote on the resolution.

The principal agreements of *Hawesko Holding AG* containing a clause in the event of the takeover of *Hawesko Holding AG* relate to agreements with various suppliers on exclusive sales rights and to bilateral credit facilities with German banks. In the event of a takeover, the respective suppliers and lenders have the right to terminate the agreement or credit facility and to call in any loans as appropriate.

SHAREHOLDER STRUCTURE



Since the change of control in 2015, Detlev Meyer has been the largest shareholder of *Hawesko Holding AG* via *Tocos Beteiligung GmbH,* with a shareholding of 72.6 percent. There then follows Michael Schiemann, with a 5.6 percent shareholding via Augendum Vermögensverwaltung GmbH. Both are resident in the Federal Republic of Germany. The remaining approx. 21.8 percent are held by institutional and private investors. There are no employee shares as defined in Sections 289a (1) No. 5 and 315a (1) No. 5 of the German Commercial Code.

The *Hawesko Group* has a holding-company structure, with the parent company *Hawesko Holding AG* holding 100 percent or a majority of the shares in the operative subsidiaries, whose activities are predominantly in the wine trade. The parent company *Hawesko Holding AG* and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. They are consequently subject to the laws of that country, which decisively influence the framework conditions for their business operations. The subsidiaries not based in Germany are all domiciled in the European Union or Switzerland. No substantial factors that influence business need be mentioned. The *Hawesko Group* is essentially divided into three business segments (please see under “Company profile”).

MANAGEMENT AND CONTROL

Independent responsibility for the running of the company and for the appointment of representatives for transactions with third parties rests with the Board of Management of *Hawesko Holding AG*. The Board of Management comprises three members. It reaches its decisions by majority vote. Each member is in charge of individual areas of responsibility, irrespective of their collective responsibility for the management of the group.

The Supervisory Board appoints the members of the Board of Management. Members of the Board of Management may be appointed for a maximum of five years. The reappointment or extension for a maximum of five years requires a renewed resolution by the Supervisory Board.

The Board of Management is overseen and advised by the Supervisory Board. In accordance with the articles of incorporation the Supervisory Board comprises six members, elected by the Annual General Meeting. In accordance with the legal requirements, the Supervisory Board is informed regularly, promptly and comprehensively by the Board of Management of all plans, business developments and risks that are of relevance to the company. The Board of Management coordinates the strategic emphasis of the group with the Supervisory Board.

The shareholders exercise their right to have a say in the running and supervision of the company through the Annual General Meeting. Every share in *Hawesko Holding AG* carries one vote. The principle of "one share, one vote" is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Annual General Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Annual General Meeting.

The Board of Management uses sales growth, profit margin, ROCE and free cash flow as its basis for business management. The benchmarks it aims for were outlined under "Management system". The targets and the development of the individual segments on the basis of these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies.
By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level. The notes to the consolidated financial statements contain full details of the members of the Board of Management and Supervisory Board.

Pursuant to Sections 289f and 315d of the German Commercial Code, publicly listed companies are to prepare a corporate governance declaration and incorporate it into their management report as a separate section. It may also be made publicly accessible on the company's website. This declaration is printed in the Annual Report and can be accessed at www.hawesko-holding.com/en/corporate-governance/. It contains a declaration according to Section 161 AktG as well as relevant disclosures on corporate governance practices that are applied over and above the statutory requirements. It also describes the modus operandi of the Board of Management and Supervisory Board as well as the composition and modus operandi of their committees.

REMUNERATION REPORT

The remuneration level and system for the Board of Management are determined by the Supervisory Board based on preparatory resolutions by the Personnel and Nominating Committee and examined at regular intervals. As part of its preparations, the Supervisory Board also commissions external remuneration studies.

The remuneration of the Board of Management members comprises a fixed and a variable component. The variable component comprises a management bonus made up of an earnings component that reflects the medium-term performance of the company, and a component that is based on personal performance.

The earnings component is based on the development in EBIT and ROCE over a three-year period, and the personal performance component reflects qualitative targets tailored to each individual. There is a defined cap on the variable remuneration. This remuneration system is applicable for all members of the Board of Management.

In 2020, as in the previous year, the remuneration did not include any stock options, stock appreciation rights which work in the same way as stock options or any other share-based components. The remuneration of the Board of Management for 2020 is show in the following tables:

BENEFITS GRANTED €'000	*Thorsten Hermelink Chair*				*Alexander Borwitzky Member*				*Raimund Hackenberger Member*			
	2019	**2020**	Min.	Max.	**2019**	**2020**	Min.	Max.	**2019**	**2020**	Min.	Max.
Fixed remuneration	500	500	500	500	310	310	310	310	300	330	330	330
Fringe benefits	7	15	15	15	9	9	9	9	11	12	12	12
TOTAL	**507**	**515**	**515**	**515**	**319**	**319**	**319**	**319**	**311**	**342**	**342**	**342**
One-year variable remuneration	–	–	–	–	–	–	–	–	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION FOR THE FINANCIAL YEARS												
2017 – 2019	–	–	–	–	–	–	–	–	200	220	–	320
2018 – 2020	–	–	–	–	207	207	–	307	–	–	–	–
2019 – 2021	335	335	–	535	–	–	–	–	–	–	–	–
2020 – 2022	–	–	–	–	–	–	–	–	–	–	–	–
TOTAL	**842**	**850**	**515**	**1.050**	**526**	**526**	**319**	**626**	**511**	**562**	**342**	**662**
Termination benefits	–	–	–	–	–	–	–	–	–	–	–	–
Benefit expense	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
TOTAL REMUNERATION	**843**	**851**	**516**	**1.051**	**527**	**527**	**320**	**627**	**512**	**563**	**343**	**663**

BENEFITS GRANTED €'000	*Nikolaus von Haugwitz Exit 15 June 2019*			
	2019	**2020**	Min.	Max.
Fixed remuneration	122	–	122	122
Fringe benefits	7	–	7	7
TOTAL	**129**	**–**	**129**	**129**
One-year variable remuneration	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION FOR THE FINANCIAL YEARS				
2017 – 2019	–	–	–	–
2018 – 2020	–	–	–	–
2019 – 2021	30	–	–	30
2020 – 2022	–	–	–	–
TOTAL	**159**	**–**	**129**	**159**
Termination benefits	661	–	–	–
Benefit expense	5	–	6	6
TOTAL REMUNERATION	**825**	**–**	**135**	**165**

BENEFITS PAID €'000	*Thorsten Hermelink Chair*		*Alexander Borwitzky Member*		*Raimund Hackenberger Member*		*Nikolas von Haugwitz Exit 15 June 2019*	
	2019	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
Fixed remuneration	500	500	310	310	300	330	122	–
Fringe benefits	7	15	9	9	11	12	7	–
TOTAL	**507**	**515**	**319**	**319**	**311**	**342**	**129**	**–**
One-year variable remuneration	–	–	–	–	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION FOR THE FINANCIAL YEARS	–	–	–	–	–	–	–	–
2016 – 2018	420	–	–	–	–	–	37	–
2017 – 2019	–	–	–	–	30	–	–	–
2018 – 2020	–	–	75	75	–	–	–	–
2019 – 2021	–	90	–	–	–	–	30	–
TOTAL	**927**	**605**	**394**	**394**	**341**	**342**	**196**	**–**
Termination benefits	–	–	–	–	–	–	661	–
Benefit expense	–	–	–	–	–	–	5	–
TOTAL REMUNERATION	**927**	**605**	**394**	**394**	**341**	**342**	**862**	**–**

The former Board of Management member Bernd Hoolmans receives a retirement pension. He was also assured an invalidity allowance. A provision totalling € 268 thousand (previous year: € 271 thousand) was recognised for this commitment at 31 December 2020.

The remuneration of the Supervisory Board was supplemented by a variable component by shareholders' resolution dated 8 June 2000, paid in addition to the fixed component. The Supervisory Board members currently receive a fixed payment of € 4 thousand per year plus reimbursement of expenses (as well as any VAT, if due, on their Supervisory Board activities). Each Supervisory Board member in addition receives € 1 thousand in attendance fees for each plenary or committee meeting attended. The Chair receives twice this amount, and the Deputy Chair one and a half times it. The remuneration of the Supervisory Board for 2020 is show in the following table:

€ '000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Detlev Meyer	109	8	28	–	145
Thomas R. Fischer	82	6	20	–	108
Dr. Jörg Haas	54	4	13	–	71
Prof. Dr. Dr. Dres. h.c. Franz Jürgen Säcker	54	4	14	10	82
Wilhelm Weil	55	4	9	–	68
Kim-Eva Wempe	55	4	8	–	67
TOTAL	**409**	**30**	**92**	**10**	**541**

The shares held by members of the Board of Management and Supervisory Board are likewise indicated in Note 50 to the consolidated financial statements. Pursuant to Section 17 of the Market Abuse Regulation, the members of the Board of Management and Supervisory Board are obliged to disclose significant acquisitions or disposals of shares in *Hawesko Holding AG.*

SUPPLEMENTARY DISCLOSURES ON HAWESKO HOLDING AG (ACC. TO GERMAN COMMERCIAL CODE)

OVERVIEW OF THE 2020 FINANCIAL YEAR FOR *HAWESKO HOLDING AG*

Hawesko Holding AG, as the management holding company of the *Hawesko Group,* is dependent to a significant degree on the development of the *Hawesko Group* in respect of the business performance, position and expected development, together with its principal opportunities and risks. In view of the holding structure, in a departure from the group view the most important performance indicator for *Hawesko Holding AG* as defined under German commercial law within the meaning of DRS 20 is the net income for the period.

BUSINESS PERFORMANCE OF *HAWESKO HOLDING AG*

The business performance of *Hawesko Holding AG* is materially determined by the performance of its investments. The financial statements of *Hawesko Holding AG* in accordance with the regulations of commercial law serve as the basis for the dividend distribution. The statement of income and balance sheet of *Hawesko Holding AG* in accordance with German Commercial Code are presented below.

FINANCIAL PERFORMANCE OF *HAWESKO HOLDING AG* AND APPROPRIATION OF EARNINGS

German Commercial Code statement of income for the financial year from 1 January to 31 December 2020

€'000	**2020**	**2019**
Other operating income	948	2,792
Personnel expenses	–4,276	–4,870
a) Salaries	–4,012	–4,554
b) Social security and social maintenance costs	–264	–316
Depreciation of intangible fixed assets and tangible assets	–88	–383
Other operating expenses	–4,377	–3,865
Income from profit transfers	36,735	32,386
Investment income	4,144	2,596
Other interest and similar income	966	816
Expenses from losses absorbed	–739	–420
Interest and similar expenses	–298	–523
Income tax expense	–10,019	–8,443
EARNINGS AFTER TAXES	**22,996**	**20,086**
Other taxes	1	–2
NET INCOME	**22,997**	**20,084**
Profit carryforward from previous year	5,149	786
Appropriation to other retained earnings	–5,149	–
ACCUMULATED PROFIT	**22,997**	**20,870**

Rounding differences possible

The decline in other operating income is mainly the result of the lower level of expenses incurred by *Hawesko Holding AG* and rebilled within the group.

Income from profit transfers consist mainly of profits of the subsidiaries *Jacques'*, *HAWESKO* and *WSB*.

The investment income comprises the profit distributions for *Vinos* and *WeinArt* from financial year 2019. The expenses from losses absorbed are in respect of IWL.

On average over the 2020 financial year, *Hawesko Holding AG* had 20 employees (previous year: 22).

The net income for the year is € 23.0 million (previous year: € 20.1 million). The forecast for *Hawesko Holding AG* was exceeded substantially thanks to the healthy business development at the subsidiaries and the associated rise in investment income.

Taking account of the profit carryforward from the previous year and the allocation to the other retained earnings, there remains an unappropriated profit of € 23.0 million (previous year € 20.9 million).

With regard to use of the unappropriated profit for 2020, the Board of Management proposes that a dividend of € 2.00 per share be distributed, in other words around € 18.0 million in total.

Financial position of Hawesko Holding AG

Cash flows arose in the year under review mainly as a result of financing activities involving companies of the *Hawesko Group* as well as from the dividend distributed to shareholders.

Net worth of Hawesko Holding AG

€'000	31/12/2020	31/12/2019
FIXED ASSETS		
INTANGIBLE ASSETS		
Concessions acquired for consideration, industrial property rights and similar rights and values as well as licences to such rights and values	101	150
TANGIBLE ASSETS		
Land, equivalent rights and buildings, including buildings on third-party land	35	40
Other fixtures and fittings, tools and equipment	122	136
FINANCIAL ASSETS		
Shares in affiliated companies	134,581	133,581
	134,839	**133,907**
CURRENT ASSETS		
RECEIVABLES AND OTHER ASSETS		
Due from affiliated companies	49,335	83,315
Other assets	8,498	4,981
BANK ACCOUNTS IN CREDIT	42,104	7,124
	99,937	**95,420**
PREPAID EXPENSES	**183**	**73**
	234,959	**229,400**

The assets at the reporting date amount to €235.0 million (previous year: €229.4 million) and mainly comprise €134.6 million (previous year: €133.6 million) in financial assets and €49.3 million (previous year: €83.3 million) in receivables from affiliated companies for financial transactions and for loans extended to subsidiaries. The substantial decrease is attributable to the markedly improved cash flow of the subsidiaries, which meant their financing requirements were lower. Financial assets represent 57.2 percent of the balance sheet total (previous year: 58.2 percent).

€'000	31/12/2020	31/12/2019
SHAREHOLDERS' EQUITY		
Subscribed capital	13,709	13,709
Capital reserve	64,067	64,067
Other retained earnings	97,087	91,938
Accumulated profit	22,997	20,870
	197,860	**190,584**
PROVISIONS		
Provisions for taxation	7,594	3,949
Other provisions	2,486	1,223
	10,080	**5,172**
LIABILITIES		
Due to banks	17,342	24,332
Trade payables	339	236
Due to affiliated companies	8,116	2,189
Other liabilities	614	5,916
	26,411	**32,673**
DEFERRED TAX LIABILITIES	**608**	**971**
	234,959	**229,400**

The equity and liabilities side of the balance sheet mainly comprises € 197.9 million in equity (previous year: € 190.6 million) and € 26.4 million (previous year: € 32.7 million) in liabilities. The amounts due to banks declined mainly as a result of less drawing on bank loans thanks to the positive development in cash flow. Equity makes up 84.2 percent of the balance sheet total (previous year: 83.1 percent).

RISK SITUATION OF *HAWESKO HOLDING AG*

As *Hawesko Holding AG* is extensively tied in with the companies of the *Hawesko Group* through such arrangements as joint and several liability with the material group companies as well as by holding direct and indirect interests in the investments, the risk situation of *Hawesko Holding AG* is essentially dependent on the risk situation of the *Hawesko Group*. To that extent the statements on the overall assessment of the risk situation by the company's management also summarise the risk situation of *Hawesko Holding AG*.

FORECAST FOR *HAWESKO HOLDING AG*

The development of *Hawesko Holding AG* in its function as holding company is dependent essentially on the development of its investments. No separate management using financial performance indicators is practised at the level of the individual entity. Please refer instead to the remarks on the *Hawesko Group*.

PLANNED CAPITAL EXPENDITURE BY *HAWESKO HOLDING AG*

In the course of making capital expenditure for the *Hawesko Group, Hawesko Holding AG* will support the group companies by providing financial resources.

CORPORATE GOVERNANCE DECLARATION

The Corporate Governance Declaration in accordance with Sections 289f and 315d of the German Commercial Code is available to the public in the Annual Report and at www.hawesko-holding.com.

Hamburg, 26 March 2021

The Board of Management

GROUP FINANCIAL STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2020 financial

CONSOLIDATED STATEMENT OF INCOME

for the period from 1 January to 31 December 2020

€ '000	*Notes*	**01/01/–31/12/2020**	**01/01/–31/12/2019**
SALES REVENUES FROM CONTRACTS WITH CUSTOMERS	9.	**620,273**	**556,011**
Decrease in finished goods inventories		–40	–125
Other production for own assets capitalised	18.	431	542
Other operating income	10.	17,605	25,539
Cost of purchased goods and services		–345,934	–315,314
Personnel expenses	12.	–69,191	–66,926
Depreciation/amortisation and impairment	13.	–23,413	–21,484
Other operating expenses	14.	–157,579	–149,097
– Impairment losses from financial assets		*–886*	*–550*
OPERATING RESULT		**42,152**	**29,146**
Interest income	15.	287	58
Interest expense	15.	–4,089	–4,468
Other financial result	15.	–3,366	–254
Result from the companies reported using the equity method	15.	822	877
EARNINGS BEFORE TAXES		**35,806**	**25,359**
Taxes on income	16.	–11,618	–9,108
CONSOLIDATED NET INCOME		**24,188**	**16,251**
of which attributable to the shareholders of Hawesko Holding AG		23,821	15,823
of which attributable to non-controlling interests		367	428
Earnings per share (basic = diluted) (€)	17.	2.65	1.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 December 2020

€ '000	Notes	01/01/–31/12/2020	01/01/–31/12/2019
CONSOLIDATED NET INCOME		**24,188**	**16,251**
AMOUNTS THAT CANNOT BE RECOGNISED AS PROFIT OR LOSS IN THE FUTURE		**–2**	**–80**
– Actuarial gains and losses from defined benefit plans, including deferred tax		–2	–80
AMOUNTS THAT MAY BE RECOGNISED AS PROFIT OR LOSS IN THE FUTURE		**–152**	**151**
– Effective portion of the gains/losses from cash flow hedges, including deferred tax		–26	–110
– Currency translation differences		–126	261
OTHER RESULT		**–154**	**71**
TOTAL COMPREHENSIVE INCOME		**24,034**	**16,322**
of which			
– attributable to the shareholders of Hawesko Holding AG		23,628	15,843
– attributable to non-controlling interests		406	479

CONSOLIDATED BALANCE SHEET

at 31 December 2020

ASSETS € '000	*Notes*	**31/12/2020**	**31/12/2019**
NON-CURRENT ASSETS			
Intangible assets	18.	53,440	56,413
Property, plant and equipment (including lease assets)	20. & 37.	130,092	127,125
Companies accounted for using the equity method	21.	4,131	3,895
OTHER FINANCIAL ASSETS	22.	88	88
Inventories and advance payments for inventories	24.	4,324	3,113
Receivables and other assets	25.	4,036	870
Deferred tax	23.	8,002	6,148
		204,113	**197,652**
CURRENT ASSETS			
Inventories and advance payments for inventories	24.	108,626	120,875
Trade receivables	25.	44,465	45,820
Receivables and other assets	25.	18,262	4,976
Accounts receivable from taxes on income	25.	2,415	6,882
Cash in banking accounts and cash on hand	26.	49,818	18,725
		223,586	**197,278**
		427,699	**394,930**

EQUITY AND LIABILITIES € '000	*Notes*	**31/12/2020**	**31/12/2019**
SHAREHOLDERS' EQUITY			
Subscribed capital of Hawesko Holding AG	27.	13,709	13,709
Capital reserve	28.	10,061	10,061
Retained earnings	29.	91,346	83,599
Other reserves	30.	–383	–190
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING		**114,733**	**107,179**
Non-controlling interests	31.	2,251	3,686
		116,984	**110,865**
LONG-TERM PROVISIONS AND LIABILITIES			
Provisions for pensions	32.	1,097	1,115
Other long-term provisions	33. & 34.	1,570	1,823
Borrowings	35. & 36.	11,504	16,069
Lease liabilities	35. & 37.	114,787	108,535
Contract liabilities	35. & 39.	3,682	5,359
Other liabilities	35. & 38.	4,732	6,243
Deferred tax	40.	4,121	3,973
		141,493	**143,117**
CURRENT LIABILITIES			
Minority interest in the capital of the unincorporated subsidiary		–	264
Borrowings	35. & 36.	12,528	15,321
Lease liabilities	37.	11,980	12,831
Trade payables	35. & 38.	78,103	70,967
Contract liabilities	35. & 39.	20,876	13,778
Income taxes payable	35.	9,127	4,013
Other liabilities	35. & 38.	36,608	23,774
		169,222	**140,948**
		427,699	**394,930**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2020

€ '000		Notes	31/12/2020	31/12/2019
	Earnings before taxes		35,806	25,359
+	Depreciation and amortisation of fixed assets		23,413	21,484
+/–	Other non-cash expenses and income	14. & 42.	4,526	2,615
+	Interest result	42.	3,802	4,410
+/–	Result from the disposal of fixed assets		–65	–4,050
+/–	Result from the companies reported using the equity method		–822	–877
+/–	Dividend payouts received from investments		514	354
+/–	Change in inventories		3,683	–7,073
+/–	Change in receivables and other assets		–6,963	–22
+/–	Change in provisions		339	213
+/–	Change in liabilities (excluding borrowings)		20,430	–178
+	Interest received		70	35
–	Taxes on income paid out	42.	–3,700	–8,669
=	NET INFLOW OF PAYMENTS FROM CURRENT OPERATIONS		**81,033**	**33,601**
–	Acquisition of subsidiaries net of cash acquired		–	26
–	Outpayments for property, plant and equipment and for intangible assets		–5,695	–7,677
+	Inpayments from the disposal of intangible and tangible assets		191	10,138
–	Outpayments for financial assets held as investments		–4,925	–
–	Disposals of group companies / business units		108	–
=	NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES		**–10,321**	**2,487**
–	Outpayments for dividend	27.	–15,721	–11,678
–	Outpayments to non-controlling interests		–1,009	–55
–	Outpayment to NCI Forwards	42.	–353	–1,114
–	Outpayments for lease liabilities	37.	–11,929	–10,973
+	Raising and repayment of borrowings	42.	–6,602	–14,355
–	Interest paid	42.	–4,049	–4,388
=	OUTFLOW OF NET FUNDS FOR FINANCING ACTIVITIES		**–39,663**	**–42,563**
	Effects of exchange rate changes on cash (up to 3 months to maturity)		44	127
=	NET INCREASE/DECREASE IN FUNDS		**31,093**	**–6,348**
+	Funds at start of period		18,725	25,073
=	FUNDS AT END OF PERIOD	42.	**49,818**	**18,725**

CHANGES IN CONSOLIDATED EQUITY

for the period from 1 January to 31 December 2020

				Other reserves					
€ '000	*Subscribed capital*	*Capital reserve*	*Retained earnings*	*Balancing items from currency translation*	*Revaluation reserve for retirement benefit obligations*	*Reserve for cash flow hedges*	*Ownership interest of Hawesko Holding AG shareholders*	*Non-controlling interests*	*Equity*
POSITION AT 1 JANUARY 2019	**13,709**	**10,061**	**80,366**	**102**	**- 221**	**- 91**	**103,926**	**3,464**	**107,390**
Change in group of consolidated companies	–	–	202	–	–	–	202	–202	–
Dividends	–	–	–11,678	–	–	–	–11,678	–55	–11,733
Dividends to NCI Forwards	–	–	–1,114	–	–	–	– 1,114	–	–1,114
Consolidated net income	–	–	15,823	–	–	–	15,823	428	16,251
Other result	–	–	–	210	–101	–135	–26	51	25
Deferred tax on other result	–	–	–	–	21	25	46	–	46
POSITION AT 31 DECEMBER 2019/ COMPREHENSIVE INCOME	**13,709**	**10,061**	**83,599**	**312**	**-301**	**-201**	**107,179**	**3,686**	**110,865**
POSITION AT 1 JANUARY 2020	**13,709**	**10,061**	**83,599**	**312**	**-301**	**-201**	**107,179**	**3,686**	**110,865**
Change in group of consolidated companies	–	–	–	–	–	–	–	–832	–832
Dividends	–	–	–15,721	–	–	–	–15,721	–1,009	–16,730
Dividends to NCI Forwards	–	–	–353	–	–	–	–353	–	–353
Consolidated net income	–	–	23,821	–	–	–	23,821	367	24,188
Other result	–	–	–	–165	–6	–53	–224	39	–185
Deferred tax on other result	–	–	–	–	4	27	31	–	31
POSITION AT 31 DECEMBER 2020/ COMPREHENSIVE INCOME	**13,709**	**10,061**	**91,346**	**147**	**-303**	**-227**	**114,733**	**2,251**	**116,984**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2020 financial year

PRINCIPLES AND METHODS APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Hawesko Holding Aktiengesellschaft (hereinafter *Hawesko Holding AG*) has its registered office in Hamburg, Germany (Address: Elbkaihaus, Grosse Elbstrasse 145 d, 22767 Hamburg). It is entered on the Commercial Register at the Local Court of Hamburg under number 66708. The activities of the group include above all the trading and sale of wines, champagnes and other alcoholic drinks to consumers and re-sellers. The operating subsidiaries under the corporate umbrella of *Hawesko Holding AG* are grouped into three segments: Retail, B2B and e-commerce.

1. GENERAL PRINCIPLES

Pursuant to EU Order 1606/2002, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU at the balance sheet date. The supplementary requirements of German commercial law were additionally taken into account, in accordance with Section 315e (1) of German Commercial Code.

The requirements were satisfied in full and the consolidated financial statements give a true and fair view of the net worth, financial position and financial performance.

The annual financial statements of the consolidated companies are based on standard recognition and measurement principles. For greater clarity, certain items in the statement of income and balance sheet are combined; they are explained in the notes.
The standard reporting date for all group companies is 31 December 2020.

The type of expenditure format was used for the preparation of the statement of income. The consolidated financial statements are prepared under the historical cost convention, with the exception of derivative financial instruments and the shares in affiliated companies, which are measured at their fair value.

The sums reported are always quoted in thousand euros (€ '000), unless otherwise indicated. The internal company designations for all subsidiaries are used in the notes; the precise company names are stated in the list of fully consolidated subsidiaries in section 7.

The Board of Management prepared the consolidated financial statements on 26 March 2021. The adjustment period ends on that date.

The consolidated financial statements will prospectively be released for publication after the signing-off of the consolidated financial statements by the Supervisory Board on 14 April 2021. The audited combined management report for the group and the parent company and the annual financial statements at 31 December 2020 of *Hawesko Holding AG* are published in the Federal Gazette. Copies of the annual financial statements and the combined management report can in addition be requested directly from *Hawesko Holding AG*.

2. STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME IN THE FINANCIAL YEAR AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The following summary shows the new or amended standards (IAS/IFRS) of the International Accounting Standards Board (IASB) or Interpretations (IFRIC), adoption of which is mandatory from 1 January 2020:

- Amendments to IFRS 16 "Leases – COVID-19-Related Rent Concessions" (for adoption no later than from 1 June 2020 for financial years commencing on or after 1 January 2020, endorsed on 9 October 2020)

- Amendments to IFRS 3 "Business Combinations" (for adoption from 1 January 2020, endorsed on 21 April 2020)

- Reform of the London Interbank Offered Rate (LIBOR) and other reference interest rates (IBOR reform) (amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 1) (for adoption from 1 January 2020, endorsed on 15 January 2020)

- Amendments to IAS 1 and IAS 8 "Presentation of Financial Statements / Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material" (for adoption from 1 January 2020, endorsed on 29 November 2019)

- Amendments to the references to the Conceptual Framework in IFRS standards (for adoption from 1 January 2020, endorsed on 29 November 2019)

Of the standards clarifications and interpretations, adoption of which is mandatory from 1 January 2020, only the amendments to IFRS 16 – Leases introduced due to the COVID-19 pandemic affected the net worth, financial position and financial performance of the group and are presented in the section "Effects of the COVID-19 pandemic" together with a description of the effects of the coronavirus pandemic. First-time adoption of all other modified accounting standards listed had no or no material influence on the presentation of the net worth, financial position and financial performance or on earnings per share.

3. NEW IASB ACCOUNTING STANDARDS

The consolidated financial statements of *Hawesko Holding AG* have been prepared in accordance with all published financial reporting standards and interpretations of the IASB, the application of which was mandatory for the 2020 financial year, as endorsed by the European Union. The option of adopting new standards and interpretations before they become binding was not exercised in the year under review. The following new or revised standards and interpretations have already been published but application is not yet mandatory for companies with a financial year ending 31 December 2020:

- Reform of LIBOR and other reference interest rates (IBOR reform) (amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 – Phase 2, IAS 39) (for adoption from 1 January 2021, not yet endorsed)

- Amendments to IFRS 4 "Insurance Contracts – Deferral of Adoption of IFRS 9" (for adoption from 1 January 2021, not yet endorsed)

- Amendments to IFRS 3 "Business Combinations – Reference to the Framework Concept" (for adoption from 1 January 2022, not yet endorsed)

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use" (for adoption from 1 January 2022, not yet endorsed)

- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract" (for adoption from 1 January 2022, not yet endorsed)

- Annual improvements to IFRS (2018 – 2020 cycle) (for adoption from 1 January 2022, not yet endorsed)

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current” (for adoption from 1 January 2023, not yet endorsed)

- IFRS 17 “Insurance Contracts” (for adoption from 1 January 2023, not yet endorsed)

It is planned to apply the standards and interpretations from the point in time when they become mandatory. The adoption of the aforementioned standards will probably have no material effect on the net worth, financial position and financial performance of the group. Insofar as permissible, adjustment of prior-year figures is dispensed with in accordance with the transitional provisions of the respective IFRS.

There are no other standards that have not yet entered into force and adoption of which would prospectively have a material influence on the group in the current or a future reporting period, and on foreseeable future transactions.

4. CONSOLIDATION PRINCIPLES

The consolidated financial statements of *Hawesko Holding AG* include all significant domestic and foreign subsidiaries where the company directly or indirectly has a right to variable returns and also scope for influencing those variable returns through its ability to determine activities. We indicate which businesses are included in the consolidated financial statements under “Consolidated companies” in Note 7.

The consolidation of capital is always performed on the basis of the date of acquisition according to the purchase method. For this method, the acquisition costs of the shares acquired are netted against the pro rata fair value of the acquired assets and debts of the subsidiary at the time of acquisition. Any remaining positive differences are carried as derivative goodwill on the basis of their economic content. Negative differences are booked through profit or loss. In the case of business combinations achieved in stages, remeasurement is to be performed at the fair value of the shares held at the time of transfer of control. Transactions that do not lead to a loss of control are recognised through other comprehensive income as equity transactions for non-controlling interests.

At the point of loss of control, all residual interests are remeasured at fair value through profit and loss.

Joint ventures are accounted for in accordance with IFRS 11. That standard makes a distinction within joint arrangements between joint operations and joint ventures, depending on the contractual rights and obligations. Pursuant to IFRS 11, joint ventures are accounted for using the equity method at the updated pro rata value of the equity capital of the investment.

Intra-group sales, charges and earnings as well as accounts receivable and payable between the consolidated companies are eliminated.

Intercompany results for inventories are eliminated unless they are of more than minor economic significance.

Non-controlling interests are measured either at fair value or at the pro rata fair value of the acquired assets or debts assumed. Following initial recognition, pro rata gains and losses are allocated without limit, as a result of which non-controlling interests may also show a negative balance.

The items contained in the consolidated financial statements for all group companies are measured using the currency of the primary economic environment in which each business is active (functional currency). The consolidated financial statements are stated in euros, which is the functional and reporting currency of *Hawesko Holding AG*.

Foreign currency transactions are translated into the functional currency using the exchange rates on the dates of the transactions. Foreign exchange gains and losses from the processing of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency at year-end rates are generally recognised through profit or loss. They are stated within equity as deferred items if they originate in the net investment in a foreign business operation.

The expenses and income as well as assets and liabilities of foreign business operations with a functional currency other than the reporting currency are translated into the reporting currency as follows:

- Assets and liabilities are translated at the respective closing date for each balance sheet presented.
- Income and expense items are translated at the average exchange rates for every presentation of profit or loss and other comprehensive income.
- All translation results arising are recognised in other comprehensive income.

In consolidation, exchange differences resulting from the translation of net investments in foreign business operations and of borrowings and other financial instruments for hedges of such investments or designated as such are recognised within other comprehensive income. Goodwill and amounts for fair value adjustment of assets and liabilities from the acquisition of a foreign business operation are treated as assets and liabilities of the foreign business operation and translated at closing rates.

5. RECOGNITION AND MEASUREMENT PRINCIPLES

Intangible assets

Intangible assets acquired are measured at acquisition cost and fundamentally depreciated by the straight-line method over the respective useful life. Such assets are impaired if the recoverable amount – the higher of fair value less disposal costs or value in use – is lower than the carrying amount.

The useful lives and depreciation methods for intangible assets are tested at least on every reporting date; if the expectations deviate from the previous estimates, the corresponding changes are recorded as changes in estimates pursuant to IAS 8.

Self-constructed intangible assets are capitalised at the costs that were incurred by them during the development phase, after the time that their technological and commercial feasibility was established, up to the time of their completion. The capitalised cost of production comprises the costs directly allocable to the development phase. Costs that are incurred before the development phase in connection with subsequent self-constructed assets are posted as an expense.

With the exception of goodwill from the consolidation of capital, there are no intangible assets with an indefinite useful life. Other intangible assets, whether self-constructed or acquired for consideration, are depreciated over their useful life, starting from the time of their use, by the straight-line method (generally between three and six and a half years).

An intangible asset is derecognised if the asset is disposed of or no further economic benefit is to be expected from its use or disposal. The profit or loss from the disposal of an item of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the object and is recognised under other operating income or other operating expenses at the time of derecognition.

Goodwill

Goodwill is not amortised but is instead tested for impairment on the basis of the recoverable amount for the cash-generating unit to which the goodwill is allocated. Taking the sales and management structure as the starting point, a cash-generating unit is defined as an individual company or a group. The impairment test is to be performed at the balance sheet date and then subsequently whenever there is evidence of impairment. The recoverable amount for a cash-generating unit is determined on the basis of the fair value less disposal costs. The fair value is calculated on the basis of future cash flows according to group planning. Discounting of the forecast cash flows is performed using a risk-adjusted interest rate. Capital market data is used in determining the risk-oriented interest rate. If the carrying amount of the cash-generating unit exceeds the recoverable amount, the allocable goodwill is to be impaired by the difference. If the impairment exceeds the carrying amount of the goodwill, the excess amount is to be distributed pro rata among the other assets of the cash-generating unit.

Property, plant and equipment

Property, plant and equipment is carried at acquisition or manufacturing cost less depreciation by the straight-line method, as well as impairment where applicable. The amortisation period reflects the prospective economic useful life of the assets. In the year of acquisition property, plant and equipment is depreciated pro rata temporis. The residual carrying amounts, the useful lives and the depreciation methods for the assets are tested at least on every reporting date; if the expectations deviate from the previous estimates, the corresponding changes are recognised as changes in estimates pursuant to IAS 8.

The acquisition or manufacturing cost includes the purchase price and directly allocable costs of bringing the asset to the location and into the required condition intended by the management, and also the estimated costs of dismantling and clearing the object and the re-establishment of the location where it is situated.

If an item of property, plant and equipment comprises several components with different useful lives, the individual material components are depreciated over their individual useful lives. Maintenance and repair costs are recognised as an expense at the time of origin.

Public investment grants reduce the acquisition or manufacturing cost of property, plant and equipment items for which the grant was made.

The investment grants are stated as soon as there is reasonable assurance that all eligibility conditions are met and the grant is made in full. If such reasonable assurance already exists at the time of conclusion of the contract, the full grant is capitalised at that point as an other financial asset and a non-financial sundry debt in the same amount recognised as a liability for the roll-out obligation. In the subsequent periods the financial asset measured at amortised cost is reduced as the instalments are received. The sundry debt is liquidated pro rata as construction progresses, against the carrying amount of the subsidised property, plant and equipment. If there is no reasonable assurance yet, merely the instalment payments received are recognised and a non-financial sundry debt in the same amount recognised as a liability. As soon as reasonable assurance then exists, an other financial asset is recognised for outstanding grants and the carrying amounts of the sundry debt and subsidised property, plant and equipment are adjusted in line with actual construction progress. All grants received are recognised within cash flow from investing activities.

An item of property, plant and equipment is derecognised if the asset is disposed of or no further economic benefit is to be expected from its use or disposal. The profit or loss from the disposal of an item of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the object and is recognised under other operating income or other operating expenses at the time of derecognition.

The depreciation plan for property, plant and equipment is based on the following estimates of useful life:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT:	*Years*
Buildings and leasehold improvements	6 – 50
Technical equipment and machinery	3 – 5
Other fixtures and fittings, tools and equipment	2 – 15

Leasehold improvements are depreciated either over their respective useful life or over the term of any lease, if shorter.

Borrowing costs

Borrowing costs that can be allocated directly to the acquisition, construction or manufacturing of a qualifying asset are capitalised as a component of acquisition or manufacturing cost. The *Hawesko Group* definition of qualifying assets or other assets is those where at least twelve months are needed to bring them into their intended usable or saleable condition. Borrowing costs for assets that are measured at fair value and for inventories that are regularly created or manufactured in large quantities are not capitalised. In recent years there were no qualifying assets, as a result of which no borrowing costs were capitalised.

Leases

The *Hawesko Group* rents various office and warehouse buildings as well as retail stores, plant and vehicles. Tenancy agreements are generally concluded for fixed periods of between three and ten years, but may include extension options.

Contracts may include both lease and non-lease components. The *Hawesko Group* allocates the transaction price to these components based on their relative individual order prices. Land that *Hawesko Holding AG* rents as the lessee is an exception. In such cases the group exercises the option not to distinguish between lease and non-lease components, and instead to account for the entire contract as a lease agreement.

Rental terms are negotiated on an individual basis and comprise a wide range of different terms. The lease agreements do not contain credit terms except where the leased items serve as collateral for the lessee. Leased assets may therefore not be used additionally as collateral for securing loans.

Since 1 January 2019 *leases* have been recognised as a right of use and a corresponding lease liability from the point in time when the leased object is available for use by the group.

Assets and debts from leases are recognised at present values upon first-time recognition. The lease liabilities include the present value of the following lease payments:

- Fixed payments less any lease incentives to be received,
- Variable lease payments that are linked to an index, initially measured with the index at the date of provision,
- Expected payments by the group from drawing on residual value guarantees,
- The exercise price of a put option, the exercising of which by the group is sufficiently certain.

The measurement of the lease liability also takes account of lease payments where it is sufficiently certain that extension options will be used.

Lease payments are discounted at the implicit underlying interest rate for the lease, provided this can be readily determined. Otherwise – as is the norm in the group – it is discounted at the incremental borrowing rate of the lessee. This corresponds to the interest rate that the lessee in question would need to pay if it needed to raise funds in order to acquire an asset of comparable value for a comparable period, with comparable collateral and on comparable terms in a comparable economic environment.

To determine the incremental borrowing rate, the *Hawesko Group* starts with a risk-free interest rate and adjusts it for the credit risk of the lessee. Further adjustments in addition concern the term of the lease, the economic environment and the lease agreement.

The *Hawesko Group* is exposed to possible future rises in variable lease payments that could result from a change in an index or interest rate. These possible changes in lease instalments are not reflected in the lease liability until they take effect. As soon as changes to an index or interest rate start to affect the lease instalments, the lease liability is adjusted against the right of use.

Lease instalments are divided into principal and interest payments. The interest portion is recognised through profit or loss over the term of the lease so as to produce a constant periodic interest rate on the balance of the liability for each period.

Rights of use are measured at cost; this comprises the following:

- The amount of initial measurement of the lease liability,
- All lease payments made upon or before provision less any lease incentives,
- All direct costs initially arising for the lessee,
- Estimated costs that the lessee incurs for dismantling or removal of the underlying asset, for re-establishment of the location where the latter is situated, or for conversion of the underlying asset back into the condition required in the lease agreement.

Rights of use are depreciated by the straight-line method over the shorter of the two periods of right of use or term of the underlying lease agreement.

Payments for short-term leases of technical equipment and machinery, tools and equipment as well as vehicles and other leases with low-value underlying assets are recognised as an expense by the straight-line method through profit or loss. Lease agreements with a term of up to twelve months are considered short-term leases. Low-value assets are all leases with an initial right of use worth less than € 5 thousand.

Various real estate lease agreements of the *Hawesko Group* contain extension and termination options. Such contractual terms are used to obtain maximum operational flexibility from the assets in use.
The majority of the existing extension and termination options can be exercised only by the *Hawesko Group,* and not by the respective lessor.

In determining the term of leases, the management considers all facts and circumstances that offer an economic incentive to exercise extension options or not to exercise termination options. Changes in term arising from the exercising of extension or termination options are only included in the term of the agreement if extension or non-exercise of a termination option is sufficiently certain.

To the extent that there existed extension options in connection with the leasing of vehicles, warehouse vehicles as well as tools and equipment, these were not included in the determination of the lease term and therefore the lease liability because these assets can be replaced by the group at no significant cost or interruption to operations.

This assessment is examined if an extension option is actually exercised or not exercised. A reassessment of the original assessment is carried out if a there is a materially significant event or a material change in circumstances that may influence the previous assessment.

Impairment of fixed assets

Impairment is determined by comparing the carrying amount with the recoverable amount. If individual assets cannot be assigned to own future cash inflows generated independently of other assets, recoverability must be investigated based on the higher-level cash-generating unit of assets.

At each reporting date an asset is examined to establish whether there is evidence of potential impairment. If such evidence is established, the recoverable amount of the asset or cash-generating unit needs to be determined.

For intangible assets with an indefinite useful life (goodwill), an impairment test is moreover carried out annually. In the course of testing for impairment, the goodwill acquired in a business combination is allocated to each individual cash-generating unit that will prospectively benefit from the synergies from the merger. If the carrying amount of the cash-generating unit to which the goodwill was allocated exceeds the recoverable amount, the goodwill allocable to that cash-generating unit is to be impaired by the difference.

Goodwill impairment may not be reversed. If the impairment of the cash-generating unit exceeds the carrying amount of the goodwill allocated to it, the excess impairment is to be distributed pro rata across the assets allocated to the cash-generating unit. The fair values and values in use of the individual assets (where they can be determined) are to be treated here as the minimum asset value. If the conditions for impairment recorded in earlier periods no longer apply, the assets in question (except for goodwill) are to be written up through profit or loss.

The recoverable amount for a cash-generating unit is determined from the higher of fair value less disposal costs or value in use of the asset. The recoverable amount is normally determined using the discounted cash flow (DCF) method unless measurement based on a market price prevails. These DCF calculations are underpinned by forecasts that are based on financial plans for three to four years approved by the management and are also used for internal purposes. The chosen planning horizon reflects the assumptions for short to medium-term market developments.

Inventories

Raw materials, consumables used and merchandise as well as advance payments for inventories are measured at acquisition cost or at net realisable value. The costs include overhead costs which can be directly allocated, in addition to prime costs. They are fundamentally measured according to the moving average method. *Work in progress and finished good*s are valued at the cost of production or at net realisable value if lower. The inventories acquired at cost are valued after deduction of discounts and price reductions. The net realisable value is determined as the estimated sales proceeds in the ordinary course of business less the estimated costs required for disposal. The impairment of inventories is based on the expected unit sales as well as the development in market prices, specifically for particularly high-quality, or premier, wines. These are influenced considerably by the vintage and location of the wines, which can lead to fluctuations in impairment from year to year.

Employee benefits

The *provisions for pensions* are calculated according to the Projected Unit Credit Method pursuant to IAS 19 (2011), taking account of the anticipated pay and pension increases. Retirement benefit obligations are measured on the basis of retirement benefit appraisals, which are prepared by independent actuarial experts. Actuarial gains and losses are recognised income-neutrally in the other reserves in the year in which they arise. The service cost from pension commitments is shown under personnel expenses. The interest expense from pension commitments is reported in the financial result.

Obligations from the granting of termination benefits are stated if *Hawesko Holding* does not have any realistic scope to withdraw from granting the benefits in question. Obligations are fundamentally only stated as soon as employees have accepted a corresponding offer by the company, unless the company can already no longer withdraw its offer at an earlier point due to legal or other restrictions. Obligations as a result of the sole decision of the company to make job cuts are stated as soon as the company has announced a detailed formal plan to terminate employment relationships. If termination benefits are granted in the course of restructuring measures within the meaning of IAS 37, an obligation according to IAS 19 is stated at the same time as a restructuring provision. If the benefits are due more than twelve months after the reporting date, the expected settlement amount is discounted at the reporting date. If the timing or amount of the payout are still uncertain at the reporting date, the obligations are recognised under other provisions.

Other provisions

The *other provisions* take account of all discernible obligations from past business transactions or occurrences at the balance sheet date, where the outflow of resources is probable. The provisions are measured at the amounts that are likely to apply. Provisions are only created where a legal or de facto obligation towards third parties exists. Long-term provisions are reported at their discounted settlement value at the balance sheet date, on the basis of corresponding market interest rates.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and are disclosed in the notes if the requirements of IAS 37 are satisfied.

Foreign currency

Accounts receivable and payable in *foreign currency* are translated at the exchange rate at the time of their addition. This rate is also used for determining the acquisition costs of stock in trade. The assets and debts reported in foreign currency at the balance sheet are translated at the respective reporting-date exchange rate. The foreign currency gains and losses resulting from this translation are booked through profit and loss.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Classification:

Under IFRS 9, financial assets are divided into three categories:

- At amortised cost (AC)
- At fair value through other comprehensive income (FVOCI)
- At fair value through profit or loss (FVtPL)

Classification depends on the business model of the company for the management of financial assets and contractual cash flows.

In the case of assets measured at fair value, the gains and losses are measured either through profit or loss or through other comprehensive income. In the case of investments in equity instruments that are not held for trading, this depends on whether the *Hawesko Group* has decided irrevocably at the time of initial recognition to measure the equity instruments at fair value through other comprehensive income.

The group only reclassifies debt instruments if there is a change in the business model for the management of such assets.

Recognition and derecognition:

A regular-way purchase or sale of financial assets is recognised at the trade date, in other words at the date on which the *Hawesko Group* undertakes to buy or sell the asset. Financial assets are derecognised if the entitlements to receive cash flows from the financial assets have expired or been transferred and the *Hawesko Group* has basically transferred all risks and opportunities from ownership.

Measurement:

Upon initial recognition the *Hawesko Group* measures a financial asset at fair value plus – in the event of a financial asset subsequently not measured at fair value through profit or loss – the transaction costs arising directly on the acquisition of that asset. Transaction costs of financial assets measured at fair value through profit or loss are recognised as expense through profit or loss.

Subsequent measurement of debt instruments is dependent on the business model of the *Hawesko Group* for the management of the asset and the cash flow characteristics of the asset. For this purpose debt instruments are classified using three measurement categories:

- AC: assets that are held for the collection of the contractual cash flows, where these cash flows represent exclusively interest and principal repayments, are measured at amortised cost. Interest income from these financial assets is reported under financial income using the effective interest method. Gains or losses from derecognition are captured directly within the income statement and – together with foreign exchange gains and losses – recognised under other gains (losses).

- FVOCI: assets that are held for the collection of the contractual cash flows, where these cash flows represent exclusively interest and principal repayments, are measured at fair value through profit or loss. Changes in the carrying amount are recognised within other comprehensive income, with the exception of the impairment income or expenses, interest income and foreign exchange gains and losses, which are reported through profit or loss. Upon derecognition of the financial asset, the accumulated gain or loss previously stated under other comprehensive income is reclassified from equity to the income statement and reported under other gains or losses. Interest income from these financial assets is reported under financial income using the effective interest method. Foreign exchange gains and losses are recognised under other gains or losses and impairment losses are reported under a separate item in the income statement.

- FVtPL: assets that do not meet the criteria for the “at amortised cost” or “FVOCI” categories are placed in the “fair value through profit or loss” (FVtPL) category. Gains or losses from a debt instrument that is subsequently measured at FVtPL are offset through profit or loss within the other gains or losses in the period in which they occur.

Changes to the fair value of the financial assets measured at fair value through profit or loss are reported in the income statement under other gains or losses.

Impairment:

The group adopts a forward-looking approach to the assessment of the expected credit losses associated with debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The impairment method depends on whether a significant increase in the credit risk exists.
In the case of trade receivables, the group applies the simplified approach under IFRS 9, according to which the expected credit losses over time are to be recognised from first-time recognition of the receivables.

The financial assets include primarily cash in banking accounts and cash on hand, trade receivables as well as other loans extended and receivables.

The financial liabilities include trade payables, amounts due to banks, lease liabilities and derivative financial liabilities, among other items.

Shares in affiliated companies that are not consolidated due to their insignificant value are measured at fair value. Value changes are recognised through profit or loss.

Accounts receivable and other financial assets are recognised at amortised cost or at cost.

If the *Hawesko Group* has fulfilled its contractual obligations, a contract asset or a receivable is recognised. Receivables are recognised if the entitlement to receive consideration is no longer subject to any conditions. This normally occurs if the group is contractually entitled to invoice the customer.
A receivable is normally recognised for trade customers upon shipping of goods because at that point the entitlement to consideration is unconditional, in other words it is due automatically from that point on, with the passage of time. For private customers, the receivable is recognised upon successful acceptance of the goods by the customer or upon fulfilment of the shipping terms in the contract of sale.

The *trade receivables* concern amounts owed by customers for the goods sold in the normal course of business. These are classified entirely as current, in a reflection of their payment deadlines. The trade receivables are recognised in the amount of the unconditional consideration upon initial recognition and measured at amortised cost. In view of the short-term nature of the receivables, the carrying amount recognised after necessary impairment corresponds to the fair value.

Cash in banking accounts and cash on hand have a maturity of up to three months upon their addition and are measured at nominal value.

Loans raised are recognised first at fair value less transaction costs arising. The loans are subsequently measured at amortised cost. Differences between the amounts received (less transaction costs) and the repayment amount are recognised through profit or loss over the term of the loans, using the effective interest method. Loans are accounted for as current liabilities to the extent that the group does not have an unrestricted right to delay fulfilment of the obligation by at least twelve months after the reporting period.

Trade payables and other financial liabilities are recognised at amortised cost using the effective interest method, with the interest expense recorded on the basis of the effective interest rate.

Derivative financial instruments are concluded to hedge currency and interest rate risks. The derivative financial instruments are reported at fair value upon initial recognition. Their subsequent measurement is likewise at fair value. The fair value is determined by investment mathematics methods and on the basis of the market data available at the reporting date.

Derivatives that are not bound up in an effective hedging relationship pursuant to IFRS 9 are placed in the category of “financial assets and liabilities at fair value through profit or loss”. They are measured at fair value. A gain or loss from subsequent measurement is recognised through profit or loss.

For the hedging of future cash flows (cash flow hedges), the hedges are measured at fair value. The designated and non-designated effective portion of the hedge is to be recognised in other comprehensive income. Only when the underlying transaction is realised are these recognised through profit or loss. The ineffective portion of a cash flow hedge is posted immediately to profit or loss.

Financial assets and liabilities are only *offset* and reported as a net amount on the balance sheet if a legal entitlement to do so exists and there is the intention to offset them in net terms or to settle the corresponding liability simultaneously with realisation of the asset in question.

Sales revenues and contract liabilities

Sales revenues include all proceeds from the ordinary activities of the *Hawesko Group*. Ordinary activities are not limited merely to core business and also include other recurring trade.

Conversely, gains from the sale of property, plant and equipment or intangible assets are recognised as other operating income rather than as sales revenues. All incidental revenues arising in connection with trade in the course of an enterprise's ordinary activities are equally reported under sales revenues. These include such items as reminder fees or default interest.

Sales revenues are reported exclusive of value-added tax and other taxes levied from customers and passed on to the tax authorities.

In cases where an enterprise has the position of an intermediary between another supplier and an end customer, it is necessary to assess whether the enterprise itself renders delivery of the product in question as the principal, or acts merely as the supplier's agent. The outcome of this decision determines whether the enterprise can recognise revenue on a gross basis (as principal) or on a net basis after deduction of costs in respect of the supplier (as agent).

For the *Hawesko Group* the question arises specifically in cases where the goods are supplied directly to the customer by the producer, for example in the case of sales revenues from product brokerage via online-based platforms (marketplace sales). In these transactions, the *Hawesko Group* acts as agent.

A contract liability is an obligation of the group to a customer to deliver goods or provide services for which the customer has already given consideration in the form of advance payments. The contract liabilities comprise particularly liabilities from subscription business as well as from customer bonus programmes and gift vouchers.

In subscription business, receipt of the customer's advance payments for future delivery of goods creates a contract liability that is realised as sales upon delivery of the subscribed wines to the customer.

In customer bonus programmes, customers can normally build up a bonus credit balance through regular purchases of wine and redeem it in subsequent transactions. The sales revenues for accumulated bonuses are realised at the time of redemption.
The basis for measurement of the bonus entitlements is a forward-looking consideration of redemption behaviour taking account of historical values.
The measurement is recalculated afresh each year based on the redemption behaviour weighted by market and customer group, and applied to all additions for the year. Utilisation is measured at the average rate for the bonus programme at the start of the year (equal to that of the previous year). Bonus entitlements not redeemed are realised through profit after the contractual expiry period.

The consideration received from the sale of gift vouchers is accounted for as a contract liability and realised as sales at the time the vouchers are redeemed. Unredeemed gift vouchers are released through profit after the statutory expiry period. They are recognised under non-current or current contract liabilities, depending on the expected redemption behaviour. The group in essence recognises current contract liabilities because experience has shown that the timing of fulfilment of these obligations falls within the first 12 months after acquisition of the gift voucher by the customer.

Recognition of income and expense

According to the provisions of IFRS 15, sales revenues are recognised at the point when the promised goods and services (assets) are transferred to the customer and the *Hawesko Group* consequently fulfils its performance obligation. An asset is deemed transferred if the customer gains power of disposal over that asset, in other words can determine its value and can essentially extract the remaining value from it. The performance obligation is regularly deemed met if the products have been shipped to the designated place or are handed over to the customer at the place of sale, the risks pass to the customer and the latter takes charge of the products in agreement with the contract of sale.

Sales revenues are recognised in the amount that the *Hawesko Group* can expect in return for the transfer of the promised goods or services. The sales revenues are reduced by reductions in sales proceeds, taxes and fees. Discounts granted on total sales are assigned to the respective goods in proportion to their individual selling prices. On the other hand discounts granted only for certain articles are assigned only to those articles. For customers in the B2B segment, customary payment deadlines of 30 to 60 days are usually agreed, with the result that there is no significant financing component. In the B2C segment, payments by direct debit or credit card and using digital payment services are normally agreed with no significant payment deadline.

Almost exclusively time-related, but no significant period-related, performance obligations are met within the group.

Retroactive volume discounts based on total sales over a period of twelve months are often agreed on the sale of wines in the B2B segment. The proceeds of these sales are recognised in the amount of the price specified in the contract, less the estimated volume discounts. The estimate of the provision is based on past experience. In the past, estimated values did not differ materially from the final settlements in view of their low complexity. Sales revenues are recognised only to the extent that there is a high probability that no significant cancellation of sales will become necessary. A receivable is recognised for trade customers upon shipping of goods and for private customers upon acceptance of the goods, because at that point the entitlement to consideration is unconditional. Payment is therefore due automatically from that point on, with the passage of time.

In the case of sales by retail outlets and shops, proceeds from the sale of wines are recognised when the products are handed over to customers. Payment of the transaction price is due immediately when the customer acquires and accepts the goods. In the e-commerce and Retail segments, the *Hawesko Group* in some cases offers its end customers a right of return of normally between 14 days and three months. A refund liability and to some extent a right of return for the goods are correspondingly recorded for the products that will prospectively be returned. Past experience is suitably applied at the time of sale in estimating these returns. Because the number of product returns was almost constant in recent years, it is highly probable that there will be no significant reversal of the proceeds recorded in this way. The validity of this assumption and the estimated number of returns are remeasured at each reporting date.

The *Hawesko Group* runs various customer loyalty programmes under which customers can collect points as they shop, earning them an entitlement to money off subsequent purchases. A contract liability for the points is recognised at the time of the sale. The proceeds from the points are recognised when these are redeemed or expire as per the terms.

With the points, customers are granted a material right that they would not receive without concluding a contract. The promise to credit the customer with points constitutes a separate performance obligation. The transaction price is assigned to the product and the points based on the relative individual selling prices. The management estimates the individual selling price per point based on the discount that is granted at the time the points are redeemed and with reference to the likelihood of redemption, based on past experience.

Subscription business is a distinctive feature of the wine trade. Here, the customer pays for the wines on account one to two years before they are actually delivered. Because the wines in question are very high-price, high-quality wines, the winemakers take orders for them from traders and customers very early on, as they cannot otherwise guarantee that the desired quantities will be available. Because the advance payments made for these therefore have the primary purpose of securing the availability of the goods, possible financing does not need to be accounted for separately.

In addition to the proceeds from the sale of wines and sparkling wines as well as other alcoholic beverages, the *Hawesko Group* generates some of its sales through incidental revenues. These comprise mainly income from brokerage commissions in the marketplace. Sales from these agreements is realised upon fulfilment of the performance obligation, in other words at the time the goods are delivered.

Taxes on income

Current tax expense comprises the actual income tax expense. The tax liabilities and receivables mainly comprise liabilities or claims for domestic and foreign income tax. They relate to both the current year and any liabilities or claims from previous years. The liabilities and claims are created on the basis of the fiscal provisions in the countries of the respective business activities.

Deferred taxes result from the temporarily divergent valuations in the IFRS consolidated balance sheet and the respective tax balance sheet values for these asset and liability items. Deferred tax assets on fiscally realisable loss carryforwards are capitalised if it is likely that taxable income is to be expected in the future. They are determined on the basis of corporate planning and the anticipated tax rates in the individual countries at the time of realisation. These are based fundamentally on the statutory provisions that are valid or approved at the balance sheet date. Future income tax receivables and obligations resulting from the preparation of the accounts according to IFRS are carried as deferred tax assets and liabilities. Deferred taxes are offset subject to two conditions. On the one hand a corresponding legally enforceable entitlement to offsetting must exist. On the other hand the deferred tax assets and tax liabilities must relate to income taxes levied by the same taxation authority for either the same taxable entity or for different taxable entities that intend to offset them in net terms.

6. ESTIMATES AND ASSUMPTIONS

Preparation of the IFRS consolidated financial statements involves making estimates and assumptions which have an effect on the measurement and disclosure of assets and debts, the reporting of contingent liabilities at the balance sheet date and the disclosure of income and expenditure. These estimates and assumptions are based on past experience and on other factors, including in respect of future events. All estimates and assessments are subject to ongoing review and remeasurement. The actual figures may differ from the amounts obtained by estimates and assumptions. Key estimates and assumptions are required above all in the following areas:

Goodwill is tested annually for impairment in accordance with IAS 36. The recoverable amount is determined on the basis of the fair value less disposal costs for the cash-generating unit. Cash-generating units normally represent individual subsidiaries within the group. Determining the fair value in particular requires estimates of the future cash flow based on group planning. The most important assumptions on which the calculation of fair value is based comprise the discount rate, the net cash flows and the sustainable growth rate.

Many leases held by the *Hawesko Group* contain extension and termination options. Responsibility for negotiating and designing leases rests with the local companies, and for that reason lease agreements exhibit a variety of contractual conditions. This gives the management of each company the necessary operational flexibility to manage its business, in other words manage the underlying lease assets, as well as the scope to respond to changing business requirements.

The majority of leases within the group consist of contracts for rental of land, office properties and retail shops. Most of these are situated in Germany and Austria. The term of these leases largely determines the level of the lease liabilities.

Most leases for retail shops feature a non-cancellable basic rental period of three to five years, which may often be extended several times in each case by between three and five years. After the expiry of the non-cancellable basic rental period the lease rolls over automatically if neither party terminates the lease or if the *Hawesko Group* as the lessee exercises one of its extension options.

In determining the term of the lease, all facts and circumstances that represent an economic incentive for the *Hawesko Group* to exercise an extension option or not to exercise a termination option are assessed and taken into consideration. Extension options (or periods covered by termination options) are only considered a component of the term of a lease if the *Hawesko Group* is reasonably certain that it will exercise the extension option or will not exercise the termination option. Exercise is considered “reasonably certain” if it is less than “virtually certain” and more certain than “more likely than not” pursuant to IAS 37 Contingent Liabilities and Contingent Assets.
After the start of use, the probability of exercising an option should only be reassessed if there is a significant event or significant change in the circumstances with an effect on the original assessment, and if those events or changes are under the control of the lessee. The *Hawesko Group* reassesses the term of a lease if an option is exercised or not exercised or if the group is under an obligation to exercise or not exercise an option.

Determination of the incremental borrowing rate to safeguard the lease liability is performed quarterly by the Corporate Finance department. The incremental borrowing rate represents the group-specific interest rate for the raising of funds with a similar maturity in order to finance the asset in question.

The measurement of inventory risks within inventories depends substantially on the assessment of future demand and of the time for which stocks of goods are held as a result, and in the case of especially high-price wine segments (primarily Grand Crus) the estimate of future market price development. For high-price wines, this estimate is made based on market price observations and on discussions with market participants (in particular the French wine commercial brokers, or courtiers).

The management makes valuation adjustments for doubtful receivables to account for expected losses resulting from customers' inability to pay. The principles used by the management to assess the appropriateness of valuation adjustments on doubtful receivables comprise the maturity structure of the outstanding balances and experience of write-offs of receivables in the past, the creditworthiness of customers and changes in terms of payment. In the event of a deterioration in the financial position of customers, the scope of write-offs to be made may exceed the scope of expected write-offs.

The deferred tax assets on loss carryforwards are based on corporate planning for the coming three or four financial years, which include future-related assumptions for example on overall economic development and the development of the market for wine trading. We refer to Note 23 regarding the level of the capitalised deferred tax assets on loss carryforwards and the level of the loss carryforwards on which no deferred tax assets were created.

Provisions for pensions are measured according to actuarial principles. These methods are based on actuarial parameters such as the discounting rate, income and pension trend, and life expectancy. In view of the fluctuating market and economic situation, the underlying assumptions may depart from the actual development and have a material impact on the obligation for retirement benefit payments post-employment.

Provisions for reconversion obligations for installations in the catering outlets as well as for returning the leased asset to the condition required in the lease agreement are recognised in the amount of the present value of the estimated future obligations. A corresponding amount in reconversion obligations is capitalised as a component of the cost of leasehold improvements and rights of use. The estimated cash flows are discounted based on an appropriate discounting rate for the maturities and risks. Compounding is recognised in the statement of comprehensive income as interest expense in the period in which it occurs. The key assumptions and estimates in the measurement of the lease liabilities are detailed in Note 5.

The determination of liabilities from customer bonus programmes depends substantially on the assessment of how likely it is that the credit acquired will be redeemed. For this purpose assumptions are made based on the frequency of customer purchases and the quality of the credit balance.

The other financial liabilities include the put options of the minority interest in the company *WirWinzer*. The measurement of the option is based for example on EBIT for 2020. The put option of the minority interest in *WirWinzer* could have been exercised for the first time in 2020 and is therefore recognised as a current option.

CONSOLIDATED COMPANIES

7. CONSOLIDATED COMPANIES

The group under *Hawesko Holding AG,* with its registered office in Hamburg, comprises a total of 23 (previous year: 26) domestic and foreign companies, as well as one (previous year: one) international joint venture, over which *Hawesko Holding AG* directly or indirectly exercises joint control. This is the smallest group of consolidated companies. In addition, the company is included in the consolidated financial statements of *TOCOS Beteiligung GmbH* with registered office in Hamburg (as the largest group of consolidated companies).

FULLY CONSOLIDATED SUBSIDIARIES	*Internal designation*	*Registered office*	*Segment*	*Ownership interest, %*
Alexander Baron von Essen Weinhandelsgesellschaft mbH	Alexander von Essen	Bonn	B2B	100.0
Grand Cru Select Distributionsgesellschaft mbH (formerly CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.)	CWD	Hamburg	B2B	100.0
Deutschwein Classics GmbH & Co. KG	DWC	Bonn	B2B	100.0
Globalwine AG	Globalwine	Zurich (Switzerland)	B2B	95.0
Vins de Prestige Classics SARL (in liquidation)	Vins de Prestige	Bordeaux (France)	B2B	100.0
Sélection de Bordeaux SARL	Sélection de Bordeaux	Strasbourg (France)	B2B	100.0
Wein Service Bonn GmbH	WSB	Bonn	B2B	100.0
Global Eastern Wine Holding GmbH	GEWH	Bonn	B2B	100.0
Wein Wolf GmbH	Wein Wolf	Bonn	B2B	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Wein Wolf Austria	Salzburg (Austria)	B2B	100.0
Volume Spirits GmbH	Volume Spirits	Bonn	B2B	100.0
Weinland Ariane Abayan GmbH	Abayan	Hamburg	B2B	100.0
Grand Cru Select Weinhandelsgesellschaft mbH	Grand Cru Select	Hamburg	B2B	75.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Jacques'	Düsseldorf	Retail	100.0
Jacques' Wein-Depot Weinhandelsgesellschaft m.b.H. (in liquidation)	Jacques' Austria	Vienna (Austria)	Retail	100.0
Wein & Co. Handelsges. m.b.H.	Wein & Co.	Vösendorf (Austria)	Retail	100.0
Carl Tesdorpf GmbH	Tesdorpf	Lübeck	e-commerce	100.0
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	HAWESKO	Hamburg	e-commerce	100.0
IWL Internationale Wein Logistik GmbH	IWL	Tornesch	e-commerce	100.0
The Wine Company Hawesko GmbH	The Wine Company	Hamburg	e-commerce	100.0
Wein & Vinos GmbH	Vinos	Berlin	e-commerce	90.0
WeinArt Handelsgesellschaft mbH	WeinArt	Geisenheim	e-commerce	51.0
WirWinzer GmbH	WirWinzer	Munich	e-commerce	65.7

Since 1 January 2019 Volume Spirits with registered office in Bonn has been fully consolidated within the *Hawesko Group*. The company changed its business activity in the previous year and has been trading in spirits since the fourth quarter of 2019.

With effect from 31 December 2020 a further ten percent of the shares of *DWC,* Bonn, were acquired from the minority interest. The ownership interest is thus 100 percent and the previously reported minority interest no longer exists.

The following subsidiaries are not included in the consolidated financial statements in view of their minor economic significance:

NON-CONSOLIDATED SUBSIDIARIES	*Registered office*	*Share-holding %*	*Capital € '000*	*Net earnings 2020 € '000*
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	100.0	86	8
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	100.0	38	2
Weinart Handels- und Beteiligungsgesellschaft mbH	Geisenheim	51.0	46	1*

**Financial year from 01/04/2019 to 31/03/2020*

8. MATERIAL CHANGES IN CONSOLIDATION

Merger of Wine Dock

By notarised merger agreement dated 28 August 2020 with effect from 1 January 2020 *Wine Dock GmbH,* Hamburg, was merged with *HAWESKO*.
The entry on the Commercial Register was made on 11 September 2020. The merger loss under commercial law of € 97 thousand was eliminated in the consolidated financial statements.

Disposal of Ziegler

Through the purchase and transfer agreement dated 17 December 2020 *WSB,* Bonn, disposed of all its shares (100 percent) in *Ziegler,* Freudenberg. *Ziegler* was sold with effect from 31 December 2020 and deconsolidated in the financial statements.

Of the purchase price of € 8.0 million, € 5.0 million was due immediately, of which € 350 thousand is considered a variable purchase price dependent on a potential net loss from the commercial accounts for 2020. The latter amount is being administered by a notary public and is payable to WSB after approval of the annual financial statements, by 30 April 2021 at the latest. At the time of preparation of the financial statements, € 4.65 million had already been paid. Based on the net profit achieved, no reduction in the selling price is expected.

The balance of € 3.0 million is due for payment with interest on 31 December 2027.

The information presented on the financial performance and cash flows relates to the twelve-month period up to 31 December 2020 and to the financial year ending on 31 December 2020.

DISCLOSURES ON THE DISPOSAL OF GEBRÜDER JOSEF UND MATTHÄUS ZIEGLER GMBH in € '000	**01/01–31/12/2020**
Consideration received or outstanding	
– Cash	5,000
– Fair value of consideration outstanding	3,000
Total purchase price	8,000
Carrying amount of the net assets disposed of	7,243
Cash of the subsidiary at the time of disposal	501
Need for impairment of assets	–
DISPOSAL RESULT BEFORE TAXES	**256**
Allocable income tax expense	–17
DISPOSAL RESULT AFTER TAXES	**239**

FINANCIAL RESULTS AND CASH FLOW FIGURES in € '000	**01/01–31/12/2020**
Proceeds	3,389
Expenditure	–3,320
Earnings before taxes	69
Income tax expense	–15
Result after taxes for the subsidiary disposed of	54
Profit from the disposal of the subsidiary	56
RESULT FROM THE DISPOSAL OF GEBRÜDER JOSEF UND MATTHÄUS ZIEGLER GMBH	**110**
Exchange differences	–
OTHER COMPREHENSIVE INCOME FROM THE DISPOSAL OF GEBRÜDER JOSEF UND MATTHÄUS ZIEGLER GMBH	**–**
Cash inflow/outflow from operating activities	561
Cash inflow/outflow from investing activities	–513
Cash inflow/outflow from financing activities	–77
NET INCREASE IN CASH GENERATED BY GEBRÜDER JOSEF UND MATTHÄUS ZIEGLER GMBH	**–29**

CARRYING AMOUNTS OF ASSETS AND LIABILITIES AT THE TIME OF DISPOSAL in € '000	**01/01–31/12/2020**
Property, plant and equipment as well as rights of use	1,872
Inventories	5,689
Other assets	29
Cash	501
TOTAL ASSETS	**8,091**
Trade payables	69
Lease liabilities	41
Other liabilities	237
TOTAL LIABILITIES	**347**
NET ASSETS	**7,744**

Disposal of Vogel Vins

Through the sale of shares dated 26 June 2020 *Globalwine,* Zurich (Switzerland), disposed of all its shares (70.0 percent) in *Vogel Vins,* Grandvaux (Switzerland). *Vogel Vins* was sold with effect from 26 June 2020 and deconsolidated in the financial statements with effect from 30 June 2020.

Of the purchase price of CHF 2.4 million, CHF 1.5 million was due immediately; a further CHF 300 thousand was due on 19 November 2020 and the balance of CHF 600 thousand is due for payment in two tranches on 31 March 2021 and 30 June 2021.

The information presented on the financial performance and cash flows relates to the six-month period up to 31 June 2020 and to the financial year ending on 31 December 2020.

DISCLOSURES ON THE DISPOSAL OF VOGEL VINS SA in € '000	**01/01–31/12/2020**
Consideration received or outstanding	
– Cash	1,686
– Fair value of consideration outstanding	555
Total purchase price	2,241
Carrying amount of the net assets disposed of	2,434
Cash of the subsidiary at the time of disposal	785
Need for impairment of assets	–1,162
Balancing item for non-controlling interests	1,322
DISPOSAL RESULT BEFORE TAXES AND RECLASSIFICATION OF THE CURRENCY TRANSLATION RESERVE	**–818**
Reclassification of the currency translation reserve	–400
Allocable income tax expense	–10
DISPOSAL RESULT AFTER TAXES	**–1,228**

FINANCIAL RESULTS AND CASH FLOW FIGURES in € '000	**01/01–31/12/2020**
Proceeds	1,754
Expenditure	–2,897
Earnings before taxes	–1,143
Income tax expense	–4
Result after taxes for the subsidiary disposed of	–1,147
Other losses from the disposal of the subsidiary	–81
RESULT FROM THE DISPOSAL OF VOGEL VINS SA	**–1,228**
Exchange differences	–400
OTHER COMPREHENSIVE INCOME FROM THE DISPOSAL OF VOGEL VINS SA	**–400**
Cash inflow/outflow from operating activities	–789
Cash inflow from investing activities (inflow from the disposal of the subsidiary)	1,686
NET INCREASE IN CASH GENERATED BY VOGEL VINS	**897**

CARRYING AMOUNTS OF ASSETS AND LIABILITIES AT THE TIME OF DISPOSAL in € '000	**30/06/2020**
Inventories	1,737
Trade receivables	603
Other assets	1,793
TOTAL ASSETS	**4,133**
Trade payables	–612
Lease liabilities	–537
Other liabilities	–554
TOTAL LIABILITIES	**–1,703**
NET ASSETS	**2,430**

EFFECTS OF THE COVID-19 PANDEMIC

The COVID-19 or coronavirus pandemic impacted the financial position and financial performance of the *Hawesko Group* to varying extents depending on segment, as a result of lockdowns across Europe and the way this shifted wine consumption from out-of-home to at-home.

The e-commerce segment was able to record a clearly positive business development and benefited mainly from consumers' increased willingness to buy. Revenue, EBIT and cash flow came in at well above the planned level.

The Retail segment equally profited from a rise in at-home consumption by customers. Both Jacques' and Wein & Co. achieved markedly higher online sales revenues. In Germany, the branches were able to remain open throughout, with isolated temporary exceptions, but a number of customer services such as in-shop tastings and events could not be held. In Austria, branches remained closed during the first lockdown but were able to reopen for a time in the summer and to some extent made up for lost sales revenues. The second lockdown from November obliged bars and restaurants within branches to close again, but wine retailers were able to remain open. From November, the company received certain government grants in compensation for lost sales revenues in the bar and restaurant sector. Overall, however, sales for the segment were moderately stronger than envisaged in the original plans. The absence of costs for services such as tastings meant EBIT and cash flow for the segment rose much more sharply than planned. However the *Hawesko Group* does not expect this to be a long-term effect because the costs will arise once more after the pandemic-related restrictions have been relaxed.

The B2B segment was the group segment affected the most because closures of hotels and restaurants prompted a marked decline in a significant line of business. Higher demand at food retailers compensated for this effect to some extent; sales revenues for the segment were nevertheless moderately worse than originally anticipated. The lower revenues and poorer margins on sales to food retailers mean EBIT and cash flow for the segment are well below the level originally planned.

The short-time work support scheme was registered for Wein & Co. and most companies in the B2B segment from April 2020. Further information on government grants is provided in Note 11.

From April 2020, measures were introduced across the entire *Hawesko Group* to reduce the risk of infections among employees and customers. Most of the workforce was instructed to switch to mobile working to reduce the number of people present in offices. At the same time appropriate safeguards were introduced for those employees who needed to be always or intermittently present. In the logistics area, in offices and in the retail outlets these safeguards included changes to shift patterns and room layouts, protective screens, temperature monitoring stations and sanitising stations.

Rental concessions were granted by the landlord for a number of Wein & Co. branches in the form of deferred payment and temporary rent holidays, in response to the closures. The *Hawesko Group* made use of the optional reliefs and recognised the rental concessions in the income statement without modification in the amount of € 165 thousand.

In response to the COVID-19 pandemic, certain assumptions especially on the testing of goodwill and trade receivables for impairment were adjusted. We refer in this connection to Notes 19 and 25.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. SALES REVENUES

The classification of the sales revenues by customer groups corresponds to the sales revenues by segment according to IFRS 8, because the latter reflect the respective nature, level and uncertainty of revenues and cash flows.

€ '000	2020	2019
e-commerce	230,431	178,626
Retail	227,695	203,343
B2B	162,147	174,042
Other	–	–
	620,273	**556,011**

Independently of the segments, sales revenues are broken down into the following categories:

€ '000	2020	2019
Retail	207,840	191,021
Online mail-order purchases	170,102	113,742
Restaurants, hotel trade and specialist retail trade	97,187	111,623
Other mail-order purchases	92,996	88,072
Food retailers	33,251	23,559
Other income	18,897	27,994
	620,273	**556,011**

Other income shows essentially income from events as well as sales from export customers.

The regional breakdown of sales revenues is as follows:

SALES BREAKDOWN BY REGION *Group, consolidated*

€ '000	2020	2019
Germany	533,606	468,592
Austria	45,821	52,070
Switzerland	19,426	22,579
Sweden	12,811	10,421
Miscellaneous	8,609	2,349
	620,273	**556,011**

Miscellaneous is essentially the combined figure for the United Kingdom, France and Denmark.

10. OTHER OPERATING INCOME

€ '000	2020	2019
Rental income	11,487	9,827
Income from cost refunds	1,553	2,075
Income from currency translation	440	769
Advertising expense subsidies	33	3,607
Sundry	4,092	9,261
	17,605	**25,539**

Rental income substantially comprises income from the letting and leasing of the furnished Wein-Depot outlets to the store partners.

In 2020, income from advertising expense subsidies in the amount of € 2,987 thousand is reported under cost of materials, in a change from the previous year.

Sundry income comprises such items as government compensation for officially ordered closures due to the COVID-19 pandemic and reversals of liabilities or provisions in the amount of € 714 thousand (previous year: € 695 thousand). The figure for the previous year included the proceeds of the sale of a property in the amount of € 3,992 thousand.

11. GOVERNMENT GRANTS

€ '000	2020	2019
Compensation for lost sales due to officially decreed closures	733	-
Reimbursement of employer contributions to social insurance due to short time	442	-
	1,175	**-**

As a result of the COVID-19 pandemic, *Hawesko Group* subsidiaries received government grants that varied from country to country.

Government grants are stated as soon as there is reasonable assurance that all eligibility conditions are met and the grant is made in full.

The grants contained in the financial statements in compensation for lost sales due to officially decreed closures are reported as sundry other operating income.

The grants received for employer contributions to social insurance for registering for the short-time work support scheme are recognised as a cost-reducing factor within personnel expenses.

There were no other forms of government support in the financial year. There are no material unfulfilled conditions or other contingencies for the grants recognised.

12. PERSONNEL EXPENSES

€ '000	2020	2019
Wages and salaries	59,019	56,453
Social security and other pension costs	10,172	10,473
– of which in respect of old age pensions	225	233
	69,191	**66,926**

The retirement benefit expenses comprise payments from defined contribution plans totalling € 165 thousand (previous year: € 174 thousand) and from defined benefit plans totalling € 60 thousand (previous year: € 59 thousand).

In 2020 short-time working was registered for a time for Wein & Co. and virtually all companies in the B2B segment due to the COVID-19 pandemic, leading to a decline in wage and salary expenses in the year under review.

The average number of employees was as follows:

GROUP	2020	2019
Commercial and industrial employees	1,154	1,213
Apprentices	29	30
	1,183	**1,243**

The average number of employees at the company accounted for using the equity method was 50 in the financial year (previous year: 44).

13. DEPRECIATION/AMORTISATION AND IMPAIRMENT

€ '000	2020	2019
Depreciation/amortisation of intangible assets	6,069	5,191
Depreciation/amortisation of property, plant and equipment (excluding rights of use)	4,576	4,241
Write-downs on rights of use	12,768	12,052
	23,413	**21,484**

Write-downs in the amount of €1,248 thousand on licences acquired for consideration (€440 thousand) and on rights of use (€808 thousand) were made in the year under review. These write-downs on rights of use apply principally to buildings (rights of use for two office properties) due to locations closed down in the B2B segment. For detailed explanations, see Note 34. There were no write-ups, as in the previous year.

14. OTHER OPERATING EXPENSES AND OTHER TAXES

€ '000	2020	2019
Commissions to partners	45,979	40,387
Advertising	39,556	43,622
Delivery costs	37,790	31,246
IT and communication costs	7,169	5,258
Rents, leases and expenses for premises	7,394	7,404
Legal and consultancy costs	3,623	3,283
Other personnel expenses	3,562	3,235
Motor vehicle and travel costs	2,322	4,077
Insurance premiums	1,096	1,076
Board	866	3,220
Expenses from currency translation	502	726
Sundry	7,720	5,563
	157,579	**149,097**

In a change from the previous year, in 2020 certain advertising expense subsidies in the amount of €4,603 thousand were recognised as reductions in sales rather than as advertising expenses.

The commissions to partners include the remuneration for the retail partners at Jacques'. The other personnel expenses mainly comprise costs of temporary workers and also of employee training and advancement, for example.

The sundry other operating expenses include costs of monetary movements amounting to €2,493 thousand (previous year: €1,751 thousand), costs of receivables in the amount of €2,012 thousand (previous year: €928 thousand), other taxes (€154 thousand, previous year: €109 thousand) and other expenses unrelated to the accounting period (€542 thousand, previous year: €787 thousand).

15. INTEREST INCOME, INTEREST EXPENSE, OTHER FINANCIAL RESULT AND INVESTMENT INCOME

€ '000	2020	2019
INTEREST INCOME	**287**	**58**
Interest expense		
Interest expense from monetary movements	-455	-698
Interest for lease liabilities	-3,615	-3,762
Interest from the compounding of provisions	-19	-8
INTEREST EXPENSE	**-4,089**	**-4,468**
OTHER FINANCIAL RESULT	**-3,366**	**-254**
RESULT FROM THE COMPANIES REPORTED USING THE EQUITY METHOD	**822**	**877**
FINANCIAL RESULT	**-6,346**	**-3,787**
Of which:		
– Loans and receivables	287	58
– Financial liabilities	-3,891	-962

The other financial result originates mainly from the measurement of the financial liabilities from put options of *WirWinzer* at the balance sheet date, which resulted in expenditure of € 3,315 thousand (previous year: € 254 thousand).

16. TAXES ON INCOME

€ '000	2020	2019
Current tax	13,294	9,970
Deferred tax	–1,676	–862
	11,618	**9,108**

Paid or due taxes on income and earnings, and also deferred taxes, are reported as taxes on income.

Expenses for current tax are made up as follows:

€ '000	2020	2019
Current year	13,248	8,999
Previous years	46	971
	13,294	**9,970**

The income for deferred taxes is attributable to the following:

€ '000	2020	2019
Capitalisation / use of loss carryforwards	1,163	–151
Other temporary differences	–315	370
Changes in tax rate	–	–
Differences due to fiscal non-recognition of provisions	633	98
Leases	195	545
	1,676	**862**

The actual tax expense for the year 2020 of € 11,618 thousand (previous year: € 9,108 thousand) is € 235 thousand higher (previous year: € 1,046 thousand higher) than the anticipated tax expense of € 11,383 thousand (previous year: € 8,062 thousand) which would have resulted from the application of a tax rate to pre-tax earnings that was based on the current German legislation at the balance sheet date. The anticipated tax rate is 31.79 % (previous year: 31.79 %) and is obtained as follows:

Percent	2020	2019
Trade tax (average municipal factor: 456%, previous year: 456%)	15.96	15.96
Corporation tax	15.00	15.00
Solidarity surcharge (5.5% of corporation tax)	0.83	0.83
TOTAL TAX BURDEN ON PRE-TAX EARNINGS	**31.79**	**31.79**

The causes of the difference between the anticipated and actual tax expense for the group are as follows:

€ '000	2020	2019
Earnings before taxes	35,806	25,359
Anticipated tax expense	11,383	8,061
Reclassification of minority interest	–	–18
Tax expenses/income unrelated to the accounting period	47	971
Non-recognition of fiscal loss carryforwards	173	513
Capitalisation of deferred taxes on loss carryforwards	–1,274	–52
Tenancy and leasing commitments to be included in trade tax	322	200
Fiscally non-deductible portion of Supervisory Board remuneration	82	40
Effect of divergent national tax rates	64	84
Tax-free expenses and income	1,054	254
Different rate of taxation for provisions	–633	–70
Other tax effects	400	–875
ACTUAL TAX EXPENSE	**11,618**	**9,108**
Effective tax rate in %	32,45	35,91

The tax-free expenses and income relate to the expenses and income from put and call options (cf. Note 41).

At the end of the year the fair values of the derivatives reported in other comprehensive income came to € –53 thousand (previous year: € –133 thousand).
In connection with this, deferred tax assets of € 27 thousand were created in the year under review (previous year: € –25 thousand written back).
In addition, deferred tax assets totalling € –4 thousand reported in other comprehensive income were created (previous year: € –21 thousand written back) for the actuarial gains/losses of € –6 thousand (previous year: € –101 thousand).

17. EARNINGS PER SHARE

The earnings per share are calculated according to IAS 33 (Earnings per Share) by dividing the consolidated earnings by the average number of shares in circulation.

€ '000	2020	2019
Consolidated earnings of the shareholders	23,821	15,823
Average number of shares ('000)	8,983	8,983
Basic earnings per share	2.65	1.76

At the time of preparation of the consolidated financial statements there were an unchanged 8,983,403 shares outstanding.

There is no difference between the diluted and basic earnings per share.

NOTES TO THE CONSOLIDATED BALANCE SHEET

18. INTANGIBLE ASSETS

INTANGIBLE ASSETS € '000	*Software and licences*	*Other intangible assets*	*Goodwill*
HISTORICAL COST			
Position at 1 January 2019	**30,425**	**31,659**	**30,918**
Currency translation	1	26	46
Extension on the basis of consolidation	–	–	–
Additions	2,323	69	–
Transfers	4,333	–3,297	–
Disposals	–18	71	–
Position at 31 December 2019	**37,064**	**28,528**	**30,964**
Position at 1 January 2020	**37,064**	**28,528**	**30,964**
Currency translation	–	4	6
Disposal from group of consolidated companies	–28	–110	–366
Additions	1,164	270	–
Transfers	1,363	1,138	–
Disposals	–461	–41	–
Position at 31 December 2020	**39,102**	**29,789**	**30,604**
ACCUMULATED DEPRECIATION AND AMORTISATION			
Position at 1 January 2019	**–23,131**	**–10,611**	**–4,062**
Currency translation	–	–20	–
Additions	–2,362	–2,497	–
Impairment	–	–	–
Transfers	–2,961	2,961	–
Disposals	18	–69	–
Position at 31 December 2019	**–28,436**	**–10,236**	**–4,062**
Position at 1 January 2020	**–28,436**	**–10,236**	**–4,062**
Currency translation	–	–3	–
Disposal from group of consolidated companies	28	97	166
Additions	–3,041	–2,588	–
Impairment	–440	–	–
Transfers	–	–	–
Disposals	471	13	–
Position at 31 December 2020	**–31,418**	**–12,717**	**–3,896**
RESIDUAL CARRYING AMOUNT			
Position at 31/12/2020	**7,684**	**17,072**	**26,708**
Position at 31/12/2019	**8,628**	**18,292**	**26,902**

Advance payments for intangible assets	*Total*
1,942	**94,944**
–	73
–	–
2,017	4,409
-1,036	–
-332	-279
2,591	**99,147**
2,591	**99,147**
–	10
–	-504
1,982	3,416
-2,512	-11
-85	-587
1,976	**101,471**
–	**-37,804**
–	-20
-332	-5,191
–	–
–	–
332	281
–	**-42,734**
–	**-42,734**
–	-3
–	291
–	-5,629
–	-440
–	–
–	484
–	**-48,031**
1,976	**53,440**
2,591	**56,413**

€ '000	**31/12/2020**	**31/12/2019**
Software	7,684	8,628
Other intangible assets including advance payments	19,048	20,883
Goodwill	26,708	26,902
	53,440	**56,413**

Furthermore, additions as well as advance payments in the amount of € 1,161 thousand were capitalised for the development of a group-wide digital commerce platform; the figure includes € 355 thousand for own assets capitalised.

The item “Other intangible assets” includes € 16,379 thousand (previous year: € 18,565 thousand) for the measurement of supplier and customer contacts as well as brands from the initial consolidation of *Vinos, WirWinzer, WeinArt, Grand Cru Select* and *Wein & Co.* A useful life of 15 or between five and 15 years is recorded for the supplier and customer contacts, and of ten or 20 years for the brands.

19. RECOVERABILITY OF GOODWILL

The following table provides an overview of the goodwill tested and the assumptions made in the individual impairment tests, in each case for the smallest cash-generating unit (CGU):

NAME OF CGU	*Wein & Vinos*	*Wein & Co.*	*Wein-Wolf-Gruppe*	*WirWinzer*	*Other*
Segment	e-commerce	Retail	B2B	e-commerce	B2B and Retail
Carrying amount goodwill 31/12/2020	8,711	8,197	4,455	2,686	2,659
Write-down	–	–	–	–	–
Duration of planning period	3 years	4 years	3 years	3 years	3 years
Revenue growth p.a. after end of planning period	0.75 %	0.75 %	0.75 %	0.75 %	0.75 %
Discount rate (after-tax interest rate)	5.16 %	5.16 %	5.16 %	5.16 %	5.16 %

For purposes of testing for impairment, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is determined as the fair value less costs of disposal (FVLCOD) based on the future discounted cash flows. The measurement is treated as Level 3 in the fair value hierarchy because of the non-observable inputs applied in measurement. The management approach and the key assumptions in determining the FVLCOD for the cash-generating unit are based essentially on the future cash flows anticipated in group planning over the next three or four years, depending on company, and discounted at the balance sheet date. The key parameters here are the discount rate, the net cash flows and the sustainable growth rate.

As described in the section "Effects of the COVID-19 pandemic", most companies in the B2B segment as well as *Wein & Co.* were adversely affected, in some cases substantially so, by the official closures ordered specifically in the restaurant sector in response to the COVID-19 pandemic, because this led to a significant reduction in the sales volumes for the channels in question. The companies nevertheless had sufficient compensatory sales channels, for example in food retailing or via online shops, which largely compensated for the decline in sales and earnings.

There is increased uncertainty over corporate planning for the companies concerned, given the currently unforeseeable duration of official restrictions in 2021. Nevertheless, the experience of last summer showed that customer demand in the sales channels in question – but mainly in the restaurant trade – recovered rapidly once the official restrictions were lifted and in some cases emulated the levels of previous years. The management therefore anticipates that this is no indication of a long-term deterioration in the market situation and that sales revenues will soon bounce back to the level of recent years once establishments can reopen.

Due to the uncertainty over how long the official closures will last in 2021, the planning period for *Wein & Co.* as the most-affected cash-generating unit was extended by one year, to four years. The operations of *Wein & Co.* in Austria, which include its own bars and restaurants, were therefore especially affected by local official closures, which consequently also to some extent impacted the attached specialist retail outlets in 2020.

The companies in the e-commerce segment and *Jacques'* were major beneficiaries of the shift in consumer demand during the COVID-19 pandemic, with the result that the planning period for these companies remains unchanged at three years.

In the planning period, the sales growth assumptions used for the impairment tests are based on approved corporate planning (at the level of the individual enterprises) and on externally published sources. To some extent risk markdowns have been applied for company-specific market share developments. The margins used are based on past experience and future expectations, and have been updated based on cost-cutting measures implemented. Investment ratios are based on past experience and for the planning period take account of replacement purchases envisaged for production facilities. The costs of the corporate functions were allocated to the individual units according to the user-pays principle. The rights of use to be capitalised according to IFRS 16 were included in the tests. The key assumptions on which determination of the recoverable amount rests include the following: sales performance, cost of customer acquisition and customer loyalty, investments, and the sustainable growth rate.

Due to the increased planning uncertainty brought on by the COVID-19 pandemic, various scenarios were adopted for the severely-affected cash-generating unit *Wein & Co.* with various weightings for the assessment of goodwill. The management's assumptions range from an impending recovery in the market in 2021 to a one-year delay in the recovery due to extended government restrictions on the restaurant trade and further restrictions to public life.

When determining the weighted cost of capital, the additional debt from the lease liabilities to be recognised pursuant to IFRS 16 was also taken into account.

In a reflection of the future organisational and business integration of *Grand Cru Select* and *CWD,* in a departure from previous years both companies were this year integrated into the cash-generating unit of the *Wein-Wolf Group*. No impairment losses or reversals have arisen as a result of the adjustment.

The sensitivity analyses for the impairment needed due to a change in the key parameters affecting measurement did not yield a different impairment need, except for one cash-generating unit that carries goodwill. In each case an isolated analysis was performed of changes in the discount rate of 100 base points and of the sustainable growth rate of 19 base points.

An increase in the discount rate of 100 base points would result in a need for write-down of € 1,349 thousand at *Wein & Co.*

20. PROPERTY, PLANT AND EQUIPMENT AS WELL AS RIGHTS OF USE

PROPERTY, PLANT AND EQUIPMENT € '000	*Land, equivalent rights and buildings, including buildings on third-party land*	*Technical equipment and machinery*
HISTORICAL COST		
Position at 1 January 2019	**42,500**	**1,957**
First-time adoption of IFRS 16	106,872	823
Currency translation	64	10
Additions	14,864	783
Transfers	–	–
Disposals	–14,763	–26
Position at 31 December 2019	**149,537**	**3,547**
Position at 1 January 2020	**149,537**	**3,547**
Disposal from group of consolidated companies	–3,431	–2,126
Currency translation	14	2
Additions	20,790	1,637
Transfers	322	–
Disposals	–4,604	–1,118
Position at 31 December 2020	**162,628**	**1,942**
ACCUMULATED DEPRECIATION AND AMORTISATION		
Position at 1 January 2019	**–30,246**	**–1,794**
Currency translation	–6	–2
Additions	–11,889	–525
Transfers	–	–
Disposals	8,307	9
Position at 31 December 2019	**–33,834**	**–2,312**
Position at 1 January 2020	**–33,834**	**–2,312**
Disposal from group of consolidated companies	1,865	1,988
Currency translation	–	–
Additions	–12,963	–933
Transfers	–43	–16
Disposals	1,588	1,010
Position at 31 December 2020	**–43,387**	**–263**
RESIDUAL CARRYING AMOUNT		
Position at 31 December 2020	**119,241**	**1,679**
Position at 31 December 2019	**115,703**	**1,235**

Other fixtures and fittings, tools and equipment	*Advance payments and construction in progress*	*Total*
39,945	**6**	**84,408**
963	–	108,658
46	–	120
4,229	206	19,922
4	–4	–
–1,781	–161	–16,731
43,406	**47**	**196,537**
43,406	**47**	**196,537**
–1,631	–	–7,188
8	–	24
2,525	819	25,771
425	–736	11
–2,018	–	–7,740
42,715	**130**	**207,415**
–31,134	**3**	**–63,171**
–33	–	–41
–3,719	–160	–16,293
–	–	–
1,620	157	10,093
–33,266	**–**	**–69,412**
–33,266	**–**	**–69,412**
1,463	–	5,316
–6	–	–6
–3,448	–	–17,344
–	–	–59
1,584	–	4,182
–33,673	**–**	**–77,323**
9,042	**130**	**130,092**
10,140	**47**	**127,125**

Property, plant and equipment developed as follows:

€ '000	31/12/2020	31/12/2019
Land and buildings	4,618	6,255
Technical equipment and machinery	27	202
Other fixtures and fittings, tools and equipment	8,474	8,612
Construction in progress	130	47
	13,249	**15,116**

Rights of use developed as follows:

€ '000	31/12/2020	31/12/2019
Land and buildings	114,622	109,448
Technical equipment and machinery	1,652	1,033
Other fixtures and fittings, tools and equipment	569	1,528
	116,843	**112,009**

The additions to the rights of use during financial year 2020 amounted to € 12,876 thousand (previous year: € 16,112 thousand).

21. COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Under IFRS 11, *Global Wines & Spirits s.r.o.*, Prague (Czech Republic) is classified as a joint venture because the shareholders exercise control jointly. It is accounted for using the equity method and is reported under the balance sheet item "Companies accounted for using the equity method":

	31/12/2020	31/12/2019
Carrying amount, € '000	4,131	3,895
Share of capital in %	47.5	47.5

The joint venture comes under the B2B segment and is a partner for the sale of wines in the Czech Republic. The following tables show the aggregated key figures for the joint venture included in the consolidated financial statements as companies accounted for using the equity method, on the basis of the 47.5 % ownership interest (previous year: 47.5 %).

SHARE OF ASSETS AND DEBTS
€ '000

	31/12/2020	31/12/2019
Non-current assets	115	140
Current assets	5,058	4,898
ASSETS	**5,173**	**5,038**
Equity	2,760	2,524
Short-term provisions and liabilities	2,413	2,514
EQUITY AND LIABILITIES	**5,173**	**5,038**

SHARE OF INCOME AND EXPENSES
€ '000

	31/12/2020	31/12/2019
Sales revenues	10,405	11,012
Other operating income	145	42
Cost of materials	-8,449	-7,785
Personnel expenses	-808	-840
Depreciation and amortisation	-61	-60
Other operating expenses	-188	-1,269
OPERATING RESULT	**1,044**	**1,100**
Interest income	3	5
Interest expense	-26	-18
RESULT FROM ORDINARY ACTIVITIES	**1,021**	**1,087**
Taxes on income	-199	-210
ACCUMULATED PROFIT FOR THE YEAR (CORRESPONDING TO COMPREHENSIVE INCOME)	**822**	**877**

Distributions of € 514 thousand (previous year: € 354 thousand) were received in the year under review.

Reconciliation of the summary financial information as presented with the carrying amount of the investment in the consolidated financial statements:

€ '000	31/12/2020	31/12/2019
Net assets of the associate	2,760	2,524
Goodwill	1,260	1,260
Net income	822	877
Dividend payments received	-514	-354
Effect from currency translation	-197	-412
CARRYING AMOUNT OF GROUP INVESTMENT	**4,131**	**3,895**

22. OTHER NON-CURRENT ASSETS

The other financial assets concern shares in affiliated companies (€ 88 thousand; previous year: € 88 thousand).

€ '000	31/12/2020	31/12/2019
Verwaltungsgesellschaft Wein Wolf Import GmbH, Salzburg (Austria)	35	35
Deutschwein Classics Verwaltungsgesellschaft mbH	25	25
WeinArt Handels- und Beteiligungs GmbH	28	28
	88	**88**

The above shares in affiliated companies are measured at fair value and relate to the companies that are not consolidated in view of their minor significance for the group (see also the remarks on the consolidated companies):

In the absence of operating activities by the above companies, the fair value of the shares essentially corresponds to the cost.

23. DEFERRED TAX ASSETS

The deferred tax assets developed as follows:

€ '000	31/12/2020	31/12/2019
Opening balance	6,148	3,339
Increase	40,214	37,420
Increase (income-neutral upon first-time adoption of IFRS 16)	–	2,394
Decrease	–559	–299
Offset against deferred tax liabilities	–37,801	–36,706
Change in tax rate	–	–
	8,002	**6,148**

The deferred tax assets are in respect of the following temporary differences as well as tax loss carryforwards:

€ '000	31/12/2020	31/12/2019
Goodwill from restructuring measures with an effect on taxes	2,621	3,024
From loss carryforwards	2,755	1,591
From the fair value measurement of derivative financial instruments	85	58
From leases	39,057	37,224
From inventories	75	137
From provisions	1,075	437
Other	135	383
Offsetting	–37,801	–36,706
Change in tax rate	–	–
	8,002	**6,148**

The reported deferred taxes on loss carryforwards at 31 December 2020 relate to the tax loss carryforwards available for future use of the subsidiaries *The Wine Company, WirWinzer* and *Wein & Co.*

There remain unused, temporally unlimited tax loss carryforwards amounting to € 10,995 thousand (previous year: € 10,749 thousand), for which no deferred tax assets were reported in the balance sheet.

A sum of € 1,410 thousand will prospectively be realised from the deferred tax assets within twelve months.

24. INVENTORIES AND ADVANCE PAYMENTS FOR INVENTORIES

€ '000	**31/12/2020**	**31/12/2019**
Raw material and consumables used	572	854
Work in progress	–	4,963
Finished goods and merchandise (at cost)	100,401	106,048
Advance payments	11,977	12,123
	112,950	**123,988**
Of which with a maturity of up to 1 year	108,626	120,875
Of which with a maturity of 1 to 5 years	4,324	3,113

Impairment on inventories in the amount of € 598 thousand (previous year: € 885 thousand) was recognised as an expense.

The advance payments relate to wines of earlier vintages which are not delivered until subsequent years ("subscriptions"). These advance payments are not impaired because they are covered almost entirely by bank guarantees.

25. RECEIVABLES, OTHER ASSETS AND SUNDRY FINANCIAL ASSETS

The group holds the following financial and non-financial assets:

€ '000	31/12/2020	31/12/2019
FINANCIAL ASSETS MEASURED AT AMORTISED COST	**112,595**	**68,613**
Trade receivables	44,465	45,820
OTHER FINANCIAL ASSETS	18,312	4,068
Cash and cash equivalents	49,818	18,725
NON-FINANCIAL ASSETS	**6,401**	**8,558**
Accounts receivable from taxes on income	2,415	6,882
Other tax refund claims	1,671	233
Other non-financial assets	2,315	1,443
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**88**	**88**
DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING, AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**103**
	119,084	**77,362**

Derivatives are used exclusively for economic hedging purposes, and not as a speculative investment. However if derivatives do not meet the criteria for hedge accounting, for purposes of accounting they are classified as “held for trading” and recognised at fair value through profit or loss. To that extent they are shown as current assets in that they will prospectively be settled within twelve months of the end of the reporting period.

Trade receivables

€ '000	31/12/2020	31/12/2019
Receivables from contracts with customers	45,444	46,705
Impairment	-979	-885
TRADE RECEIVABLES	**44,465**	**45,820**
Of which with a maturity of up to one year	44,465	45,820

In view of the short-term nature of the receivables, their carrying amount corresponds to the fair value.

The following table shows the maturity structure of trade receivables at the reporting date:

IMPAIRMENT MATRIX FOR TRADE RECEIVABLES € '000	*Not overdue or overdue for 1 to 90 days*	*Overdue for more than 90 days*	*Overdue for more than 360 days*	*Total*
B2C RECEIVABLES				
Default rate (%, calculated from net values)	0.5 %	55.0 %	100 %	
Gross figures for trade receivables in € thousand	11,586	227	177	**11,990**
Expected loss in € thousand	–49	–162	–153	**–364**
B2B RECEIVABLES				
Default rate (%, calculated from net values)	0.1%	75.0 %	100 %	
Gross figures for trade receivables in € thousand	6,041	216	291	**6,548**
Expected loss in € thousand	–5	–152	–259	**–416**
SETTLING AGENTS, ASSOCIATIONS, WINEMAKERS				
Default rate (%, calculated from net values)	0.05 %	10.0 %	100 %	
Gross figures for trade receivables in € thousand	18,080	86	31	**18,197**
Expected loss in € thousand	–8	–8	–28	**–44**
RECEIVABLES INSURED AGAINST DEFAULT				
Default rate (%, calculated from net values)	0.1%	15.0 %	15.0 %	
Gross figures for trade receivables in € thousand	4,341	55	20	**4,416**
Expected loss in € thousand	–5	–7	–3	**–15**
Total receivables of group	**40,048**	**584**	**519**	**41,151**
Total expected defaults	**–67**	**–329**	**–443**	**–839**

The simplified impairment model is applied based on past data. For the determination of impairment, customer groups were divided up by business model and anticipated creditworthiness. B2C receivables from consumers/end customers exist primarily in the e-commerce and Retail segments. B2B receivables are from trade customers, above all in the restaurant, hotel and specialist retail trade. In food retailing, the various different customers are often billed centrally via settling agents. To reflect creditworthiness and the payment structure, the latter and supplier receivables are measured separately.

For certain trade receivables, especially in the B2B segment, the *Hawesko Group* obtains collateral or takes out bad debt insurance to which it can have recourse in the event of non-payment by the counter-party in accordance with the contractual arrangements.

There are additionally receivables from payment service providers in the amount of € 4,293 thousand (previous year: € 3,506 thousand) that will not be impaired based on experience and the expected future development.

As well as the expected credit loss allowances, impairments in the amount of € 139 thousand were applied to the above receivables.

The expected loss rates are based on the payment profiles for sales over a period of 36 months before 31 December 2020 and the corresponding historical defaults in that period. The historical loss ratios are adjusted to reflect current and forward-looking information on the macroeconomic factors that govern customers' ability to settle the receivables.

Because of the economic consequences of the COVID-19 pandemic especially for restaurant and hotel establishments, the expected loss rates were increased for the measurement of trade receivables. In respect of the trade receivables that were neither impaired nor overdue, there is no evidence at the reporting date that the debtors will not meet their payment commitments. There was no renegotiation with debtors on the extending of payment deadlines.

The impairment on trade receivables developed as follows:

€ '000	2020	2019
IMPAIRMENT AT 1 JANUARY	885	1,124
Allocated	886	550
Drawn	-530	-474
Liquidated	-169	-315
Disposal from group of consolidated companies	-93	-
IMPAIRMENT AT 31 DECEMBER	**979**	**885**

Trade receivables are derecognised if it is a fair assessment that they will no longer be realised. Indicators for a fair assessment that such receivables will no longer be realised include the failure of end customers to make contractual payments for a period of more than one year, for example, in the absence of judicial default action.

Impairment losses on trade receivables are shown in the operating result as impairment losses. Amounts previously written off and realised in subsequent periods are captured under the same item.

Other financial assets

Other financial assets measured at amortised cost comprise the following items:

€ '000	31/12/2020			31/12/2019		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Loans and purchase price deferrals	4,983	3,016	7,999	74	24	98
Financial assets held as investments	4,925	–	4,925	–	–	–
Creditors with debit accounts	1,566	–	1,566	1,311	–	1,311
Receivables from trade representatives	184	–	184	265	–	265
Rent deposits	1	761	762	3	846	849
Sundry	2,617	259	2,876	1,545	–	1,545
	14,276	**4,036**	**18,312**	**3,198**	**870**	**4,068**

The remaining other financial assets were neither impaired nor overdue because only minor non-payment risks are expected at the reporting date. Because there were no material payment defaults within other financial assets in the past and the *Hawesko Group* does not expect these to occur within future payment series, the general approach of IFRS 9 for other financial assets was applied but did not result in any impairment.

In view of the short-term nature of the other receivables, their carrying amount corresponds to the fair value. Within the long-term receivables, the fair values equally do not differ significantly from the carrying amounts. The fair value of financial instruments measured at amortised cost used for reconciliation purposes is determined by discounting based on a market rate that is appropriate for the risk and with a matching maturity.

The loans and purchase price deferrals at 31 December 2020 mainly consist of the receivable from the purchase price payment from the sale of the shares in the company *Ziegler,* which has not yet accrued at the balance sheet, as well as the deferred portion from the purchase price payment from the sale of the shares in the company *Vogel Vins* (see Note 8).

The financial assets held as investments include in particular other investments that were taken out shortly before the balance sheet date to optimise financial management.

Other non-financial assets

At the balance sheet date there are other non-financial assets amounting to € 2,315 thousand (previous year: € 1,442 thousand) mainly in respect of deferred costs and advance payments, and are measured at amortised cost.

26. CASH AND CASH EQUIVALENTS

Cash in banking accounts and cash on hand totalling € 49,818 thousand (previous year: € 18,725 thousand) relates substantially to balances with banks.

The cash and cash equivalents presented above and contained in the cash flow statement include € 3,307 thousand held by *Wein & Co.* and *Globalwine*. These deposits are subject to local regulatory restrictions and are therefore not available for general use by other group companies.

27. SUBSCRIBED CAPITAL OF HAWESKO HOLDING AG

The subscribed capital of *Hawesko Holding AG* amounts to € 13,708,934.14 (previous year: € 13,708,934.14) and is divided into 8,983,403 (previous year: 8,983,403) no par value bearer shares. The capital is fully paid up.

At 31 December 2020 no treasury shares are held, as in the previous year.

A dividend of € 1.30 (previous year: € 1.30) plus a special dividend of € 0.45 per share (previous year: € 0.00) was paid in the financial year, with a total amount distributed of € 15,721 thousand (previous year: € 11,678 thousand).

Authorised capital

The Board of Management is authorised to increase the capital stock of the company on one or more occasions by no more than € 6,850,000.00 up until 18 June 2022, with the consent of the Supervisory Board, through the issuance of new no par value bearer shares against contributions in cash or kind (authorised capital), specifying a profit participation start date that departs from the statutory provisions, pursuant to Article 4 (3) of the articles of incorporation.

The shareholders shall fundamentally have a right to subscribe. The new shares may also be taken on by one or more banks to be determined by the Board of Management or by a consortium of banks with the obligation to offer them to the shareholders for subscription (indirect subscription right).

With the consent of the Supervisory Board, the Board of Management is moreover authorised to exclude the subscription right of the shareholders on one or more occasions

a) to the extent that is necessary to eliminate residual amounts;

b) to the extent that is necessary to grant the bearers of warrant or conversion rights or conversion obligations from bonds or participation rights with conversion rights and/or warrants or a conversion obligation a right to subscribe to new shares to the same extent they would be entitled to following exercising of the warrant or conversion right or following fulfilment of the conversion obligation,

c) to the extent that the new shares are issued for cash and the theoretical capital stock for the shares issued does not exceed a total of ten percent of the capital stock either at the time of this authorisation taking effect or at the time of its exercising (“cap”) and the issuing price of the new shares to be issued does not significantly undercut the market price for already-quoted shares of the company with the same features at the time the issuing price is finally determined,

d) to the extent that the new shares are issued for contributions in kind, especially in the form of businesses, business units, participating interests or receivables or other assets (such as patents, licences, copyrights and rights of exploitation as well as other intellectual property rights), Shares that (i) are issued or sold by the company during the term of this authorisation, excluding the subscription right based on other authorisations in direct or analogous application of Section 186 (3) fourth sentence of the German Stock Corporation Act, or (ii) are issued or to be issued to service bonds or participation rights with conversion rights and/or warrants or a conversion obligation, to the extent that the bonds or participation rights are issued during the term of this authorisation, excluding the subscription right in analogous application of Section 186 (3) fourth sentence of the German Stock Corporation Act, are to be recognised for purposes of the cap according to letter c) above. Recognition according to the previous sentence as a result of the exercising of authorisations (i) to issue new shares pursuant to Section 203 (1) first sentence, (2) first sentence, Section 186 (3) fourth sentence of the German Stock Corporation Act and/or (ii) to sell treasury shares pursuant to Section 71 (1) No. 8, Section 186 (3) fourth sentence of the German Stock Corporation Act and/or (iii) to issue convertible and/or bonds with warrants pursuant to Section 221 (4) second sentence, Section 186 (3) fourth sentence of the German Stock Corporation Act, shall cease to apply with future effect if and to the extent that the respective authorisation(s), the exercising of which triggered recognition, is or are reissued by the Shareholders' Meeting subject to the statutory provisions.

The Board of Management is moreover authorised to specify the further content of the rights carried by the shares, the details of the capital increase as well as the conditions of the share issue, in specific the issue value, with the approval of the Supervisory Board.

The Supervisory Board is authorised to amend the wording of Article 4 of the articles of incorporation in line with the applicable utilisation of authorised capital 2017 as well as after expiry of the authorisation period.

The authorised capital at 31 December 2020 amounts to € 6,850,000.00 (previous year: € 6,850,000.00).

28. CAPITAL RESERVE

€ '000	31/12/2020	31/12/2019
Capital reserve	10,061	10,061

The capital reserve for the group essentially comprises the premium from the capital increase and the issuance of shares to employees in 1998, as well as from the issuance of and premium on subscription shares from the convertible bond issued in 2001 and from a capital increase for contribution in kind in 2010.

29. RETAINED EARNINGS

€ '000	31/12/2020	31/12/2019
Retained earnings	91,346	83,599

The retained earnings include the undistributed earnings from previous years, the consolidated earnings for the financial year and the adjustments to earnings resulting from the changeover to IFRS and from the first-time adoption of new IFRS standards.
The distributable profit results from the commercial accounts of *Hawesko Holding AG* and totals € 22,997 thousand (previous year: € 20,870 thousand).

The Board of Management will propose to the Annual General Meeting that the unappropriated profit for the year be appropriated as follows:

Payment of a regular dividend of € 1.60 and of a special dividend of € 0.40 per no par value share on the capital stock of € 13,709 thousand, corresponding to a distributed amount of € 17,967 thousand.

In the first-time consolidation of two subsidiaries, the value of the financial liability determined at the time of the share purchase for exercise of the respective put options of the original shareholders was booked income-neutrally against retained earnings.
The effect was € 19,369 thousand for the original shareholders of *Vinos* and € 3,959 thousand for the minority interest in *WirWinzer*. The conversion and

exercise of the put options for the minority interest in *Vinos* then produced an addition to the retained earnings in the amount of € 4,372 thousand. The changes in value in the year under review amounting to € 3,315 thousand (previous year: € 254 thousand) concern the put options for *WirWinzer* and are reported under the other financial result. First-time adoption of IFRS 16 reduced the retained earnings by € 5,133 thousand.

The individual components of the equity and its development in the years 2019 and 2020 are shown in the consolidated statement of movements in equity.

30. OTHER RESERVES

Other reserves totalling € –383 thousand (previous year: € –190 thousand) include translation differences from the translation of the functional currency of foreign group companies, the revaluation component from the retirement obligation and the reserve for the cash flow hedges. These are reported in the consolidated financial statements directly under other comprehensive income. No taxes on income are due on the translation differences of € –165 thousand (previous year: € 210 thousand).

The revaluation component for provisions for pensions includes changes in value of € –6 thousand in the year under review (previous year: € –101 thousand), less deferred taxes of € +4 thousand (previous year: € +21 thousand). Also, the fair values of the derivatives in the amount of € –53 thousand (previous year: € –135 thousand) were reported under other comprehensive income: in connection with this, deferred tax assets of € 27 thousand (previous year: € 25 thousand) were created or written back.

31. NON-CONTROLLING INTERESTS

The non-controlling interests in the consolidated balance sheet relate to minority interests in the equity and net earnings of the group companies that are consolidated in full (see the details of the group of consolidated companies). In the following, combined financial information is provided for each subsidiary with a non-controlling interest that is material for the group. The amounts stated in the following are the amounts before consolidation with group companies.

COMBINED BALANCE SHEET € '000	*WirWinzer GmbH* 31/12/2020	*WirWinzer GmbH* 31/12/2019	*Globalwine AG* 31/12/2020	*Globalwine AG* 31/12/2019
Non-current assets	6,705	6,526	2,684	6,126
Current assets	2,125	751	8,562	9,535
ASSETS	**8,830**	**7,277**	**11,246**	**15,661**
Equity	5,029	3,270	2,463	2,842
Long-term provisions and liabilities	1,052	1,147	790	841
Short-term provisions and liabilities	2,749	2,860	7,993	11,978
EQUITY AND LIABILITIES	**8,830**	**7,277**	**11,246**	**15,661**
ACCUMULATED NON-CONTROLLING INTERESTS	**804**	**200**	**83**	**1,333**

€ '000	*WeinArt GmbH* 31/12/2020	*WeinArt GmbH* 31/12/2019	*Grand Cru Select GmbH* 31/12/2020	*Grand Cru Select GmbH* 31/12/2019
Non-current assets	2,044	2,358	179	186
Current assets	5,792	6,457	3,063	3,912
ASSETS	**7,836**	**8,815**	**3,242**	**4,098**
Equity	3,427	5,048	767	768
Long-term provisions and liabilities	374	469	50	58
Short-term provisions and liabilities	4,035	3,298	2,425	3,272
EQUITY AND LIABILITIES	**7,836**	**8,815**	**3,242**	**4,098**
ACCUMULATED NON-CONTROLLING INTERESTS	**1,212**	**2,006**	**152**	**157**

COMBINED STATEMENT OF COMPREHENSIVE INCOME	*WirWinzer GmbH*		*Globalwine AG*	
€ '000	**2020**	**2019**	**2020**	**2019**
Total sales	9,156	6,233	17,699	18,155
Result from ordinary activities	1,275	–910	–433	543
Taxes on income	484	122	–215	–5
Net income = comprehensive income	1,759	–788	–648	539
Profit due to controlling interests	604	–270	29	31
Dividends paid to holders of non-controlling interests	–	–	–	–

	WeinArt GmbH		*Grand Cru Select GmbH*	
€ '000	**2020**	**2019**	**2020**	**2019**
Total sales	6,147	5,220	4,708	5,483
Result from ordinary activities	359	1,383	162	160
Taxes on income	–94	–120	–55	–48
Net income = comprehensive income	265	1,263	108	112
Profit due to controlling interests	130	619	27	28
Dividends paid to holders of non-controlling interests	–924	–	–27	–

	WirWinzer GmbH		*Globalwine AG*	
€ '000	**2020**	**2019**	**2020**	**2019**
Net inflow of payments from current operations	14	204	–1,694	710
Net funds employed for investing activities	–1	–2	1,351	–67
Outflow/inflow of net funds from financing activities	–45	–51	–322	–302
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	**–32**	**151**	**–665**	**341**
Effects of changes on cash and cash equivalents (up to 3 months to maturity)	–	–	296	42
Funds at start of period	301	150	2,757	2,377
Funds at end of period	269	301	2,388	2,760

€ '000	WeinArt GmbH 2020	WeinArt GmbH 2019	Grand Cru Select GmbH 2020	Grand Cru Select GmbH 2019
Net inflow of payments from current operations	1,280	–1,017	126	608
Net funds employed for investing activities	–14	275	4	–1
Outflow/inflow of net funds from financing activities	–1,115	624	–135	–726
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	**151**	**–118**	**–5**	**–119**
Effects of changes on cash and cash equivalents (up to 3 months to maturity)	–	–	–	–
Funds at start of period	–109	9	5	124
Funds at end of period	42	–109	–	5

32. PROVISIONS FOR PENSIONS

For old-age pension purposes, seven (previous year: seven) retired employees of the subsidiary *Jacques'* have an entitlement to supplementary retirement pay. A life-long retirement pension or disability pension and a pension for surviving dependants or orphans are granted. The total provision reported at the balance sheet date was calculated by an independent actuary according to the present value of an expectancy, in agreement with IAS 19. Development in the present value of retirement benefit obligations in the year under review:

€ '000	2020	2019
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 1 JAN	1,115	1,055
Current service cost	–	–
Interest expense	10	18
Actuarial losses (+) / gains (–)	31	101
Payments made	–59	–59
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 31 DEC	**1,097**	**1,115**

The basic assumptions made in calculating the provisions for pensions are given below:

%	2020	2019
Discounting rate	0.85	1.0
Pensions trend	1.0	1.0

The calculations are based on the basic biometric data (probability values for death and invalidity) according to the 2018 G (previous year: 2018 G) reference tables by Dr. Klaus Heubeck.

Outpayments of € 60 thousand (previous year: € 59 thousand) are expected for 2021.

A change in the actuarial interest rate of +50/–50 base points at 31 December 2020 assuming other factors remained constant would have had the following effect on the present value of the retirement benefit obligations:

€ '000	–50 base points	31/12/ 2020	+50 base points
Present value of retirement benefit obligations	1,160	1,097	1,038

The average term of the defined benefit obligation is eleven years (previous year: twelve years).

33. PROVISIONS FOR SEVERANCE PAYMENTS

To meet local statutory requirements, provisions for severance payments were created for some employees of *Wein & Co.* and *Wein Wolf Austria*. The total provision reported at the balance sheet date was calculated by an independent actuary according to the present value of an expectancy, in agreement with IAS 19. Development in the present value of severance payment obligations in the year under review:

€ '000	**2020**	**2019**
PRESENT VALUE OF SEVERANCE PAYMENT OBLIGATIONS AT 1 JAN	741	735
Current service cost	33	29
Interest expense	4	1
Actuarial losses (+) / gains (–)	–8	–24
PRESENT VALUE OF SEVERANCE PAYMENT OBLIGATIONS AT 31 DEC	**770**	**741**

The basic assumptions made in calculating the provisions for severance payments are given below:

%	**2020**	**2019**
Discounting rate	0.85	0.9
Salary trend	2.7	2.7

The calculations are based on the basic biometric data (probability values for death and invalidity) according to the AVÖ-2018-P (AVÖ-2018-P) life tables of the Austrian Association of Actuaries (AVÖ).

A change in the actuarial interest rate of +100/-100 base points at 31 December 2020 assuming other factors remained constant would have had the following effect on the present value of the severance payment obligations:

€ '000	**2020**
Increase in actuarial interest rate of 100 base points	868
Decrease in actuarial interest rate of 100 base points	657
Increase in salary trend of 50 base points	716
Decrease in salary trend of 50 base points	821

The average term of the defined benefit obligation is 14 years (previous year: 15 years).

The provisions for severance payments are reported under other long-term provisions.

34. OTHER PROVISIONS

€ '000	01/01/2020	Drawn	Transferred	Allocated	31/12/2020
LONG-TERM:					
Other provisions for personnel	716	-171	–	96	641
Provisions for reconversion obligations	366	-8	-200	1	159
SHORT-TERM:					
Other provisions for personnel	48	-48	–	24	24
Provisions for reconversion obligations	–	–	200	–	200
Other provisions	–	–	–	90	90
Restructuring obligations	–	–	–	304	304
Total	**1,130**	**-227**	**-**	**515**	**1,418**

The provisions for personnel in the main comprise anniversary and partial retirement obligations as well as restructuring costs.

The partial retirement obligations, which come under long-term provisions, are measured on the basis of actuarial calculations according to the block model, taking account of the 2018 G (previous year: 2018 G) reference tables by Dr. Klaus Heubeck. The actuarial interest rate is 1.6 percent (previous year: 1.97 percent). Based on the probable development in the key measurement factors, a salary trend of 2.0 percent (previous year: 2.5 percent) was assumed.

In 2020, the provisions for personnel increased by € 1 thousand as a result of the interest expense from partial retirement obligations (previous year: decrease of € 1 thousand from interest expense).

In December 2020 the closure of three locations in the B2B segment was announced. The employees affected will be transferred to the Bonn head office of *WSB*. There are no plans to make job cuts as a result of this measure. The employees affected were nevertheless offered voluntary severance packages for the eventuality of their exit. The estimated restructuring costs for personnel amount to € 279 thousand. Other costs directly allocable to the restructuring come to € 25 thousand. These costs were set aside in full in the current reporting period. It is expected that the provision in the amount of € 304 thousand will be used fully within the coming twelve months. At the same time write-downs totalling € 256 thousand were applied to rights of use surrendered mainly in respect of the office property. The short-term provisions are shown on the balance sheet under other liabilities.

35. LIABILITIES

The group holds the following financial and non-financial liabilities:

€ '000	31/12/2020	31/12/2019
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	**255,675**	**240,755**
Borrowings	24,032	31,390
Lease liabilities	126,767	121,366
Trade payables	78,103	70,967
Minority interest in the capital of unincorporated subsidiaries	–	264
Other financial liabilities	26,773	16,768
NON-FINANCIAL LIABILITIES	**47,944**	**36,144**
Contract liabilities	24,558	19,137
Income taxes payable	9,127	4,013
Sales tax and other taxes	14,185	12,893
Other non-financial liabilities	74	101
DERIVATIVE FINANCIAL INSTRUMENTS		
For hedging purposes	**308**	**255**
	303,927	**277,154**

36. BORROWINGS

€ '000	31/12/2020	31/12/2019
Banks	24,032	31,390
Of which with a maturity of		
– up to 1 year	12,528	15,321
– 1 to 5 years	11,504	16,069
– over 5 years	–	–

The *Hawesko Group* has secured credit facilities as indicated in the following table, to enable it to raise short-term loans (with a maturity of less than one year):

€ '000	*credit facility* **2020**	*credit facility* **2019**
MATURITY		
Unlimited	70,000	65,000
Limited until 31 May 2021	5,000	–

The interest rates of short-term loans raised in 2020 were between 0,21 percent and 2,70 percent (previous year: between 0,21 percent and 1,05 percent),

At 31 December 2020 € 5,464 thousand of the credit facility had been drawn (previous year: € 8,292 thousand),

37. LEASE LIABILITIES

At the reporting date, the balance sheet shows the following liabilities in connection with lease agreements:

LEASE LIABILITIES € '000

	31/12/2020	31/12/2019
Lease liabilities	126,767	121,366
Of which with a maturity of		
– up to 1 year	11,980	12,831
– 1 to 5 years	44,939	42,206
– over 5 years	69,848	66,329

The expenses relating to leases of low-value assets that are not included in the short-term leases (covered by other operating expenses) amount to € 101 thousand (previous year: € 129 thousand).

The expenses relating to leases of assets with a limited maturity that are not included in the short-term leases (covered by other operating expenses) amount to € 191 thousand (previous year: € 504 thousand). There were no expenses relating to variable lease payments that are not included in the lease liabilities.

The total outpayments for leases in 2020 came to € 15,836 thousand (previous year: € 15,368 thousand). In 2019 the group sold an office and warehouse building and has since rented back sections of it for a period of three years. This yielded an income of € 3,992 thousand in 2019 that is reported under other operating income.

The background to this transaction was the relocation of the wholesale warehouse in the second half of 2019, with the result that the warehouse capacity available there was no longer needed to the previous extent. The group accrued cash in the amount of € 10.0 million from the transaction in 2019. There were no payments included in measurement of the lease liabilities.

At 31 December 2020 possible future cash inflows in the amount of € € 40.8 million (previous year: € 35.7 million) (undiscounted) were not included in the lease liability because it is not sufficiently certain that the lease agreements will be extended or terminated.

In the current period under review, modifications to leases due to adjustments to the term of agreements or remeasurements of extension or termination options led to an increase in the recognised lease liabilities and rights of use of € 5.5 million (previous year: € 9.3 million).

The group exercised the option of recognising rental concessions granted in connection with the COVID-19 pandemic as variable lease payments. The total amount in rental concessions due to the COVID-19 pandemic is € 165 thousand.

€ '000	2020	2019
Depreciation/amortisation for rights of use	–12,768	–12,052
– *of which for buildings and land*	–11,651	–11,212
– *of which for technical equipment and machinery*	–195	–474
– *of which for other fixtures and fittings, tools and equipment*	–922	–366
Interest expense for lease liabilities	–3,615	–3,762
Expense for short-term leases	–191	–504
Expense for leases of low-value assets	–101	–129
Expense for variable lease payments not included in the measurement of lease liabilities	–	–
Income from sub-leasing of rights of use	–	–

€ '000	2020	2019
Cash outflows for leases	–15,836	–15,368
Additions to rights of use	12,876	16,112
Gains from sale-and-leaseback transactions	–	3,992
Carrying amounts of rights of use at end of the reporting period	116,843	112,009
– of which buildings and land	114,340	109,040
– of which buildings and land from sale-and-lease-back transactions	282	408
– of which technical equipment and machinery	1,652	1,033
– of which other fixtures and fittings, tools and equipment	569	1,528

38. SUNDRY FINANCIAL LIABILITIES

€ '000	31/12/2020			31/12/2019		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Liabilities to employees	7,588	–	7,588	4,244	–	4,244
Liabilities from put options	6,229	–	6,229	1,394	1,520	2,914
Liabilities to minority interests	751	4,421	5,172	19	4,421	4,440
Sundry	7,732	52	7,784	5,118	52	5,170
TOTAL	**22,300**	**4,473**	**26,773**	**10,775**	**5,993**	**16,768**

The trade payables largely comprise liabilities to winemakers and wine traders.

The liabilities to employees mainly result from special payments promised and from performance-related pay.

Please see Note 41 for liabilities from put options.

Of the liabilities to minority interests, €4,421 thousand (previous year: €4,421 thousand) is in respect of the liabilities to the original shareholders of *Vinos* at the balance sheet date, for the acquisition of the remaining ten percent of the shares in the company in 2022.

The minority interest in the capital of unincorporated subsidiaries comprises the actual or possible settlement obligations and the interests in the net earnings of the group companies consolidated in full. With effect from 31 December 2020 *WSB* acquired the remaining ten percent of the shares of *DWC,* with the result that these liabilities no longer exist at the 2020 balance sheet date.

The remaining other financial liabilities are for the most part in respect of debtors with credit accounts at the reporting date.

In addition, liabilities to affiliated companies and to companies linked through participation are reported within this net amount, with the breakdown as follows:

€ '000	31/12/2020	31/12/2019
WeinArt Handels- und Beteiligungsgesellschaft mbH	49	49
Global Wines & Spirits, s.r.o., Prague (Czech Republic)	5	5
	54	**54**

The carrying amounts of current liabilities correspond to the fair values in view of their short-term nature.

The market values of forward exchange transactions are also included as derivatives in the amount of € 308 thousand (previous year: € 255 thousand).

The following tables indicate the anticipated (undiscounted) interest and principal payments for financial liabilities and for derivative financial instruments with a positive and negative fair value:

	Cash flows
€ '000	31/12/2020
DERIVATIVE FINANCIAL ASSETS	
Foreign exchange option without hedging relationship	–
	–
FINANCIAL LIABILITIES	
Borrowings	24,032
Lease liabilities	126,767
Trade payables	78,103
Sundry financial liabilities	26,773
	255,675
DERIVATIVE FINANCIAL LIABILITIES	
Interest rate derivatives with hedging relationship	210
Forward exchange transactions with hedging relationship	98
TOTAL	**255,983**

	Cash flows
€ '000	31/12/2019
DERIVATIVE FINANCIAL ASSETS	
Foreign exchange option without hedging relationship	103
	103
FINANCIAL LIABILITIES	
Borrowings	31,390
Lease liabilities	121,366
Trade payables	70,967
Sundry financial liabilities	16,929
	240,755
DERIVATIVE FINANCIAL LIABILITIES	
Interest rate derivatives with hedging relationship	197
Forward exchange transactions with hedging relationship	58
SUMME	**241,010**

2021			2022			2023–2025			> 2025		
Fixed interest	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*
–	–	–	–	–	–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
79	115	12,865	26	85	4,646	8	120	5,070	–	35	1,451
3,601	–	11,951	3,270	–	11,913	7,861	–	32,916	8,159	–	69,987
–	–	78,103	–	–	–	–	–	–	–	–	–
–	–	22,352	–	–	4,421	–	–	–	–	–	–
3,680	**115**	**125,271**	**3,296**	**85**	**20,980**	**7,869**	**120**	**37,986**	**8,159**	**35**	**71,438**
36	12	–	27	11	–	62	44	–	12	6	–
–	–	98	–	–	–	–	–	–	–	–	–
3,716	**127**	**125,369**	**3,323**	**96**	**20,980**	**7,931**	**164**	**37,986**	**8,171**	**41**	**71,438**

2020			2021			2022–2024			> 2024		
Fixed interest	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*
–	–	103	–	–	–	–	–	–	–	–	–
–	**–**	**103**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
114	146	15,321	43	115	4,700	34	176	9,342	–	64	2,027
3,288	–	11,543	2,984	–	11,289	7,222	–	30,387	8,103	–	68,147
–	–	70,967	–	–	–	–	–	–	–	–	–
–	–	10,686	–	–	1,822	–	–	4,421	–	–	–
3,402	**146**	**108,620**	**3,027**	**115**	**17,811**	**7,256**	**176**	**44,150**	**8,103**	**64**	**70,174**
45	14	–	36	12	–	72	27	–	23	11	–
–	–	58	–	–	–	–	–	–	–	–	–
3,447	**160**	**108,678**	**3,063**	**127**	**17,811**	**7,328**	**203**	**44,150**	**8,126**	**75**	**70,174**

39. CONTRACT LIABILITIES

The contract liabilities with a maturity of less than one year amount to € 20,875 thousand, and with a maturity of one to five years to € 3,682 thousand. There are no liabilities with a maturity of more than five years.

The following contract liabilities were recorded in the year under review:

€ '000	31/12/2020	31/12/2019
CONTRACT LIABILITIES		
Liabilities from subscription business with a maturity of 1 to 5 years	3,682	5,359
Liabilities from subscription business with a maturity of up to 1 year	5,394	2,515
Gift vouchers	5,095	4,753
Customer bonus programmes	8,640	5,030
Sundry contract liabilities	1,747	1,480
	24,558	**19,137**
REVENUE RECORDED IN THE REPORTING PERIOD FROM THE OPENING INVENTORIES OF THE CONTRACT LIABILITIES		
Revenue from subscriptions	4,304	7,426
Revenue from customer bonus programmes	5,030	4,829
Revenue from gift vouchers	4,754	4,402
	14,088	**16,657**

In keeping with the simplification rules of IFRS 15, no disclosures are made on the performance obligations at 31 December 2020 with an expected original maturity of one year or less. Furthermore, the simplification rules of IFRS 15.94 are applied in respect of the recognition of expense for contract initiation costs if the depreciation period otherwise to be taken into account would be less than twelve months.

The order backlog, which comprises subscriptions, amounts to € 3,682 thousand for a period of more than twelve months.

From existing subscription contracts for the delivery of wine parcels, at 31 December 2020 the *Hawesko Group* expects future sales amounting to € 3,970 thousand from performance obligations not (or only partially) met at the reporting date and expected to be realised in the amount of € 3,970 thousand in the next financial year. The contracts expire in the next financial year.

The advances received in the year in progress are in respect of subscription payments collected from customers for wines which are to be delivered in 2021 and 2022.

The sundry contract liabilities show € 136 thousand in provisions for returns; these essentially have a maturity of up to one year.

40. DEFERRED TAX LIABILITIES

The deferred tax liabilities are the result of temporary differences between the valuations in the fiscally relevant balance sheets and the carrying amounts in the consolidated balance sheet. The reported deferred tax liabilities relate to temporary differences in asset values in the following balance sheet items:

DEFERRED TAXES € '000	**31/12/2020**	**31/12/2019**
From fixed assets	5,316	5,819
From inventories	481	464
From the measurement of trade receivables	103	96
From the fair value measurement of derivative financial instruments	–	15
From leases	35,925	34,285
From recognition of a right of use	97	–
Offset against deferred tax assets	–37,801	–36,706
Change in tax rate	–	–
	4,121	**3,973**

Pursuant to IAS 12.39 (b) no deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries amounting to €76 thousand (previous year: €91 thousand) because it is improbable that these temporary differences will reverse in the foreseeable future.

A sum of €411 thousand is expected to be used from the deferred tax liabilities within twelve months.

41. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the classification of the financial assets and liabilities that are to be measured at fair value pursuant to IFRS 13, and for the financial instruments that are not measured at fair value but where the fair value is disclosed, into the three distinct levels of the fair value hierarchy. These comprise on the one hand derivatives with a hedging relationship, as well as standalone derivatives (foreign exchange options without a hedging relationship). On the other hand the put options of the minority interest in *WirWinzer* are recognised at the present value of the buy-back price

€ '000	31/12/2020				31/12/2019			
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
ASSETS								
Investments	–	–	88	88	–	–	88	88
Trading derivatives	–	–	–	–	–	103	–	103
EQUITY AND LIABILITIES								
Derivatives with hedging relationships	–	262	–	262	–	255	–	255
Financial liabilities recognised at fair value	–	–	6,229	6,229	–	–	2,914	2,914

There were no transfers between Level 1 and Level 2, nor between Level 2 and Level 3, in the year under review.

Level 1: On the first level of the fair value hierarchy, fair values are determined on the basis of publicly quoted market prices.

Level 2: If no active market for a financial instrument exists, the fair value is determined using valuation models. The valuation models use as wide a scope of data from the market as possible, and as little company-specific data as possible.

Level 3: The valuation models used at this level are also based on parameters not observed in the market.

The cash, trade receivables and other receivables have predominantly short maturities. The carrying amounts at the reporting date are therefore approximately the same as the fair value.

The fair value of the other long-term receivables and of the other loans with maturities of more than one year corresponds to the present values of the payments associated with the assets, taking into account the respective current interest parameters.

The financial assets recognised at fair value (FVtPL) include shares in affiliated companies (Verwaltungs-GmbH structures), the cost of which broadly corresponds to their equity and level of cash and cash equivalents, so that the fair value corresponds approximately to cost.

Trade payables and other liabilities have predominantly short maturities, with the result that the reported values are approximately the same as the fair value.

The fair values of amounts due to banks and from leases are determined on the basis of the applicable yield curve.

The minority interest in the capital of unincorporated subsidiaries is recognised at amortised cost, which corresponds to the value of the current settlement obligation in each case.

The fair values of the financial derivatives relate to their liquidation (redemption) value at the balance sheet date.

There is currently no intention to dispose of financial assets. The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2020:

€ '000	*Put option*
01/01/2020	**2,914**
Change	3,315
31/12/2020	**6,229**

The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2019:

€ '000	*Put option*
01/01/2019	**2,659**
Change	255
31/12/2019	**2,914**

A pre-agreed valuation schedule which is based on EBIT figures and a multiplier is applied to the put option.

A change in the future EBIT would have had the following effect on the buy-back price of the put option at 31 December 2020:

		31/12/2020	
€ '000	*–1,000*		*+1,000*
Fair value of *WirWinzer GmbH*	3,930	6,229	10,210

			From subsequent measurement					
NET EARNINGS BY MEASUREMENT CATEGORY IN 2020 € '000	*Measurement category acc. to IFRS 9*	*From interest*	*From changes in cash flow estimates*	*At amortised cost*	*Currency translation*	*Impairment*	*From disposal*	*Net earnings* **2020**
Loans and receivables (AC)	AC	74	–	–	–	–983	–	–909
Financial assets recognised at fair value (FVtPL)	FVtPL	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (AC)	AC	–507	–3,315	–	–	–	–	–3,822
TOTAL		**–433**	**–3,315**	**–**	**–**	**–983**	**–**	**–4,731**

			From subsequent measurement					
NET EARNINGS BY MEASUREMENT CATEGORY IN 2019 € '000	*Measurement category acc. to IFRS 9*	*From interest*	*From changes in cash flow estimates*	*At amortised cost*	*Currency translation*	*Impairment*	*From disposal*	*Net earnings* **2019**
Loans and receivables (AC)	AC	58	–	–	–	–135	–	–77
Financial assets recognised at fair value (FVtPL)	FVtPL	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (AC)	AC	–708	–254	–	–	–	–	–962
TOTAL		**–650**	**–254**	**–**	**–**	**–135**	**–**	**–1,039**

OTHER DISCLOSURES

42. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement acc. to IAS 7 adopts the indirect method as its basis for determining the net cash inflow from current operations, and comprises the stages "current operations", "investing activities" and "financing activities". The cash flow statement begins with the accounting profit. For reasons of materiality, the taxes paid have been allocated in full to current operations.

In the financial year, outpayments made for financial assets held as investments in the amount of € 4,925 thousand (previous year: € 0 thousand) are allocated to investing activities.

The cash outflows from interest payments and dividends have been allocated to financing activities.

The net cash inflows from current operations of € 81,033 thousand (previous year: € 33,601 thousand) include the changes in cash and cash equivalents from operating activities.

NCI Forwards denotes the original shareholders of *Vinos,* who still hold ten percent of the shares in the company at the 2020 reporting date. In 2020 a distribution of the net income for 2019 of *Vinos* in the amount of € 354 thousand (previous year: € 1,114 thousand) was made to NCI Forwards.

The composition of cash and cash equivalents is summarised in the following table:

€ '000	**2020**	**2019**	*Change*
Cash in banking accounts and cash on hand	49,818	18,725	31,093
Due to banks (current accounts)	–	–	–
Funds at end of period	49,818	18,725	31,093

The net liabilities and their development for the period shown are made up as follows:

€ '000	2020	2019
Cash and cash equivalents	49,818	18,725
Liquid investments	–	–
Borrowings – repayable within one year (including current account)	12,528	15,321
Borrowings – repayable after more than one year	11,504	16,069
NET ASSETS (PREVIOUS YEAR: LIABILITIES)	**25,786**	**–12,665**
Cash and liquid investments	49,818	18,725
Gross liabilities – fixed-rate	–13,108	–17,525
Gross liabilities – variable-rate	–10,924	–13,865
NET LIQUIDITY (PREVIOUS YEAR: LIABILITIES)	**25,786**	**–12,665**

The cash and non-cash changes to borrowings are shown as follows:

€ '000	*Borrowings*	*Leases*	*Subtotal*	*Cash*	*Total*
NET LIABILITIES AT 1 JANUARY 2019	–38,240	–534	–38,774	25,073	–13,701
Retrospective adjustment upon adoption of IFRS 16	–	–116,185	–116,185	–	–116,185
Acquisitions – leases	–	–15,555	–15,555	–	–15,555
Cash changes	6,849	10,973	17,822	–6,475	11,347
Exchange-rate-based changes	–	–67	–67	127	60
Other changes	1	1	2	–	2
NET LIABILITIES AT 31 DECEMBER 2019	**–31,390**	**–121,367**	**–152,757**	**18,725**	**–134,032**
Acquisitions – leases	0	–18,055	–18,055	0	–18,055
Cash changes	7,358	11,929	19,287	31,049	50,336
Exchange-rate-based changes	–	–15	–15	44	29
Disposal from group of consolidated companies	–	575	575	–	575
Other changes	–	–	–	–	–
NET LIABILITIES AT 31 DECEMBER 2020	**–24,032**	**–126,933**	**–150,965**	**49,818**	**–101,147**

43. SEGMENT REPORTING

In agreement with the rules of IFRS 8, individual data from the annual financial statements is broken down by operating segment and, in agreement with the internal reporting arrangements of the *Hawesko Group,* arranged according to sales form and customer group. Segment assets, segment investment and external sales are in addition categorised by region in the secondary reporting format. The regions shown are those in which the *Hawesko Group* operates.

Segment assets and segment investment are fundamentally allocated on the basis of the location of the asset in question; external sales are allocated on the basis of each customer.

The segments comprise the following areas:

- The *Retail* segment sells wine mainly via a network of retail outlets *(Jacques')* which are run by independent agency partners. Since 1 January 2018 the group has had a comprehensive premium lifestyle and connoisseurship concept in Austria based around shops, bars and an online shop, in the guise of *Wein & Co.*

- The *B2B* segment groups together business activities with retailers; wines and champagnes are sold both by an in-house sales force and by an organisation of trade representatives. The B2B segment also operates in the Swiss wine market through *Globalwine* and in the Austrian wine market through *Wein Wolf Austria.* The assets of the B2B segment include investments of €4,131 thousand accounted for using the equity method. All shares in the companies *Ziegler* and *Vogel Vins* were sold in the financial year and the two companies were deconsolidated with effect from 30 June 2020 and 31 December 2020 respectively.

- The *e-commerce* segment comprises wine and champagne distance selling, with activities focused on the consumer. This segment also includes gifts business for corporate and private customers, based on a special catalogue. The distance-selling business unit includes the companies *HAWESKO, Vinos* and *WirWinzer* as well as *The Wine Company.*

- The *Miscellaneous* segment covers all corporate group functions and includes *Hawesko Holding AG.*

For a summary of the composition of the segments of the *Hawesko Group,* see Note 7.

In a change from the previous year, the company *WeinArt* was reported in the e-commerce segment in the financial year under review. The change of segment was made to reflect the shift in customer structure towards more private customers and collectors, as well as a newly created online shop. It was previously reported under the B2B segment.

In another change from the previous year, the company *IWL* was reported in the e-commerce segment in the financial year under review. It was previously reported under the miscellaneous segment. Following the relocation of warehouse logistics for the B2B companies in the second half of 2019, the company has since been providing its services mainly to the e-commerce companies. The financial year also saw responsibility for its results transferred to the management of the e-commerce segment, so again the segment reporting is adjusted to reflect this.

For ease of comparison, the 2019 figures have been adjusted to reflect the above two changes.

The segment data has been calculated in the following way:

- Internal sales indicate the sales between segments. The transfer prices for intra-group sales are calculated on the basis of market prices.

- The segment result is defined as earnings before interest, taxes and any deduction for minority interest (EBIT). The EBIT of each segment serves as the management tool.

- The segment assets are the sum of non-current and current assets required for current operations, excluding consolidating items within the segment and any income tax claims.

- The segment debts are the operating debts (provisions and interest-free liabilities), excluding consolidating items within the segment and income tax liabilities.

- The elimination of intra-group balances that is to be performed within a segment and the capital consolidation data (goodwill and goodwill impairment) are allocated to the respective segments.

- There are no significant non-cash income and expenses in the segments.

SEGMENT REPORTING € '000	Retail 2020	2019	B2B 2020	2019	e-commerce 2020	2019
SALES REVENUES	**227,717**	**203,364**	**170,092**	**180,656**	**232,198**	**188,597**
External sales	227,695	203,343	162,148	174,042	230,430	178,626
Internal sales	22	21	7,944	6,614	1,768	9,971
OTHER INCOME	**14,227**	**12,670**	**2,138**	**5,213**	**1,594**	**7,841**
External	14,227	12,668	2,093	5,151	1,072	7,106
Internal	–	2	45	62	522	735
EBITDA	**38,482**	**30,983**	**5,977**	**8,048**	**28,531**	**17,585**
DEPRECIATION AND AMORTISATION	**-14,156**	**-12,955**	**-2,903**	**-2,062**	**-6,129**	**-5,958**
EBIT	**24,326**	**18,028**	**3,074**	**5,986**	**22,403**	**11,627**
FINANCIAL RESULT	**-3,365**	**-3,464**	**208**	**297**	**-522**	**-634**
Financial income	12	22	43	20	37	18
Financial expense	-3,377	-3,486	-606	-600	-559	-652
Other financial result	–	–	-51	-1	–	–
Investment result	–	–	822	877	–	–
EARNINGS BEFORE TAXES	**20,961**	**14,564**	**3,282**	**6,282**	**21,881**	**10,994**
TAXES ON INCOME						
CONSOLIDATED NET INCOME						
SEGMENT ASSETS	**180,522**	**174,560**	**105,733**	**125,941**	**105,364**	**104,825**
SEGMENT DEBTS	**170,110**	**164,700**	**86,488**	**106,015**	**62,681**	**65,675**
INVESTMENT	**14,101**	**9,741**	**2,078**	**1,649**	**3,806**	**3,495**

INFORMATION BY REGION € '000	Investment 2020	2019	Non-current assets 2020	2019
Germany	16,875	13,627	587,107	162,863
Rest of Europe	3,245	1,421	30,722	34,789
GROUP, CONSOLIDATED	**20,120**	**15,048**	**617,829**	**197,652**

Miscellaneous		*Total*		*Reconciliation/consolidation*		*Group, consolidated*	
2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
–	**–**	**630,007**	**572,616**	**–9,734**	**–16,606**	**620,273**	**556,011**
–	–	620,273	556,011	–	–	620,273	556,011
–	–	9,734	16,606	–9,734	–16,606	–	–
947	**2,794**	**18,907**	**28,519**	**–1,302**	**–2,980**	**17,605**	**25,539**
213	615	17,606	25,539	–1	–	17,605	25,539
734	2,180	1,301	2,979	–1,301	–2,979	–	–
–7,561	**–5,847**	**65,429**	**50,769**	**136**	**–139**	**65,565**	**50,630**
–226	**–509**	**–23,413**	**–21,484**	**–**	**–**	**–23,413**	**–21,484**
–7,787	**–6,356**	**42,016**	**29,285**	**136**	**–139**	**42,152**	**29,146**
–2,664	**18**	**–6,343**	**–3,783**	**–3**	**–4**	**–6,346**	**–3,787**
967	771	1,059	831	–772	–821	287	10
–316	–499	–4,858	–5,237	769	817	–4,089	–4,420
–3,315	–254	–3,366	–254	–	1	–3,366	–254
–	–	822	877	–	–	822	877
–10,451	**–6,338**	**35,673**	**25,502**	**133**	**–143**	**35,806**	**25,359**
						–11,618	**–9,108**
						24,188	**16,251**
226,209	**220,418**	**617,829**	**625,744**	**–190,130**	**–230,814**	**427,699**	**394,930**
47,475	**45,486**	**366,754**	**381,876**	**–56,039**	**–97,811**	**310,715**	**284,065**
135	**210**	**20,120**	**15,095**	**–**	**–**	**20,120**	**15,095**

44. RISK MANAGEMENT AND FINANCIAL DERIVATIVES

Principles of risk management

With regard to its assets, liabilities and planned transactions, the *Hawesko Group* is exposed above all to risks from changes in interest rates and, to a minor degree, risks from exchange rate movements. The aim of its financial risk management is to limit these market risks by finance-oriented activities. Selected derivative hedges are also used for this purpose. As a fundamental principle, however, protection is only obtained for those risks that affect the group's cash flow.

Risk management for the *Hawesko Group* is governed in the first instance by a corporate finance department (Group Finance) based on guidelines that the management has approved. The Group Finance department identifies, assesses and hedges financial risks in close cooperation with the operating companies of the *Hawesko Group*. The Board of Management provides written principles for overall risk management as well as principles for certain areas, such as foreign currency, interest rate and default risks, as well as the use of derivative and non-derivative financial instruments and the handling of liquidity surpluses.

If all relevant criteria are met, hedge accounting is adopted to eliminate the mismatch in financial reporting between the hedge and the hedged underlying transaction. For interest rate risks, this results in the recognition of interest expense at a fixed rate for the hedged variable-rate loans, and for exchange risks it results in sales revenues that are realised at the hedged exchange rate.

Derivatives and hedges

Derivatives are used exclusively for economic hedging purposes, not as speculative investments. However if derivatives do not meet the criteria for hedge accounting, they are classified as and recognised at fair value through profit or loss. They are shown as current assets or liabilities if they will prospectively be settled within twelve months of the end of the reporting period.

The reserve for cash flow hedges within other reserves developed as follows in the financial year under review:

RESERVE FOR CASH FLOW HEDGES € '000	*Forward exchange transactions*	*Interest rate swaps*	*Total*
OPENING BALANCE ON 01/01/2019	–21	–70	–91
Effective change in the fair values of hedges recognised within other comprehensive income	–28	–107	–135
Reclassified to statement of income because underlying transaction realised through profit or loss	–	–	–
Deferred tax	9	16	25
CLOSING BALANCE ON 31/12/2019	**–40**	**–161**	**–201**
Effective change in the fair values of hedges recognised within other comprehensive income	–40	–13	–53
Reclassified to statement of income because underlying transaction realised through profit or loss	4	–	4
Deferred tax	13	14	27
CLOSING BALANCE ON 31/12/2020	**–63**	**–160**	**–223**

There were no other reclassifications to profit or loss on the basis of early termination, changed expectations regarding the underlying transaction, due to uncollectable losses recognised within other comprehensive income or due to an adjusted basis.

As in the previous year, the closing balance results exclusively from assets-side cash flow hedges. There are no effects from terminated cash flow hedges here.

Derivatives are reported for the first time at fair value at the time a derivatives transaction is concluded and subsequently remeasured at their fair value at the end of each reporting period. The *Hawesko Group* designates derivatives to hedge a specific risk that is associated with the cash flows for reported assets and liabilities, and for transactions expected with a high level of probability (cash flow hedges).

At the start of the hedging relationship the *Hawesko Group* documents the economic relationship between the hedges and the hedged underlying transactions, including the question of whether changes in the cash flows for the hedges are expected to compensate for changes in the cash flows for the underlying transactions. The group documents the underlying risk management aims and strategies for its hedges.

The effectiveness of hedging relationships is determined in each case at the start of the hedging relationship and through regular prospective assessments in order to ensure that an economic relationship exists between the hedged underlying transaction and the hedge.

The fair values of derivative financial instruments that are designated in hedges are stated in Note 41. The full fair value of a hedging derivative is classified as a non-current asset or non-current liability if the maturity of the underlying transaction is more than twelve months.

The effective portion of the changes in the fair value of derivatives that are designated as hedges within the framework of cash flow hedges is recognised in the reserve for cash flow hedges as an equity component (other comprehensive income).

If forward transactions are used to hedge expected transactions (highly probable transactions), the *Hawesko Group* designates the entire change in the forward transaction's fair value as a hedge. Gains or losses from the effective portion of the change in the fair value of the entire forward transaction are recognised in the reserve for cash flow hedges as an equity component. Where material, it is discounted.

Accumulated amounts recognised within equity are reclassified to the periods in which the hedged underlying transaction occurs. The gain or loss from forward exchange transactions is realised within the item sales revenues.

If a hedge expires or is sold or terminated or the hedge no longer meets the criteria for hedge accounting, the accumulated amounts remain within other comprehensive income until the transaction underlying is realised. If the transaction is no longer expected to materialise, it is reclassified immediately from other comprehensive income to profit or loss.

For hedging foreign-currency sales, the *Hawesko Group* establishes hedging relationships where the maturity and volume of the hedge essentially match those of the expected underlying transactions. The *Hawesko Group* therefore performs a qualitative and quantitative assessment. If changes in the circumstances of the hedged underlying transactions have such an effect that the hedges no longer compensate for the material risks, the *Hawesko Group* applies the hypothetical derivatives group applies the hypothetical derivatives method to assess effectiveness.

In the hedging of foreign-currency sales, ineffectiveness may arise if the period and volume of the planned transaction change materially from the original estimate or if there are changes in the non-payment risk of the derivative's counterparty.

The *Hawesko Group* concludes interest rate swaps exhibiting identical terms to the hedged underlying transaction, such as reference interest rate, interest reset dates, payment dates, maturities and nominal amount. All material contractual conditions matched during the financial year, with the result that there was in each case an economic relationship between underlying transaction and hedge.

The ineffectiveness of hedging with interest rate swaps is assessed using the same principles as for foreign-currency sales. In this instance the reasons include for example adjustments for the non-payment risk of one contracting party to the interest rate swap not cancelled out by value changes in the hedged loans, or subsequently arising differences in the contractual conditions between interest rate swap and hedged loan.

The gain or loss from the interest rate swaps is reported under interest expense in the profit or loss for the period in which the interest expense for the hedged borrowings arises.

Certain derivative instruments do not meet the requirements for hedge accounting. Changes in the fair value of a derivative instrument that is not accounted for as a hedge are recognised directly through profit or loss and reflected in other gains (losses). However these derivatives are subject to the same risk management methods as all other derivative contracts.

Exchange risks

Exchange risks result from future business transactions, assets and liabilities recognised in the accounts as well as net investments in foreign operations, and are assessed overall as low. The *Hawesko Group* is principally exposed to exchange rate risks from the Swiss franc (CHF) and the Swedish krona (SEK).

Forward exchange transactions are also concluded to hedge such risks. The risk management policy of the *Hawesko Group* envisages hedging of around 80 percent of the cash flows anticipated with high probability (principally export sales) in Swedish krona. The changes in value of the underlying transaction for determining ineffectiveness came to € 40 thousand (previous year: € 28 thousand).

If there is an effective hedging relationship between the underlying transaction and hedge (cash flow hedge), measurement is at fair value through other comprehensive income. The component of foreign currency-assets and liabilities that is not allocable to any hedging relationships is translated at the reporting-date rate. The foreign-currency gains and losses are booked through profit or loss.
The obligations and entitlement from the measurement of forward exchange transactions are shown under other financial liabilities and other financial assets.

The following table shows how interest rate swaps within hedge accounting affect the net worth, financial position and financial performance of the *Hawesko Group:*

FORWARD EXCHANGE TRANSACTIONS	2020	2019
Carrying amount (liabilities), € ’000	–98	–58
Nominal amount, TSEK	33,600	28,600
Due date	January – June 2021	January – June 2020
Hedge ratio	1:1	1:1
Change in the fair value of outstanding hedges since start of year	–40	–28
Ineffectiveness recognised through profit or loss (recognised in other operating result)	–	–
Range of hedging rates (SEK/EUR) – average rate weighted	10.3515	10.6938

The forward exchange contracts are denominated in the same currency as the highly probable future sales, so the hedge ratio is 1:1.

The changes in value of the underlying transaction for determining ineffectiveness came to € 40 thousand (previous year: € 28 thousand).

The sensitivity analysis covers merely outstanding foreign exchange options denominated in Swiss francs (without hedging relationship) and forward exchange transactions denominated in Swedish krona (with hedging relationship), as well as the receivables and liabilities in foreign currency, and adjusts their translation at year-end to reflect a ten percent change in the exchange rate. The ten percent change is the figure that is used for internal reporting of the exchange rate risk to the governing bodies, and represents the management's assessment with regard to a reasonable possible exchange rate movement.

	Influence on earnings after taxes		*Influence on other equity components*	
€ '000	**2020**	**2019**	**2020**	**2019**
EUR/CHF exchange rate - rise of 10 % (2019: - 10 %)	-546	-149	-546	-149
EUR/CHF exchange rate - fall of 10 % (2019: - 10 %)	546	149	546	149
USD/CHF exchange rate - rise of 10 % (2019: - 10 %)	–	-11	–	-11
USD/CHF exchange rate - fall of 10 % (2019: - 10 %)	–	11	–	11
EUR/SEK exchange rate - rise of 10 % (2019: - 10 %)	207	92	304	199
EUR/SEK exchange rate - fall of 10 % (2019: - 10 %)	-207	-92	-371	-364

The carrying amount of the monetary debts of the *Hawesko Group* denominated in Swiss francs (CHF) at the reporting date is € 5,462 thousand (previous year: € 8,293 thousand); no monetary assets exist.

The sensitivity analysis comprises merely outstanding monetary items held in Swiss francs and adjusts their translation at year-end to reflect a ten percent change in the exchange rate. It reflects exclusively external loans.

The ten percent change is the figure that is used for internal reporting of the exchange rate risk to the governing bodies, and represents the management's assessment with regard to a reasonable possible exchange rate movement.

Interest rate risks

The interest rate risk principally involves movements in the short-term Eurocurrency market interest rates. In order to minimise the impact of interest rate fluctuations in this region, the Board of Management regularly specifies the desired mix of fixed and variable-rate financial liabilities and uses appropriate interest rate derivatives for this purpose.

If there is no close hedging relationship in connection with the underlying transactions in the case of the interest rate derivatives due to the lack of matched maturities between the highly varying levels of use of underlying and hedging transactions, they are measured at fair value, with gains or losses from the change in fair value recognised through profit or loss through the interest result. At the reporting date there were no interest rate derivatives without hedge relationships.

If the hedging relationship between the underlying and hedging transactions is considered effective (cash flow hedge), measurement is likewise at fair value, with changes in the fair value recognised income-neutrally in other comprehensive income. Swaps currently in place cover € 11 million of the outstanding variable-rate loans. The variable interest rates of the loans follow the three-month EURIBOR. The borrowing rates hedged by the interest rate swaps are 0.92 percent and 1.58 percent overall. Payments from the interest rate swaps are made at the end of each quarter. The settlement dates match the dates on which the interest payments on the underlying liabilities are due.

The following table shows how interest rate swaps within hedge accounting affect the net worth, financial position and financial performance of the *Hawesko Group:*

INTEREST RATE SWAPS	2020	2019
Carrying amount (liabilities), € '000	–210	–197
Nominal amount, € '000	10,789	13,730
Due date	October 2023 and October 2028	October 2023 and October 2028
Hedging ratio	1:1	1:1
Change in the fair value of outstanding hedges since 1 January	–13	–105
Ineffectiveness recognised through profit or loss (recognised in interest expense)	–	–
Fixed overall borrowing rates secured by hedging relationship	0.92%–1.58%	0.92%–1.58%

The obligations and entitlement from the measurement of interest rate derivatives are shown under other financial liabilities and other financial assets.

Interest rate risks are represented by means of sensitivity analyses pursuant to IFRS 7. These show the effects of changes in market rates on interest payments, interest income and expense, other earnings components and possibly also equity.

The interest rate sensitivity analyses are based on the following assumptions: changes in the market rates of fixed-interest primary financial instruments only affect earnings if those instruments are measured at fair value. All fixed-interest financial instruments measured at amortised cost are consequently not exposed to interest rate risks as defined by IFRS 7.

Changes in the market rates affect the interest result for primary, variable-rate financial instruments, the interest payments on which are not designated as underlying transactions in the context of cash flow hedges for interest rate risks, and are consequently included in the calculation of the earnings-related sensitivities.

Changes in the market rates of interest rate derivatives which are not bound up in a hedging relationship pursuant to IFRS 9 affect the other financial result and are therefore taken into account in the earnings-related sensitivities.

If market interest rates had hypothetically risen or fallen by 100 base points respectively (parallel shift in interest curves) while other variables remained unchanged, the measurement of interest rate swaps measured at fair value would have been € 0.2 million lower or € 0.2 million higher. The effects were recognised as a fair value change within other comprehensive income

Non-payment risks

The credit and non-payment risk of financial assets from business operations (essentially trade receivables) corresponds to no more than the amounts shown on the assets side and is well diversified thanks to the large number of individual receivables from customers. The impairment of financial assets concerns trade receivables. The simplified approach under IFRS 9 is used to measure the expected credit losses. Consequently, for all trade receivables reference is made to the expected lifetime credit losses. To measure the expected credit losses, trade receivables were grouped together based on common credit risk features and the number of days overdue. The expected loss rates are based on the payment profiles for sales over a period of 36 months before 31 December 2020 or 31 December 2019 and the corresponding historical defaults in that period. The historical loss rates are compared with the collection rates of the debt collection agencies appointed, and adjusted as appropriate. In view of the group's customer structure, no further adjustments to the loss ratios are necessary to reflect current and forward-looking information on the macroeconomic factors that govern customers' capacity to settle the receivables.

Advance payments are for the most part protected by bank guarantees.

In the financing area, transactions are concluded only with counterparties with a top credit rating.

Cautious *liquidity risk management* means keeping adequate cash as well as having access to financial resources through an appropriate amount in agreed credit lines, to be able to meet obligations due. At the end of the period under review the *Hawesko Group* held immediately available cash in banking accounts and cash on hand of € 49,818 thousand (previous year: € 18,725 thousand). As a result of the dynamism of the underlying business activities, the *Hawesko Group* maintains its financial flexibility by keeping the agreed credit lines available.

The management uses rolling forecasts to monitor the liquidity reserves of the *Hawesko Group* (comprising the unused credit lines – see Note 36) and the cash based on the expected cash flows. This is generally done based on the information in the operating units of the *Hawesko Group,* in agreement with the limits laid down by the *Hawesko Group*. These limits vary and reflect the liquidity of the market in which the group company is active.

45. CAPITAL MANAGEMENT

The overriding aim of capital management by the *Hawesko Group* is assure the ability of the *Hawesko Group* to repay debts and preserve its financial substance going forward.

Another objective of the *Hawesko Group* involves permanently keeping the capital structure at a level that will continue to guarantee it a bank rating of "investment grade" standard. To assure this and in order to continue paying a dividend in keeping with the earnings per share, it is necessary to continue generating an adequate free cash flow. The sustained optimisation of working capital is a priority target.

The capital structure is managed on the basis of the net debt or net liquidity position. This is defined as the sum of amounts due to banks, lease liabilities and provisions for pensions, less cash. At 31 December 2020 there is net debt of € 102,078 thousand (previous year: net debt of € 135,146 thousand).

The return on capital employed (ROCE) is a further important indicator for capital management. This is the return determined as follows:

- Operating result (EBIT) divided by average capital employed

- This comprises the balance sheet total (for the *Hawesko Group*) less interest-free liabilities and provisions, deferred tax assets as well as cash and cash equivalents.

This indicator is not envisaged in the IFRS accounting standards, and its definition and method of calculation may vary from company to company. A long-term return on capital employed (ROCE) of consistently at least 14.0 percent is the aim. A rate of return of 18.7 percent was achieved in the year under review (previous year: 12.3 percent).

46. APPLICATION OF THE EXEMPTION RULES OF SECTION 264B OF GERMAN COMMERCIAL CODE FOR UNINCORPORATED FIRMS

The group company *Deutschwein Classics GmbH & Co. KG* makes use of the exemption rules of Section 264b of German Commercial Code for the year under review. The consolidated financial statements are published in the electronic Federal Gazette.

47. APPLICATION OF THE EXEMPTION RULES OF SECTION 264 (3) OF GERMAN COMMERCIAL CODE FOR INCORPORATED FIRMS

The group companies *IWL Internationale Wein-Logistik GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, Jacques' Wein-Depot Wein-Einzelhandel GmbH, Wein & Vinos GmbH, Wein Service Bonn GmbH, Carl Tesdorpf GmbH, The Wine Company Hawesko GmbH, Weinland Ariane Abayan GmbH, Wein Wolf GmbH, Alexander Baron von Essen Weinhandelsgesellschaft mbH, CWD Champagner- und Wein-Distributionsgesellschaft mbH (formerly: CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.)* and *Volume Spirits GmbH* make use of the exemption rules of Section 264 (3) of German Commercial Code for the year under review.
The consolidated financial statements are published in the electronic Federal Gazette.

48. APPLICATION OF THE EXEMPTION RULES OF SECTION 291 OF GERMAN COMMERCIAL CODE FOR SUBGROUPS

The subgroups of *Wein Service Bonn GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, Jacques' Wein-Depot Wein-Einzelhandel GmbH, CWD Champagner- und Wein-Distributionsgesellschaft mbH* and *WeinArt Handelsgesellschaft mbH* exercise the exemption rules of Section 291 (1) of German Commercial Code in the year under review, because they have been included in the exempting consolidated financial statements of *Hawesko Holding AG*.
The consolidated financial statements are published in the electronic Federal Gazette.

49. DECLARATION OF COMPLIANCE

The Declaration of Compliance with the German Corporate Governance Code, as specified under Section 161 of the German Stock Corporation Act, was submitted on 3 April 2020 and is made permanently available on the internet at (www.hawesko-holding.com/en/corporate-governance/).

50. RELATED PARTY DISCLOSURES

In accordance with IAS 24, the following details of relationships with related parties are disclosed:

The *Hawesko Group* is controlled by *Tocos Beteiligung GmbH,* which holds 72.6 percent (previous year: 72.6 percent) of the shares of *Hawesko Holding AG*. The ultimate controlling party is Detlev Meyer.

Goods to the value of € 367 thousand (previous year: € 290 thousand) were purchased from St. Antony Weingut GmbH & Co. KG, over which Detlev Meyer exercises considerable influence. In addition, goods to the value of € 979 thousand (previous year: € 190 thousand) were purchased from Heyl zu Herrnsheim Weinkellerei GmbH, over which Detlev Meyer equally exercises considerable influence. Furthermore, goods with a volume of € 383 thousand were bought from related parties in the year under review. The order volume in the corresponding prior-year period was € 239 thousand.

Rent in the amount of € 369 thousand (previous year: € 0 thousand) was paid to ATL Objektverwaltung GmbH, over which Detlev Meyer exercises considerable influence, was paid for an office and warehouse building in Tornesch.

There exist neither receivables (previous year: € 0 thousand) nor liabilities (previous year: € 0 thousand) at the reporting date.

The Board of Management and Supervisory Board are to be regarded as related parties pursuant to IAS 24.9. During the period under review, there were business relationships between the Supervisory Board or Board of Management and the companies included in the consolidated financial statements.

The members of the Supervisory Board were paid the following total remuneration for their activities in the 2020 financial year (previous year in brackets):

€ '000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Detlev Meyer (Chairman)	109	8	28	–	**145**
	(36)	(8)	(25)	(–)	(69)
Thomas R Fischer (Deputy Chairman)	82	6	20	–	**108**
	(27)	(6)	(19)	(–)	(52)
Dr. Jörg Haas	54	4	13	–	**71**
	(18)	(4)	(12)	(–)	(34)
Prof. Dr. Dr. Dres. h.c. Franz Jürgen Säcker	54	4	14	10	**82**
	(18)	(4)	(13)	(–)	(35)
Wilhelm Weil	55	4	9	–	**68**
	(18)	(4)	(9)	(–)	(31)
Kim-Eva Wempe	55	4	8	–	**67**
	(18)	(4)	(8)	(–)	(30)
TOTAL	**409**	**30**	**92**	10	**541**
	(135)	(30)	(86)	(–)	(251)

In addition, goods to the value of € 383 thousand (previous year: € 239 thousand) were purchased from Weingut Robert Weil, of which Wilhelm Weil is director. Also, sales of € 161 thousand (previous year: € 249 thousand) were realised with Gerhard D. Wempe KG, of which Kim-Eva Wempe is managing partner. Finally, companies indirectly owned by Dr. Jörg Haas supplied services in the amount of € 25 thousand (previous year: € 0 thousand).

The members of the Board of Management were paid the following total remuneration for their activities in the 2020 financial year (previous year in brackets):

€ '000	Non-performance-related	Performance-related with long-term incentivising effect	Termination benefits	Total
Thorsten Hermelink	515	335	–	**850**
	(507)	(335)	–	(842)
Raimund Hackenberger	342	220	–	**562**
	(311)	(200)	–	(511)
Alexander Borwitzky	319	207	–	**526**
	(319)	(207)	–	(526)
Nikolaus von Haugwitz (until 31 March 2019)	–	–	–	**–**
	(129)	(30)	(661)	(820)
	1,176	**762**	**–**	**1,938**
TOTAL	(1,266)	(772)	(661)	(2,699)

Individual members of the Board of Management were in addition granted non-cash benefits of insignificant value.

All benefits are fundamentally due in the short term unless otherwise indicated. The former Board of Management member Bernd Hoolmans was granted a retirement pension from reaching the age of 65, as well as invalidity pay; a provision totalling € 268 thousand (previous year: € 271 thousand) was recognised for this commitment at 31 December 2020. Mr Hoolmans has been drawing a monthly retirement pension of € 1 thousand from this since August 2015.

There existed no loans to members of the Board of Management or Supervisory Board in the 2020 financial year, as in the previous year.

The balance sheet includes provisions for obligations or current liabilities in respect of the Board of Management and Supervisory Board totalling € 1,407 thousand (previous year: € 740 thousand).

At 31 December 2020 the Supervisory Board – directly and indirectly – held 6,532,376 shares in *Hawesko Holding AG*, of which 6,522,376 units were attributable to the Chairman (previous year: 6,522,376) and 10,000 units to Dr. Jörg Haas (previous year: 0).

At 31 December 2020 the Board of Management holds 1,500 shares in *Hawesko Holding AG,* of which 500 are attributable to Thorsten Hermelink (previous year: 500) and 1,000 to Alexander Borwitzky (previous year: 500).

Apart from the circumstances mentioned, there were no significant business relations with the Board of Management and Supervisory Board in the year under review.

There are no materially significant supply relationships with non-consolidated affiliated companies.

LIST OF SHAREHOLDINGS

pursuant to Section 313 (2) of German Commercial Code at 31 December 2020

	Registered office	Equity, € '000	Ownership interest, %	Net earnings **2020** € '000
A. DIRECT PARTICIPATIONS				
*Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH***	Hamburg	5,165	100	12,668
*Jacques' Wein-Depot Wein-Einzelhandel GmbH***	Düsseldorf	537	100	21,437
Wein & Co. Handelsges. m.b.H.	Vösendorf (Austria)	347	100	459
Grand Cru Select Distributionsgesellschaft mbH (formerly: CWD Champagner und Wein Distributionsgesellschaft m.b.H.)	Hamburg	466	100	161
*Wein Service Bonn GmbH***	Bonn	8,443	100	2,712
*IWL Internationale Wein Logistik GmbH***	Tornesch	26	100	–739
Wein & Vinos GmbH	Berlin	6,869	90	5,869
WirWinzer GmbH	Munich	–595	65,67	1,493
WeinArt Handelsgesellschaft mbH	Gelsenheim	1,953	51	481
*Vins de Prestige Classics S.A.R.L in liquidation (formerly: Château Classic – Le Monde des Grands Bordeaux S.A.R.L. in liquidation)**	Bordeaux (France)	–4,080	100	–7
Sélection de Bordeaux S.A.R.L.	Strasbourg (France)	–16	100	–7
*Globalwine AG****	Zurich (Switzerland)	1,284	95	889

* *Of which 10 % direct participating interest through Sélection de Bordeaux SARL*
** *Before profit transfer*
*** *The equity was converted at an exchange rate of CHF/EUR 1.0802 (reporting date) and the net income for the year at a rate of CHF/EUR 1.08139 (average)*
**** *Net income for the financial year from 1 April 2019 to 31 March 2020*

	Registered office	Equity, € '000	Ownership interest, %	Net earnings **2020** € '000
B. INDIRECT PARTICIPATIONS				
PARTICIPATING INTERESTS OF *Hanseatischen Wein- und Sekt-Kontor HAWESKO GmbH:*				
Carl Tesdorpf GmbH	Lübeck	34	100	380
The Wine Company Hawesko GmbH	Hamburg	–1,331	100	1,138
PARTICIPATING INTERESTS OF *Jacques' Wein-Depot Wein-Einzelhandel GmbH:*				
Jacques' Wein-Depot Weinhandelsgesellschaft m.b.H., in liquidation	Salzburg (Austria)	77	100	–21
PARTICIPATING INTERESTS OF *Wein Service Bonn GmbH:*		–	–	–
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	678	100	316
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	86	100	8
*Wein Wolf GmbH***	Bonn	2,160	100	2,030
Alexander Baron von Essen Weinhandelsgesellschaft mbH	Bonn	633	100	20
Global Eastern Wine Holding GmbH	Bonn	1,696	100	501
*Weinland Ariane Abayan GmbH***	Hamburg	1,831	100	3,534
Volume Spirits GmbH (formerly: Weinland Ariane Abayan Verwaltungsgesellschaft mbH)	Bonn (formerly Hamburg)	–481	100	–600
Deutschwein Classics GmbH & Co. KG	Bonn	700	100	-100
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	38	100	2
PARTICIPATING INTERESTS OF *Grand Cru Select Distributionsgesellschaft mbH (formerly: CWD Champagner und Wein Distributionsgesellschaft m.b.H.):*				
Grand Cru Select Weinhandelsgesellschaft mbH	Hamburg (formerly Rüdesheim)	657	75	157
PARTICIPATING INTERESTS OF *WeinArt Handelsgesellschaft mbH:*				
*WeinArt Handels- und Beteiligungsgesellschaft mbH*****	Geisenheim	46	100	1

51. EXPENDITURE ON AUDITOR'S FEES

The expenditure on auditor's fees was made up as follows:

€ '000	2020	2019
Audit services	653	538
Tax consultancy	–	–
Other services	138	6
TOTAL	**791**	**544**

The fees for audit services comprise the audit of the annual financial statements of the group companies as well as the audit of the consolidated financial statements.

52. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events affecting the financial position, net worth and financial performance of the company and group for the year under review of 2020 occurred after the balance sheet date.

Hamburg, 26 March 2021

The Board of Management

Thorsten Hermelink Alexander Borwitzky

Raimund Hackenberger

RESPONSIBILITY STATEMENT BY THE MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group, which is combined with the management report of Hawesko Holding AG, includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Hamburg, 26 March 2021

The Board of Management

Thorsten Hermelink   Alexander Borwitzky   Raimund Hackenberger

The audit report reproduced below also includes a "Note on the audit of the electronic reproductions of the financial statements and management report prepared for purposes of disclosure in accordance with Section 317 (3b) of the German Commercial Code" ("ESEF note"). The subject matter of the audit to which the ESEF note refers (ESEF documents for auditing) is not enclosed. The audited ESEF documents can be consulted in the Federal Gazette and retrieved from there.

INDEPENDENT AUDITOR'S REPORT

To Hawesko Holding Aktiengesellschaft, Hamburg

NOTE ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of *Hawesko Holding Aktiengesellschaft,* Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flow for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition we have audited the group management report of *Hawesko Holding Aktiengesellschaft,* which is combined with the management report of the group parent, for the financial year from 1 January to 31 December 2020. In accordance with the requirements of German law, we have not audited the content of the Corporate Governance Declaration pursuant to Section 289f of the German Commercial Code and Section 315d of the German Commercial Code.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion of the group management report does not cover the content of the Corporate Governance Declaration referred to above.

Pursuant to Section 322 (3) first sentence HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management

Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) letter f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Auditing of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1. RECOVERABILITY OF GOODWILL

We have structured our presentation of this key audit matter as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

1. RECOVERABILITY OF GOODWILL

1. In the consolidated financial statements of *Hawesko Holding Aktiengesellschaft,* goodwill in the amount of € 26.7 million is reported under the balance sheet item "Intangible assets", and thus represents around 6.2 % of the balance sheet total.

   Goodwill is tested for impairment by the company once a year at the balance sheet date or ad hoc to identify a possible need for amortisation. The impairment test is performed at the level of the groups of cash-generating units to which the respective goodwill is allocated. In the impairment test, the carrying amount of the respective cash-generating units including goodwill is compared with the appropriate recoverable amount. The recoverable amount is fundamentally determined on the basis of the fair value less the costs of disposal. The fair value less costs of disposal is determined as the present value of the expected, discretionary future cash flows subject to estimation uncertainty that arise from the budget calculations prepared by the management, using discounted cash flow models. Expectations regarding the future market development and assumptions on the development of macroeconomic factors are also taken into account here. Discounting is performed using the discretionarily determined weighted average cost of capital. Based on the values determined, there was no need for write-downs for the financial year.

   The result of this evaluation depends to a high degree on how management assesses the future cash flows as well as on the respective discount rates and growth rates applied. The measurement is therefore subject to significant estimation uncertainty and scope for discretion. Against this backdrop and due to the highly complex nature of the measurement, this matter was of particular significance in the context of our audit.

2. In the course of our audit, among other things we evaluated the methodological procedures for testing for impairment. We evaluated the appropriateness of the future cash inflows used in the calculation by reconciling these disclosures with the current budgets from the three-year plans prepared by management and approved by the Supervisory Board of the company, as well as by making comparisons with general and industry-specific market expectations and time series analyses. In the knowledge that even relatively small changes in the discount rate can have significant effects on the fair value level determined in this way less the costs of disposal, we also appraised the parameters applied in determining the discount rate used, including the weighted average cost of capital, and evaluated the measurement model of the company. In view of the material significance of goodwill and in view of the fact that the measurement thereof also depends on macroeconomic conditions that are beyond the control of the company, by way of a supplementary measure we conducted our own sensitivity analyses for the groups of cash-generating units with little surplus cover (carrying amount compared to fair value less costs of disposal) and established that the respective goodwill amounts are adequately covered by the discounted future cash inflows. The measurement parameters and assumptions used by management as a whole agree with our expectations and are within the ranges that we consider reasonable.

3. The company's disclosures on the goodwill reported under the balance sheet item "Intangible assets" are contained in Note 19 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Corporate Governance Declaration pursuant to Section 289f HGB and Section 315d HGB that reached us prior to the date of this auditor's report.

The other information comprises further the remaining parts of the annual report, which we obtained prior to the date of our auditor's report – excluding further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

The separate non-financial report pursuant to Section 289b (3) HGB and Section 315b (3) HGB is expected to be made available to us after the date of the auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion nor any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibility of Management and the Supervisory Board for the Consolidated Financial Statements and Group Management Report

The management is responsible for the preparation of the consolidated financial statements, that comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the management is responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern. In addition it has the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able it to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Group Management Report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements or group management report are as a whole free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance means a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB, EU Audit Regulation and German Generally Accepted Standards for the Financial Statement Audit promulgated by the Institut der Wirtschaftsprüfer will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Note on the audit of the electronic reproductions of the consolidated financial statements and group management report prepared for purposes of disclosure in accordance with Section 317 (3b) of the German Commercial Code

Audit Opinion

Pursuant to Section 317 (3b) HGB we have conducted a reasonable assurance audit on whether the reproductions of the consolidated financial statements and group management report (hereinafter also "ESEF documents") contained in the enclosed file Hawesko_Holding_AG_KA_KLB_ESEF-2020-12-31.zip and prepared for purposes of disclosure satisfy in all material respects the requirements of Section 328 (1) HGB on the electronic reporting format ("ESEF format"). In agreement with the statutory German requirements this audit extends merely to the transfer of the information in the consolidated financial statements and group management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the file.

In our assessment the reproductions of the consolidated financial statements and group management report contained in the aforementioned file and prepared for purposes of disclosure satisfy in all material respects the requirements of Section 328 (1) HGB on the electronic reporting format. Over and above this audit opinion and our audit opinions on the enclosed consolidated financial statements and enclosed group management report for the financial year from 1 January to 31 December 2020 contained in the above "Note on the audit of the consolidated financial statements and group management report", we do not express an audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

Basis for the Audit Opinion

We conducted our audit of the reproductions of the consolidated financial statements and group management report contained in the aforementioned file in agreement with Section 317 (3b) HGB, in compliance with the draft IDW audit standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Purposes of Disclosure in Accordance with Section 317 (3b) HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in this respect is further described in the section "Responsibilities of the Auditor of the Consolidated Financial Statements for the Audit of the ESEF documents". Our auditing firm has applied the requirements of the quality assurance system of the IDW quality assurance standard: Quality Assurance Requirements in the Auditing Profession (IDW QS 1).

Responsibility of Management and the Supervisory Board for the ESEF Documents

The management of the company is responsible for preparing the ESEF documents with the electronic reproductions of the consolidated financial statements and group management report in accordance with Section 328 (1) fourth sentence No. 1 HGB, and for tagging the consolidated financial statements in accordance with Section 328 (1) fourth sentence No. 2 HGB.

Furthermore, the management of the company is responsible for the internal controls that they deem necessary to enable the creation of ESEF documents that are free from material breaches, whether due to fraud or error, of the requirements of Section 328 (1) HGB regarding the electronic reporting format.

The management of the company is moreover responsible for submission of the ESEF documents, together with the Independent Auditor's Report and the enclosed audited consolidated financial statements and the audited group management report as well as other documents for disclosure, to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the Auditor of the Consolidated Financial Statements for the Audit of the ESEF Documents

Our objective is to achieve reasonable assurance about whether the ESEF documents are free from material breaches of the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material breaches, whether due to fraud or error, of the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- Obtain an understanding of the internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.

- Assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents satisfies the requirements of the Commission Delegated Regulation (EU) 2019/815 as amended at the balance sheet date regarding the technical specification for this file.

- Assess whether the ESEF documents enable a substantively identical XHTML reproduction of the audited consolidated financial statements and group management report.

- Assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) enable an appropriate and fully machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 20 August 2020. We were engaged by the Supervisory Board on 18 January 2021. We have been the group auditor of *Hawesko Holding Aktiengesellschaft,* Hamburg, without interruption since the financial year 2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Thorsten Dzulko.

Hamburg, 14 April 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko
Wirtschaftsprüfer

ppa. Christian Simon
Wirtschaftsprüfer

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In this extraordinary financial year of 2020 due to the effects of the COVID-19 pandemic, the *Hawesko Group* succeeded in further strengthening its leading position in the intensely competitive German wine market. Financial year 2020 saw us increase our sales by 11.6 percent to € 620.3 million. Even the profitability of the *Hawesko Group* was improved appreciably. Consolidated EBIT climbed 45.0 percent to € 42.2 million. In this unusual environment, the *Hawesko Group* was still able to demonstrate the strategic strength of its business model and navigated a successful course through the risks and opportunities presented by the pandemic. The Supervisory Board believes that the group is still in robust health and remains confident about the medium and long-term outlook for business development.

INTERACTION BETWEEN BOARD OF MANAGEMENT AND SUPERVISORY BOARD

In the 2020 financial year the Supervisory Board exercised resolve and great care in performing the tasks for which it is responsible in accordance with the legal requirements and the articles of incorporation. It was kept informed about the situation of the company at its regular meetings and in meetings of its committees, supported the Board of Management in an advisory capacity on all key strategic matters, oversaw it throughout and passed all the necessary resolutions. Over and above its routine meetings, the Board of Management in addition reported to the Supervisory Board Chair on other important matters pursuant to Section 90 (1) third sentence of the German Stock Corporation Act (AktG). The regular oral and written reports submitted to the Supervisory Board pertained to the overall position of the group and current business developments as well as to its medium-term strategy, including its investment, financial and earnings plans in addition to management development. The focus of its deliberations was on the economic development of the group companies and the future direction of *Hawesko Holding AG*.

The Supervisory Board held four ordinary meetings in the 2020 financial year and, supported by meetings of the Audit and Investment Committee and of the Personnel and Nominating Committee, considered the strategic planning as well as the efficiency, lawfulness and regularity of the company's management. The topics of the reports and discussions of the Supervisory Board included the current trading position of the group, the principles of corporate governance and their implementation in the company, personnel matters, compliance and risk management within the group, and also the strategic business plans. The following individual topics were considered and discussed in depth:

- The overall economic effects of the coronavirus pandemic, the specific consequences for the business development of the group and the response of the management to the development
- Improving the profitability of *Wein & Co.*
- The strategy, management and integration function of the holding company for the group, as well as the sensible pooling of certain functions
- The logistics strategy and the implementation of optimisations in group logistics
- The e-commerce strategy, and specifically the creation of a joint software platform for the group's online shops (digital commerce platform)
- Discussion of the company's corporate social responsibility (CSR)

- The three-year plan for the financial years 2021 to 2023
- The proposal that the Annual General Meeting of the company appoint PricewaterhouseCoopers GmbH as auditors of the consolidated and annual financial statements for the 2020 financial year

Pursuant to Section 8 of the articles of incorporation, an individual investment project involving a sum of more than € 2.5 million and the acquisition of other companies or the disposal of investments in companies with a value of more than € 0.5 million require the prior consent of the Supervisory Board. A majority of two-thirds of the votes is required for this. In the 2020 financial year the Board of Management requested consent for the disposal of *Vogel Vins SA* and of *Gebrüder Josef und Matthäus Ziegler GmbH*. Following detailed examination, consent was granted unanimously to these measures.

Under the reporting system, each month the Supervisory Board was sent the key financial data, and its trends compared with the target and prior-year figures and the market expectations were presented and explained in detail. The Supervisory Board has acknowledged the planning and accounting documents, considered them in depth and been able to assess their plausibility and appropriateness.

All the members of the Supervisory Board were present at all the Supervisory Board meetings.

The annual financial statements prepared by the Board of Management, the consolidated financial statements and the combined management report of the group and the parent company for the 2020 financial year, including the bookkeeping, were examined by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors by the Annual General Meeting of 20 August 2020. The auditors did not find any cause for objection and issued their unqualified opinion. The Audit and Investment Committee simultaneously monitored the independence of the auditors and in this connection obtained the corresponding declaration.

The Board of Management submitted the annual and consolidated financial statements, the combined management report for the group and the parent company for the 2020 financial year, and the audit reports of the independent auditor on the examination of the annual and consolidated financial statements and the Board of Management's proposal on the appropriation of earnings to the Audit and Investment Committee for review. At its meeting on 25 March 2020, the committee considered the financial statements of the affiliated companies and discussed them at length in the presence of the auditors. The annual financial statements and the consolidated financial statements of *Hawesko Holding AG* as well as the auditors' audit reports were discussed at length and examined by the whole Supervisory Board at its meeting on 14 April 2021.

The Supervisory Board raises no objections. It ratifies the annual and consolidated financial statements for 2020 pursuant to Section 171 of the German Stock Corporation Act (AktG). The annual financial statements are thus approved in accordance with Section 172 AktG. The Supervisory Board endorses the proposal of the Board of Management to use the unappropriated profit for the 2020 financial year for the distribution of a dividend of € 2.00 per no par value share, comprising a basic dividend of € 1.60 and a special dividend of € 0.40.

The subject matter of the audit dated 14 April 2020 was also the dependency report on related parties prepared by the Board of Management pursuant to Section 312 AktG, taking into account the report presented by the independent auditor on the findings of its audit of this report. On the basis of the dependency report the Supervisory Board has assured itself, in the presence of the independent auditor, that *Hawesko Holding AG* was not disadvantaged in the past financial year by actions of its majority shareholder or by transactions with it. The Supervisory Board has therefore noted and approved the opinion issued by the independent auditor and issued two declarations:

- Based on the conclusive findings of its examination, it raises no objections to the declaration by the Board of Management on related parties.

- *Hawesko Holding AG* received appropriate consideration for each transaction based on the circumstances known to it at the time each transaction was conducted or each action was taken or omitted, and was therefore not disadvantaged by the action taken or omitted.

SUPERVISORY BOARD COMMITTEES

The Audit and Investment Committee came together on five occasions in 2020, and the Personnel and Nominating Committee twice.

WORK OF THE AUDIT AND INVESTMENT COMMITTEE

The Audit and Investment Committee met before the publication of each quarterly financial report and discussed these according to Article 7.1.2. of the German Corporate Governance Code. On 25 March 2020 the committee discussed the accounts of the subsidiaries in the presence of the auditor. Compliance and risk management topics were also discussed, above all the Internal Control System (ICS) and group IT system integrity. Finally, the nascent coronavirus pandemic was considered. On 6 May 2020 the committee addressed corporate social responsibility (CSR), the pooling of logistics in the group as well as the optimising of corporate structures and the sales structure in the B2B segment. On 28 July 2020 it revisited the effects of the coronavirus pandemic on the group, the current business development and the transfer of *CWD* from *Hawesko Holding AG* to *WSB*. On 2 November 2020 the reorganisation of wholesale operations was considered. The planned office move by *Vinos* for 2021 was also discussed. On 3 December 2020 the audit priorities were defined for the 2020 audit of the financial statements and the three-year plan and progress with strategic projects were addressed.

All members of the committee took part in all meetings of the Audit and Investment Committee.

WORK OF THE PERSONNEL AND NOMINATING COMMITTEE

At its meetings on 28 September 2020 and 10 December 2020, the Personnel and Nominating Committee considered personnel matters in the presence of and in dialogue with managers of the company.

All members of the Personnel and Nominating Committee attended in all its meetings.

CORPORATE GOVERNANCE

On 3 April 2020 the Board of Management and Supervisory Board submitted the annual Declaration of Compliance in respect of the German Corporate Governance Code. The agreed Declaration of Compliance pursuant to Section 161 AktG is published separately in the Annual Report as part of the Corporate Governance Declaration along with disclosures on the principles of corporate governance and the description of the modus operandi of the Board of Management and Supervisory Board (see pages 167ff.). The document is available at www.hawesko-holding.com. The Supervisory Board examined the efficiency of its activities to assure effective control of the Board of Management, drawing on the specialist knowledge and experience of the members of the Supervisory Board, by way of self-evaluation. Supervisory Board members fundamentally have the opportunity to take advanced training in the context of their Supervisory Board activities. This option was not taken up in the year under review.

CHANGES IN THE COMPOSITION OF THE EXECUTIVE BODIES

Board of Management
There were no changes among the members of the Board of Management.

Supervisory Board
There were no changes among the members of the Supervisory Board.

Conflicts of interest
The Chair has not been notified of any conflicts of interest.

The Supervisory Board extends its thanks to the Board of Management, the directors of the affiliated companies, the employee council and all employees of *Hawesko Holding AG's* affiliated companies, the *Jacques'* agency partners and the distribution partners in the B2B segment for their commitment and hard work.

Hamburg, 14 April 2021

The Supervisory Board

Detlev Meyer
Chair

CORPORATE GOVERNANCE DECLARATION

and corporate governance report of Hawesko Holding AG, Hamburg, by the Supervisory Board and Board of Management

A. FUNADAMENTALS OF CORPORATE GOVERNANCE AT *HAWESKO HOLDING AG*

The concept of corporate governance refers to a responsible, transparent corporate governance approach that strives for sustainable value creation and spans the entire management and supervisory system of an enterprise, including its organisation, principles of business policy and guidelines as well as the internal and external control and supervisory mechanisms. *Hawesko Holding AG* is committed to responsible corporate governance and supervision directed towards increasing the value of the company.
The transparency of the company's principles as well as the presentation of its ongoing development are to be assured in order to create, maintain and strengthen confidence in the company among customers, business partners and shareholders. In this declaration, the Board of Management and Supervisory Board report on the principles of corporate governance pursuant to Principle 22 and Article F.4 of the German Corporate Governance Code as amended on 16 December 2019 (Code 2020) as well as Sections 289f and 315d of the German Commercial Code (HGB).

B. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO SECTION 161 AKTG

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Board of Management and Supervisory Board of publicly quoted stock corporations shall declare each year that the recommendations of the Government Commission on the German Corporate Governance Code (the Code), published in the official section of the Federal Gazette by the Federal Ministry of Justice, have been and are complied with, as well as declare which of these recommendations have not been or will not be complied with.

The Supervisory Board and Board of Management of *Hawesko Holding AG,* Hamburg, addressed corporate governance matters on multiple occasions in the 2020 financial year and on 14 April 2021 issued the following joint Declaration of Compliance according to Section 161 AktG:

"The Board of Management and Supervisory Board of *Hawesko Holding AG* declare that, following due examination, the recommendations of the Code as amended on 16 December 2019 (Code 2020, published in the official section of the Federal Gazette on 20 March 2020) were complied with from 3 April 2020 (date of submission of the previous Declaration of Compliance) and will be complied with in the future, excepting the discrepancies stated under Nos. 1 to 5:

1. *No age limit for the Board of Management*
   Article B.5 of Code 2020 recommends that an age limit be specified for Board of Management members. Until now, the Supervisory Board of *Hawesko Holding AG* has not specified an age limit for Board of Management members.
   For reasons of diversity and in the interests of long-term succession planning, a heterogeneous age structure within the Board of Management is sought but age is not considered to be of pivotal importance compared to the other criteria.
   The Supervisory Board of *Hawesko Holding AG*

takes the view that reaching an age limit has no bearing on the competence of a Board of Management member. Correspondingly, no age limit could be stated in the Corporate Governance Declaration. To that extent a departure from Article B.5 of Code 2020 is declared.

2. *No stipulation of an age limit for service on the Supervisory Board*
   Article C.2 of Code 2020 recommends stipulating an age limit for service on the Supervisory Board. Until now, the Supervisory Board of *Hawesko Holding AG* has not specified an age limit for serving on the Supervisory Board. In the opinion of the Supervisory, the decision on whether to remain a member is best left to the individual Supervisory Board member. An age limit for service on the Supervisory Board would result in inappropriate restrictions.

3. *Performance-related component of the remuneration of the Supervisory Board members*
   Article G.18 of Code 2020 recommends that performance-related remuneration of the Supervisory Board members be based on long-term corporate development. The remuneration of the Supervisory Board members of *Hawesko Holding AG* includes a performance-related component that is based on the unappropriated profit for the year in question. The Board of Management and Supervisory Board are of the opinion that this year-specific remuneration component appropriately reflects the consultative and supervisory function of the Supervisory Board. In addition, time-based determination of the variable remuneration more closely reflects in-year changes in the composition of the Supervisory Board as a result of the exit or arrival of new Supervisory Board members.

4. *Public availability of the consolidated financial statements*
   Article F.2 of Code 2020 recommends that the consolidated financial statements and group management report be made available to the public within 90 days of the end of the financial year. The consolidated financial statements and group management report of *Hawesko Holding AG* will be published within 120 days of the end of the financial year, instead of within 90 days. This assures appropriate interest.

5. *Remuneration system of the Board of Management*
   To the extent that the new version of the German Corporate Governance Code dated 16 December 2019 results in further departures with regard to the existing employment contracts of the members of the company's Board of Management, we point out that in compliance with the reasoning of Code 2020 "amendments to the Code need not be reflected in current Board of Management contracts". The company will take account of the recommendations of Code 2020 when extending existing Board of Management employment contracts and concluding new Board of Management employment contracts when new members join the Board of Management, and to that extent declare the corresponding departures in the future.

Hamburg, 14 April 2021

The Supervisory Board **The Board of Management**

The current Declaration of Compliance – together with the Declarations of Compliance for previous years – can also be consulted by shareholders and the public on the website of *Hawesko Holding AG* at www.hawesko-holding.com/en/corporate-governance/.

EBIT margin: *The EBIT margin is earnings before interest and taxes, divided by net sales. It is an indicator of the company's operating profitability.*
ROCE: *Return on capital employed. This is the ratio of EBIT to the average amount of capital employed and provides an indication of the return on the capital employed in the period under review.*
Free cash flow: *This denotes the total funds freely available to the company after all expenditure within a period. It serves as a guide to what funds are available for financing growth and paying dividends.*

C. RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES, THE MODUS OPERANDI OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD, AND THE COMPOSITION AND MODUS OPERANDI OF THE SUPERVISORY BOARD COMMITTEES

I. Organisation and management

The structure of the *Hawesko Group* is characterised by a balance of non-central units and corporate governance and organisational decisions: as many decisions as possible concerning business operations are taken and implemented by the individual subsidiaries. This organisational structure is useful because the wine trade depends to a great extent on nurturing and exploiting personal contacts with both producers and customers. The parent company *Hawesko Holding AG* normally holds 100 percent or a majority of the shares in the subsidiaries, which are active predominantly in the wine trade. The significant operationally active incorporated firms within the group of consolidated companies, above all *HAWESKO* and *Jacques',* are integrated into the group by means of profit transfer agreements with the holding company. The parent company *Hawesko Holding AG* and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. The subsidiaries not based in Germany are all domiciled in other European Union countries or in Switzerland.

The *Hawesko Group* is essentially divided into three business segments (please refer to the “Company profile” section in the combined management report). The Board of Management uses sales growth, EBIT margin, ROCE and free cash flow as the basis for its management approach.

The target minimum rates of return are presented in the “Management system” section of the combined management report. The targets and the development of the individual segments based on these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level.

Since 1 January 2011 a compliance code passed and regularly reviewed by the Board of Management and Supervisory Board has been in place for all *Hawesko Group* companies. The code of conduct for employees and the social media guidelines can be accessed at www.hawesko-holding.com/en/corporate-governance/.

II. Shareholders and Annual General Meeting

The shareholders of *Hawesko Holding AG* exercise their right to have a say in the running and supervision of the company through the Annual General Meeting. All shares are no par value bearer shares equipped with identical rights and obligations. Every share in *Hawesko Holding AG* carries one vote. The principle of “one share, one vote” is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Annual General Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Annual General Meeting. The Annual General Meeting is held during the first eight months of each financial year. Chairing of the Annual General Meeting is the responsibility of the Supervisory Board Chair or another member of the Supervisory Board nominated by the Chair. The Annual General Meeting fulfils all the tasks assigned to it by law. A resolution shall normally be carried by a simple majority or, in certain cases (including for resolutions on capital measures and amendments to the articles of incorporation) by a majority of at least three-quarters of the capital stock represented.

Detlev Meyer is a Supervisory Board member and the biggest shareholder of *Hawesko Holding AG,* holding 72.6 percent of the shares through *Tocos Beteiligung GmbH*. There then follows Michael Schiemann, with a 5.6 percent shareholding via *Augendum Vermögensverwaltung GmbH*. The remaining approx. 21.8 percent are held by institutional and private investors. There are no employee shares within the meaning of Sections 289a (1) first sentence No. 5 and 315a (1) first sentence No. 5 HGB.

III. Supervisory Board

The Supervisory Board advises and oversees the Board of Management. To conduct important and fundamental transactions, the Supervisory Board must first give its consent by a two-thirds majority specifically for individual investments of a value of more than € 2.5 million and for the acquisition of other companies or the disposal of investments in companies with a value of more than € 0.5 million. A reporting system informs the Supervisory Board members monthly of key financial data compared with the target and prior-year figures, and explains them. At least four ordinary meetings of the Supervisory Board and meetings of its committees take place each year.

According to the articles of incorporation the Supervisory Board comprises six members, elected by the Annual General Meeting. From among its members it elects a person to act as Chair and a person to act as Deputy Chair. Declarations of intent by the Supervisory Board are issued by the person acting as Chair or, if they are prevented from attending, by their Deputy. The Supervisory Board has a quorum if all members have been invited and at least half of the members take part in the vote. Resolutions of the Supervisory Board are carried by a simple voting majority, unless otherwise specified by law or in the articles of incorporation; in the event of a tied vote, a majority may resolve to conduct a fresh debate; otherwise a new vote must be held without delay. When voting anew on the same matter, the person acting as Chair has two votes if the result is once again a tie.

1. The Supervisory Board committees

The Supervisory Board has formed two committees that perform the functions assigned to them on behalf of the whole Supervisory Board. The committees are convened by the person acting as their Chair and meet as often as is deemed necessary. There is currently a Personnel and Nominating Committee, and also an Audit and Investment Committee, each comprising three members.

a) Personnel and Nominating Committee

The Personnel and Nominating Committee prepares the personnel decisions to be dealt with by the Supervisory Board, attends to long-term succession planning jointly with the Board of Management, and also pays heed to diversity in the composition of the Board of Management. It prepares the passing of resolutions by the whole Supervisory Board on the determination of Board of Management remuneration and the review of the remuneration system for the Board of Management, and deals with Board of Management contracts unless the German Stock Corporation Act specifies that they must be concluded, amended and terminated by the whole Supervisory Board. In addition, it proposes suitable candidates to the Supervisory Board for the election of Supervisory Board members by the Annual General Meeting, taking into account the statutory requirements, the recommendations of the Code and the requirements profile for the Supervisory Board resolved by the Supervisory Board. In doing so, in each case it assures itself that the person candidating is able to set aside the anticipated time required. On personnel affairs, the committee also has the task of examining the appointment or dismissal of senior executives of the group to establish whether such actions serve the interests of early and balanced succession planning.

The Chair of the Personnel and Nominating Committee is Detlev Meyer. The other members are Wilhelm Weil and Kim-Eva Wempe.

b) Audit and Investment Committee
The Audit and Investment Committee deals with the supervision of accounting, the financial reporting process and the effectiveness of the auditing of financial statements. It also prepares the resolution proposal of the Supervisory Board to the Annual General Meeting on the election of the auditors. If there is the intention to rotate auditors, the Audit and Investment Committee is responsible for the selection process. Following election by the Annual General Meeting it issues the mandate for the audit of the consolidated and annual financial statements, agrees the fee and specifies the audit priorities. It continuously monitors the independence of the independent auditor and discusses with it the threats to its independence as well as the precautions taken to reduce those threats. In that connection the Audit and Investment Committee is also responsible for monitoring and approving the services provided by the auditors over and above the audit of the financial statements (non-audit services).

The Audit and Investment Committee discusses the audit services rendered by the independent auditor first as a committee and then together with the auditors, and takes this opportunity to evaluate the quality of the latter. In this connection the Audit and Investment Committee has, in close consultation with the independent auditor, implemented a more formal evaluation method in accordance with Section 43 of the German Public Accountants Code as well as the IDW policy papers, together with the Code, and adopted this for the first time for the auditing of the 2020 financial statements. Based on the positive findings of the quality evaluation of the financial statements audit presented at the meeting on 14 April 2021, the Audit and Investment Committee recommends that the annual financial statements be approved.

The Chair of the Audit and Investment Committee is Prof. Dr. iur. Dr. rer. pol. Dres. h.c. Franz Jürgen Säcker. The other members are Thomas R. Fischer and Dr. Jörg Haas. The function of financial expert according to Section 100 (5) AktG is performed by Thomas R. Fischer. All committee members are familiar with the finance and accounting area.

In accordance with the recommendation in Article D.4 of Code 2020, Prof. Dr. iur. Dr. rer. pol. Dres. h.c. Franz Jürgen Säcker as Chairman of the Audit and Investment Committee possesses particular knowledge and experience in the application of accounting policies and internal control procedures, and is familiar with the auditing of financial statements.

2. Target for the proportion of women on the Supervisory Board
On the basis of the requirements profile for the Supervisory Board (please refer to 3.), the Supervisory Board does not look solely at the professional and personal qualifications of the candidates, but also also takes diversity aspects into consideration when making its election proposals to the Annual General Meeting. By way of a target for the proportion of women on the Supervisory Board, it was specified that the board and the Personnel and Nominating Committee are to have at least one woman member by 30 June 2022. This target is currently achieved.

3. Requirements profile for the Supervisory Board

In respect of the various requirements and recommendations for the composition of the Supervisory Board, in April 2018 the Supervisory Board approved a requirements profile, which it reviewed again and confirmed in April 2020. This profile contains key statutory requirements and regulations of the Code on the composition of the Supervisory Board, as well as its objectives for its composition, the competency profile for the whole board within the meaning of Article C.1 of Code 2020 and the diversity concept for the Supervisory Board according to Section 289f (2) No. 6 HGB.

a) Objective

The Supervisory Board aims for a composition that means its members assure comprehensive qualified monitoring of and consultancy for the Board of Management at all times. The Supervisory Board holds the view that diversity aspects, alongside specialist and personal requirements, play an important role in the effective work of the Supervisory Board, and therefore in the sustainable development of the company. A variety of personalities, experience and knowledge avoids groupthink, provides for a rounded view and thus guarantees the quality of Supervisory Board's work. As such, the following objectives serve as a guideline for long-term succession planning and the selection of suitable candidates, and create transparency regarding the key criteria governing appointments.

b) Requirements of the individual members

(i) General requirements

Every Supervisory Board member is to be in a position to carry out the duties of a Supervisory Board member in an internationally active, listed enterprise on the strength of their personal and specialist competencies, and to uphold the public image of the *Hawesko Group*. With regard to that, every Supervisory Board member should meet the following requirements:

- Sufficient expertise, in other words the ability to carry out the duties that normally arise on the Supervisory Board
- Dedication, integrity and personality
- General understanding of the business of *Hawesko Holding AG,* including the market context and customer requirements
- Entrepreneurial or operational experience, ideally in the form of experience from working in corporate management, as a senior executive or in supervisory bodies
- Compliance with the limits on mandates according to Section 100 AktG and according to Article C.5 of Code 2020

(ii) Time availability

Every Supervisory Board member ensures that they can set aside the time required to carry out their Supervisory Board mandate properly. Above all it should be noted that there are at least four Supervisory Board meetings per year; these require appropriate preparation, especially the meeting at which documentation for the annual and consolidated financial statements is examined. Depending on membership of one or more committees, additional time will need to be set aside for preparing for and attending their meetings. Finally, extraordinary meetings of the Supervisory Board or of the committees may be necessary to deal with special topics.

c) Requirements and goals for the whole board
With regard to the composition of the whole board, including in the interests of diversity the Supervisory Board seeks a composition where the members complement each other in terms of their personal and professional background, experience and specialist knowledge, so that the whole board can draw on as wide as possible a range of experience and specialist knowledge.

(i) General requirements
The Supervisory Board of *Hawesko Holding AG* must at all times be composed such that its members as a whole possess the necessary knowledge, skills and specialist experience to be able to perform the duties of the Supervisory Board properly. In addition, the members of the Supervisory Board must as a whole be familiar with the wine trade. At least one member of the Supervisory Board must possess know-how in financial reporting or auditing of financial statements.

(ii) Specific knowledge and experience
The Supervisory Board of *Hawesko Holding AG* as a whole is to cover all competency areas that are necessary for it to carry out its duties effectively. Above all – in keeping with the business model of the company – this includes more extensive knowledge and experience in the following areas:

- Accounts, finance, controlling
- The procurement end of the market, for example from running a winery
- The online area from taking active responsibility for the restructuring of print-based marketing activities into IT-led marketing and sales activities
- Traditional corporate culture from the perspective of a comparable family firm (corporate identity, corporate culture)
- Legal, corporate governance and compliance

The Supervisory Board strives for a composition where at least one member is available as a source of expertise on each of the above aspects.

(iii) Independence and conflicts of interest
Taking account of the company-specific situation of *Hawesko Holding AG* and the ownership structure, the Supervisory Board is to have at least four independent members in accordance with Articles C.6 to C.9 of Code 2020. In addition, no persons who serve on corporate bodies or provide consultancy for key competitors of the company are to serve on the Supervisory Board. Where conflicts of interest arise in individual cases – particularly as a result of a consultative or board function at suppliers, customers, lenders or other third parties – the Supervisory Board member in question is obliged to disclose this to the person in charge of the Supervisory Board. The Supervisory Board provides information on conflicts of interest arising and how they have been handled in its yearly report to the Annual General Meeting. Members are to surrender their mandate in the event of material conflicts of interest of a Supervisory Board member that are more than merely temporary.

(iv) Diversity
For the quota of women on the Supervisory Board, the Supervisory Board of *Hawesko Holding AG* has specified that it is to include at least one woman, with a deadline for attainment of the target of 30 June 2022. Diversity for the Supervisory Board is also reflected in such aspects as individual career background and area of activity, as well as in the horizon of experience of its members (for example, industry experience). To that extent, in the interests of diversity the Supervisory Board seeks a composition where the members complement each other in terms of background, experience and specialist expertise. In this regard it is also desirable for some of the members to possess an international horizon of experience.

d) Implementation status

In the current composition of the Supervisory Board, the above targets are met. The Supervisory Board comprises individuals with a variety of career backgrounds, horizons of experience and expertise. The proportion of at least one woman is met. In Dr. Jörg Haas, Prof. Dr. iur. Dr. rer. pol. Dres. h. c. Franz Jürgen Säcker, Wilhelm Weil and Kim-Eva Wempe, the Supervisory Board has four independent members.

The Personnel and Nominating Committee and the Supervisory Board will take account of the above requirements and targets in succession planning, the search for suitable candidates and their proposals for the election of Supervisory Board members to the Annual General Meeting, while at the same time seeking to meet the competency profile for the whole board.

e) Length of service

The Chair of the Supervisory Board, Detlev Meyer, has belonged to the Supervisory Board of the company since 28 September 2010. Thomas R. Fischer, the Deputy Chair of the Supervisory Board, has served on the Supervisory Board since 15 June 2009. The remaining members of the Supervisory Board have served for a variety of periods: Prof. Dr. iur. Dr. rer. pol. Dres. h. c. Franz Jürgen Säcker since 26 March 2015, Dr. Jörg Haas since 1 December 2017, Wilhelm Weil since 19 June 2017 and Kim-Eva Wempe since 20 June 2011.

f) Self-assessment

The Supervisory Board, the Personnel and Nominating Committee as well as the Audit and Investment Committee each assessed the efficiency of their activities and members at their meeting on 14 April 2021, with a view to assuring effective control of the Board of Management of *Hawesko Holding AG*. Among other aspects the profiles and experience contributed by the individual members were discussed and critically evaluated in light of the prevailing needs of the company.

Further information on the activities of the Supervisory Board and its committees as well as on its work alongside the Board of Management in the period under review is provided in the report of the Supervisory Board. For further information on the composition of the Supervisory Board and its committees, please refer to the summary "Board of Management and Supervisory Board" at the end of the Annual Report. The curricula vitae of the current members of the Supervisory Board, updated annually, can be found on the website of the company.

IV. Board of Management

1. Modus operandi of the Board of Management

The Board of Management is independently responsible for the running of the company and represents it in transactions with third parties. It coordinates the strategic direction of the group with the Supervisory Board and, in accordance with the legal requirements, informs the Supervisory Board regularly, promptly and comprehensively of all plans, business developments and risks that are of relevance to the company. The work of the Board of Management is set out in more detail in rules of procedure for the Board of Management.

The Board of Management has comprised three members since 1 April 2019. The Supervisory Board and Board of Management have established that a redistribution of portfolios for the *Hawesko Group* allows a better allocation of duties for today's market requirements. Board of Management members no longer simultaneously hold the role of managing director of a subsidiary or sub-subsidiary, unless exceptionally they also act as managing director of a group company for control and representation purposes (dual control principle). The managing directors of subsidiaries and sub-subsidiaries thus assume greater operational responsibility, which entails more detailed reporting obligations to the Board of Management. The Board of Management reaches its decisions by a simple voting majority. The Board of Management members are responsible for their defined portfolio and area of work according to the allocation of duties schedule, independently of their collective responsibility for the management of the group. At the same time, the Board of Management members work together collegially and continually inform each other of important measures and events in their areas of work.

When filling management functions in the company, the Board of Management strives for diversity, in particular through the suitable involvement of women. The defined target remained unchanged at 25 percent women among the group's management by 30 July 2022. This quota is already achieved.

Conflicts of interest of Board of Management members are to be disclosed without delay to the person acting as Chair of the Supervisory Board. The remaining Board of Management members are to be informed of the matter. Board of Management members may only take up secondary occupations, and specifically non-executive directorships of companies outside the group, with the consent of the Supervisory Board. Material transactions between the group companies on the one hand and the Board of Management members as well as parties related to them on the other require the consent of the Supervisory Board. These transactions must meet arm's-length requirements. No such contracts existed in the period under review. Nor did conflicts of interest arise in the year under review.

2. Diversity concept for the Board of Management

According to Article 5 of the articles of incorporation, the Board of Management of *Hawesko Holding AG* comprises at least two persons. There are currently three members of the Board of Management. The members of the Board of Management are appointed by the Supervisory Board. The latter attends to long-term succession planning together with the Board of Management and pays heed to diversity in the composition of the Board of Management. In the interests of tailoring diversity aspects more accurately, in April 2018 the Supervisory Board approved a diversity concept for the Board of Management and in April 2020, in light of the provisions of Code 2020, again classified this diversity concept as appropriate and confirmed it.

a) Objective of the diversity concept

The Board of Management performs the pivotal role in the further development of *Hawesko Holding AG* and of the group. The Supervisory Board considers that diversity aspects, alongside the specialist skills and experience of the Board of Management members, play an important role in the sustainable development of the company. A variety of personalities, experience and knowledge avoids groupthink, allows a rounded view and thus enriches the work of the Board of Management. The following diversity aspects serve as guidelines for long-term succession planning and the selection of suitable candidates.

b) Diversity aspects

The Supervisory Board seeks a composition of the Board of Management where the members complement each other in terms of their personal and professional background, experience and specialist knowledge, so that the Board of Management as a whole can draw on as wide as possible a range of experience, knowledge and skills. Notwithstanding the following diversity aspects, the Supervisory Board is convinced that ultimately an all-round appraisal of each individual is the only basis for appointment to the Board of Management of *Hawesko Holding AG*.

(i) Proportion of women on the Board of Management

The Supervisory Board takes the equal participation of women and men as its basis for the composition of the Board of Management and actively promotes that goal, including by specifically searching for female candidates to join the Board of Management. In view of the modest size of the Board of Management and the generally limited pool of suitable candidates, it is nevertheless not always possible to assure equal numbers of women and men. The legislator also plans not to oblige an enterprise with a three-member Board of Management to appoint a woman to it. Against this backdrop, the Supervisory Board has set a proportion of 0 to 35 percent as the target level for women on the Board of Management of *Hawesko Holding AG,* to be achieved by 30 June 2022.

(ii) Educational and professional background
Diversity on the Board of Management is also reflected in the individual horizons of training and experience as well as in the variety of career backgrounds of its members (for example, industry experience).
A variety of backgrounds in education, profession and experience is therefore expressly desired.
Every Board of Management member must however be in a position to carry out the duties of a Board of Management member in an internationally active, listed enterprise on the strength of their personal and specialist competencies, and to uphold the public image of the *Hawesko Group*. The members of the Board of Management should moreover possess an in-depth understanding of the business of the *Hawesko Group* and generally possess several years of leadership experience. In addition, with regard to the group's business model at least one member should possess particular expertise in each of the following areas, bearing in mind that this expertise need not necessarily have been acquired through university studies or another form of training; it may also have been acquired by other means or within the *Hawesko Group:*

- Strategy and strategic leadership
- Logistics business including the relevant markets and customer requirements
- Sales, preferably in e-commerce
- Operations and technology including IT and digitalisation
- Legal, corporate governance and compliance
- Personnel, specifically human resources management and development, as well as experience with codetermination
- Finance, including financing, accounts, controlling, risk management and internal control procedures

(iii) Age
According to Article B.5 of Code 2020, an age limit is to be specified for Board of Management members and stated in the Corporate Governance Declaration. Neither a minimum nor a maximum age has been specified for Board of Management members. However Board of Management members should generally possess several years of leadership experience at the time of their appointment, and that presupposes a degree of professional experience. For reasons of diversity and in the interests of long-term succession planning, a heterogeneous age structure within the Board of Management is sought, though age is not considered to be of pivotal importance compared to the other criteria.

c) Implementation status
In the current composition of the Board of Management, the above targets are met. The Board of Management comprises individuals with a variety of career backgrounds and horizons of experience, and possesses expertise in the areas stated.
The defined target for the proportion of women is met. The Supervisory Board as well as its Personnel and Nominating Committee will take account of the above diversity aspects as part of their long-term succession planning and in their search for suitable candidates for the Board of Management of *Hawesko Holding AG*.

d) Succession planning
According to Article B.2 of Code 2020, the Supervisory Board is to attend to long-term succession planning jointly with the Board of Management. For this reason, it is envisaged that on personnel matters the Personnel and Nominating Committee must approve the appointment or dismissal of senior executives on the first tier below Board of Management or of the managing directors of group companies. In addition, either the Supervisory Board or one of its committees regularly invites prominent, key people from the *Hawesko Group* to attend its meetings as guests, and to discuss with them current business developments that affect their specific area. This approach enables the Supervisory Board to regularly form its own, direct impression of especially important management functions, incorporating both personal and professional perspectives.

D. FINANCIAL REPORTING AND AUDITING OF FINANCIAL STATEMENTS

The separate financial statements of *Hawesko Holding AG* are prepared in accordance with the accounting standards of the German Commercial Code (HGB). Since 2000, the consolidated financial statements have been prepared in accordance with the IFRS rules as adopted by the European Union, and the additional HGB requirements according to Section 315e (1) HGB. Further explanatory notes of the IFRS are provided in this Annual Report in the notes to the consolidated financial statements. Following their compilation by the Board of Management, the consolidated financial statements are examined by the independent auditor, then examined and approved by the Supervisory Board. The consolidated financial statements are made available to the public within 120 days of the end of the financial year. The separate financial statements of *Hawesko Holding AG* are the sole basis for the appropriation of earnings.

The selection of the independent auditor, their mandate, monitoring of its independence and of the additional services it provides are handled in accordance with the statutory requirements. The following was agreed with the independent auditor:

1. The person chairing the Audit and Investment Committee shall be informed without delay if potential reasons for exclusion or conflicts of interest that cannot be rectified without delay come to light during the audit.

2. The independent auditor shall report on all findings and occurrences identified while conducting the audit of the financial statements that are of material significance for the work of the Supervisory Board.

3. If the independent auditor should, while conducting the audit of the financial statements, identify facts that have led to a misstatement in the Declaration of Compliance issued by the Board of Management and Supervisory Board in respect of the Corporate Governance Code (Section 161 AktG), it shall note this in the audit report and inform the person chairing the Supervisory Board of this.

E. TRANSPARENCY

Hawesko Holding AG attaches high priority to the policy of providing uniform, comprehensive and timely information. The trading position and the results of the company are reported on through the Annual Report, the Annual Press Conference, in the Quarterly Financial Reports at 31 March and 30 September, and in the Interim Financial Report. Further information is published in the form of press releases and ad hoc announcements in accordance with Article 17 of the Market Abuse Regulation. One constantly used, up-to-date communications medium is the website www.hawesko-holding.com, which makes all relevant information available in German and English. In addition to providing comprehensive information about the *Hawesko Group* and *Hawesko* shares, it includes the financial calendar, which gives an overview of all important events. The Investor Relations department is moreover the point of contact for enquiries from shareholders, investors and analysts. Shareholders and the public can also access the current Corporate Governance Declaration on the website of *Hawesko Holding AG* at www.hawesko-holding.com/en/corporate-governance/.

F. REMUNERATION REPORT

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate section of the combined management report for the group and the parent company for 2020, as well as in the notes to the consolidated financial statements and notes to the separate financial statements. No stock option schemes or similar securities-based incentive systems are used.

Hamburg, 14 April 2021

The Supervisory Board **The Board of Management**

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT

Thorsten Hermelink, Chief Executive Officer, Hamburg
Born in 1969, he graduated in Business Administration graduate from the University of Lüneburg. Thorsten Hermelink subsequently held senior positions at several international-scale trading companies. He has been Chief Executive Officer (CEO) of *Hawesko Holding AG* since December 2015.

Alexander Borwitzky, Member for Omnichannel, Hamburg
Born in 1968, he graduated as an MBA from the University of Nottingham in 1992. After holding senior positions at international consumer goods and retail groups, Alexander Borwitzky served as a director of Jacques' from 2013 until April 2020. He has been a Board of Management member of *Hawesko Holding AG* since January 2015, where he is responsible for the Business Development and Omnichannel Retail portfolios.

Raimund Hackenberger, Chief Financial Officer, Hamburg
Born in 1968, he studied Business Administration at the University of Trier (Business Administration graduate). After holding senior positions at leading national and international consumer goods companies, Raimund Hackenberger joined *Hawesko* in March 2017 as Chief Financial Officer (CFO).

MEMBERS OF THE SUPERVISORY BOARD

Detlev Meyer[1]
– Chair –

- Managing Director of Tocos Beteiligung GmbH, Hamburg

Member of the following statutorily constituted controlling bodies of a commercial enterprise:

- Closed Holding GmbH, Hamburg

Thomas R. Fischer[2]
– Deputy Chair –

- Chief Executive Officer of Marcard, Stein & Co. AG, Hamburg
- Managing Director of Marcard Family Office Treuhand GmbH, Hamburg

Member of the following statutorily constituted controlling bodies of commercial enterprises:

- Hannover 96 GmbH & Co. KGaA, Hanover
- HF Fonds X. Unternehmensbeteiligungs-GmbH, Hanover
- WARBURG INVEST AG, Hamburg
- WARBURG INVEST Kapitalanlagengesellschaft mbH, Hamburg

Dr. Jörg Haas[2]

- Chief Executive Officer of HW Partners AG, Bonn
- Managing Partner of BonnVisioGruppe, Bonn
- Managing Partner of Invite Group, Bonn

Member of the following statutorily constituted controlling bodies of commercial enterprises:

- Digitaler Hub Region Bonn AG, Bonn
- Hypatos GmbH, Berlin
- Vice President of Bonn-Rhine-Sieg Chamber of Commerce, Bonn

Professor Dr. iur. Dr. rer. pol. Dres. h. c. Franz Jürgen Säcker[2]
Hamburg

Wilhelm Weil[1]

- Director of Weinguts Robert Weil, Kiedrich

Kim-Eva Wempe[1]

- Personally liable managing partner of Gerhard D. Wempe KG, Hamburg

[1] Member of the Personnel and Nominating Committee. Detlev Meyer is Chair of the committee.
[2] Member of the Audit and Investment Committee. Prof. Dr. Dr. Dres. H.v. Franz Jürgen Säcker is Chair of the committee. The function of independent financial expert within the meaning of Section 5 of the German Stock Corporation Act is performed by Thomas R. Fischer.

KEY FINANCIAL DATA OF THE HAWESKO GROUP

€ million	2011	2012	2013	2014
Net sales	409.1	446.4	465.2	472.8
Gross profit	161.7	181.8	190.5	198.0
– as % of net sales	39.5 %	40.7 %	40.9 %	41.9 %
Operating result before depreciation and amortisation (EBITDA)	31.5	32.8	29.4	26.9
– as % of net sales	7.7 %	7.3 %	6.3 %	5.7 %
Depreciation and amortisation	5.3	7.2	6.8	6.8
Operating result (EBIT)	26.2	25.6	22.6	20.1
– as % of net sales	6.4 %	5.7 %	4.8 %	4.2 %
Consolidated net income (after taxes and excluding non-controlling interests)	17.9	22.5	16.2	14.8
Cash flow from current operations	16.9	17.5	31.1	19.3
Cash flow from investing activities	–4.1	–25.4	–7.5	–5.1
Free cash flow (before acquisitions)	12.3	11.1	22.7	13.1
Dividend distribution for the current year (parent company)	–14.4	–14.8	–14.8	–11.7
Non-current assets	47.6	65.9	64.7	60.3
Current assets	168.8	170.0	169.5	156.9
Equity after dividend distribution	81.1	74.9	77.3	79.4
– as % of balance sheet total after dividend distribution	37.5 %	31.8 %	33.0 %	36.6 %
Total assets	216.4	235.8	234.3	217.2
Capital employed	105.7	140.3	140.8	137.5
Return on total assets	12.5 %	11.3 %	9.6 %	8.9 %
Return on capital employed	24.8 %	18.3 %	16.0 %	14.6 %
Earnings per share (€)	1.99	2.51	1.80	1.65
Regular dividend per share (€)	1.60	1.65	1.65	1.30
Bonus dividend per share (€)	–	–	–	–
Total dividend per share (€)	1.60	1.65	1.65	1.30
Total shares (average number outstanding in the year, ’000)	8,983	8,983	8,983	8,983
Year-end share price (€)	35.2	40.1	38.3	41.5
Market capitalisation at end of year (€)	316.5	359.9	343.6	372.9
Total employees (average for year)	739	835	925	925

2015	2016	2017	2018	2019	2020
476.8	480.9	507.0	524.3	556.0	620.3
198.4	204.4	212.9	223.3	240.7	274.4
41.6 %	42.5 %	42.0 %	42.6 %	43.3%	44.2%
27.4	37.0	38.6	36.2	50.6	65.6
5.7 %	7.7 %	7.6 %	6.9 %	9.1%	10.6%
7.3	7.4	8.2	8.5	–21.5	–23.4
20.1	29.6	30.4	27.7	29.2	42.2
4.2 %	6.2 %	6.0 %	5.3 %	5.2 %	6.8%
12.2	18.5	18.5	22.0	15.8	23.8
26.1	28.9	13.9	26.1	33.6	81.0
–5.8	–15.4	–10.5	–14.9	2.5	–10.3
19.7	21.3	6.2	20.2	31.7	71.6
–11.7	–11.7	–11.7	–11.7	–11.7	–15.7
60.3	73.4	75.6	90.8	197.7	204.1
159.5	157.9	184.1	198.2	197.3	223.6
79.6	82.7	93.1	100.8	99.2	101.3
36.2 %	35.8 %	35.8 %	34.9 %	25.1%	23.7%
219.8	231.3	259.7	289.0	394.9	427.7
137.3	139.5	154.9	165.8	236.5	225.6
9.2 %	13.1 %	11.6 %	10.1 %	7.4 %	10.0%
14.7 %	21.2 %	19.6 %	16.7 %	12.3%	18.7%
1.36	2.06	2.06	2.45	1.76	2.65
1.30	1.30	1.30	1.30	1.30	1.60
–	–	–	–	0.45	0.40
1.30	1.30	1.30	1.30	1.75	2.00
8,983	8,983	8,983	8,983	8,983	8,983
41.5	43.3	51.0	41.0	35.3	44.4
372.6	389.0	458.2	368.3	317.1	398.8
933	940	954	1,027	1,243	1,183

FINANCIAL CALENDAR

04/02/2021	Press release on provisional trading figures for financial year 2020
22/04/2021	Publication of Annual Report; Annual Press Conference and Analyst Conference
12/05/2021	Quarterly Financial Report at 31 March 2021
15/06/2021	Annual General Meeting
11/08/2021	Interim Financial Report
11/11/2021	Quarterly Financial Report at 30 September 2021
START OF FEBRUARY 2022	Provisional trading figures for financial year 2021

STOCK EXCHANGES	Frankfurt XETRA, Hamburg
CODE	HAW, HAWG
ISIN	DE0006042708
SHARES OUTSTANDING	8.983.403 no par value bearer shares
SUBSCRIBED CAPITAL	€ 13,708,934.14
INDUSTRY SEGMENT	Retail, wholesale, Internet trade (B2B, B2C), trade

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