HAWESKO
HOLDING AG

ANNUAL REPORT **2021**


681
€ million sales
Growth + 10 %
53
€ million EBIT
Growth + 26 %
2,50
€ dividend
1,90 + 0,60
comprising € basic
and special dividend
per share, proposal

AT A GLANCE

	E-COMMERCE	RETAIL	B2B
SALES (€ MILLION)	269	238	173
YEAR-ON-YEAR CHANGE	+17 %	+5 %	+7 %
TOTAL ACTIVE CUSTOMERS ('000)	1,136	1,028	21
OPERATING RESULT (€ MILLION)	31	26	9*

** adjusted for special items*

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REVIEW AND OUTLOOK

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

We are delighted that our customers have shown immense trust in us and remain as eager as ever to enjoy top-class wine. Everything our entire company does, every day, revolves around delighting our clientele. Our strategic goal is to secure the further expansion of our company as Europe's leading innovative wine trading group at the premium end of the market, especially in e-commerce. This is a goal that the entire *Hawesko Group* pursues with wholehearted commitment, thus establishing the basis for long-term profitable growth and sustainably steady dividends.

2021 was the second financial year on which COVID-19 again had a major impact. Whereas current data from the German Wine Institute shows wine purchases in Germany had risen by 7.5 percent in 2020, consumption then fell 4.7 percent last year. The reason is plain to see: after lockdown, at-home consumption declined for a number of months as restaurants gradually reopened, with customer behaviour returning to normal by the end of the year. Those trends are equally reflected in the business performance of the *Hawesko Group* last year.

Particularly in the first half, there were far-reaching restrictions on private life. Many months of lockdown, working from home and closures of schools, restaurants and bars had a major impact on people's lives and their consumer behaviour, as previously in 2020. Demand for wine to drink at home was much higher than in normal circumstances. Also, many customers discovered e-commerce as a convenient way to buy premium wines and we therefore registered not only increased demand, but also far more people shopping with us for the first time. Both effects shaped our performance in the first half of 2021 and led to exceptionally high profits in that period.

The second half of the 2021 financial year saw many of the restrictions on private life lifted. There were no further lockdowns or strict controls on gatherings, and most of the population chose to get vaccinated. Food service businesses and shops remained open. In other words, consumer behaviour and consequently demand for wine to drink at home largely returned to normal during that period.

In 2021 as a whole, we succeeded in strengthening our market position as a trader of premium wines and increased our sales by ten percent in 2021 to € 680.5 million. Meanwhile the exceptionally high demand for wine, especially in the first half, gave our overall profitability an above-average lift. The operating result (EBIT) for the group thus rose 26 percent in the year under review to € 53.1 million.

Here at 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 its immense value over the many months of lockdown that we have experienced in the past two years. In short, our group is a modern, high-performing provider with several sales channels (omnichannel approach), offering its customers various points of access to excellent service. This is what enabled the *Hawesko Group* to respond flexibly to changing market conditions in the year under review of 2021. Our basis for strong business in the e-commerce area is our effective, scalable digital commerce platform. It enables us to launch individual shops quickly and economically, and respond to market trends and new developments with agility.

Our aspiration as a leading wine trading group in Europe is not merely to make our customers happy – we want to surprise and delight them, time after time.

THORSTEN HERMELINK

We are convinced there has been a permanent, fundamental change (step change) in online retailing over the past two years. The pandemic has prompted the market share of premium wines sold online to soar. In our assessment as much as 40 percent of premium-end sales now happens online, and our market will continue to experience a rapid digital transformation.

Our much-improved profitability means we can seize even more market opportunities and proactively drive our growth.

RAIMUND HACKENBERGER

The past few months have confirmed our expectations that our clientele will continue to order wine online even after the pandemic. The Retail segment emerges from the pandemic in better shape and our formats in the B2B area are once again experiencing an uptick in demand with the burgeoning of the restaurant trade. During the pandemic the *Hawesko Group* consequently reached a new level of sales that will now act as a springboard to further growth.

Our hard work and the pleasing way in which business developed were also reflected in the trading price of *Hawesko* shares in 2021. After remaining range-bound in the early part of the year, the shares climbed to € 53 by the end of the year, equivalent to a 19 percent gain within the space of twelve months.

Today, the much-improved profitability of the *Hawesko Group* affords us even greater liberty to capitalise on market opportunities for investments or acquisitions. Given our already strong position in Germany, we are turning our focus to other European countries. Meanwhile you, our shareholders, will participate suitably in our corporate success. Together with the Supervisory Board, we therefore propose a year-on-year increased dividend of € 2.50 (which includes a special dividend of € 0.60).

It is clear that the end of the special boom during lockdown will put a clear dampener on demand for wine in both the e-commerce and Retail segments, and mean that sales and earnings will be lower than in the first half of 2021. We nevertheless view the 2022 financial year with optimism. Since March 2022, our e-commerce customers have been able to use our fascinating and innovative taste algorithm. In the Retail segment, we will resume the process of opening new stores and our tastings, which help wine-lovers choose wines that reflect their personal preferences, will finally resume. The restaurant trade should also be fully up and running again, and slowly recover. As a whole, we therefore expect 2022 to feature merely a slight downturn in sales of between minus one and minus six percent compared with the coronavirus year of 2021. Regarding the result, we equally expect a slightly lower rate of return and an EBIT margin of between 6.0 and 7.0 percent.

As a genuine omnichannel provider, we can use each channel to meet our customers' preferences and consumption patterns individually and efficiently.

ALEXANDER BORWITZKY

This will be slightly down on 2021 with its exceptional coronavirus impact, but about 50 percent up on the pre-pandemic period.

Consumer price inflation, and rising energy prices in specific, have emerged as a problem and fundamental issue as the pandemic recedes. The war in Ukraine is currently accelerating price rises in the energy, commodities and transport sectors. Shortages of materials and supply bottlenecks are adding to the price pressure on many products. The *Hawesko Group* must and will respond to these challenges with efficient solutions in 2022.

Thank you to you, dear shareholders, for the trust you have placed in us. Our thanks are also due to our employees, whose exceptional efforts throughout this unusual year enabled us to build on our market position. And we would like to say thank you to our agency partners, who pulled out all the stops on behalf of the *Jacques'* brand and its customers amid difficult circumstances. Thank you also to all the winemakers who continued to entrust their exclusive products to us, and last but not least to our many loyal customers.

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

The Board of Management

Thorsten Hermelink	Alexander Borwitzky	Raimund Hackenberger

EUROPE'S LEADING WINE TRADING GROUP

The wine trade is a very regionalised, highly fragmented market made up of several hundred thousand winemakers, millions of labels and countless nuances of taste. It takes a huge amount of hard work to carve out a significant position in this segment.

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

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 pleasantly surprise and delight them, time after time. To achieve that, the *Hawesko Group* adopts a common approach: 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 puts us at a unique advantage. As indeed 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 achieve a competitive advantage by offering exclusive products and targeting customers in a differentiated manner. The resulting economic benefit is huge – as is the satisfaction level of our customers. This year, too, we can therefore proudly state:

only the *Hawesko Group* delivers all this!

NO. 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 people who are interested in wine a curated range of 5,000 premium products from all over the world, available round the clock, complete with personalised wine recommendations. From its origins many years ago as a catalogue-based mail-order venture based in Hamburg, it is now a modern e-commerce business with annual sales of € 153 million and over one million customers.

REVIEW OF 2021

HAWESKO turned the crisis to its advantage by successfully trading online during the pandemic and it posted another massive surge in sales of 22.7 percent in 2021. Further evidence of its substantial growth is supplied by the number of new customers, with the figure reaching a new record level of 200,000 in the course of a single year.

Last year, the market share captured by the exclusive brands was increased to more than 35 percent of sales. For example since last year *HAWESKO* has been offering the ICON Collection, 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.

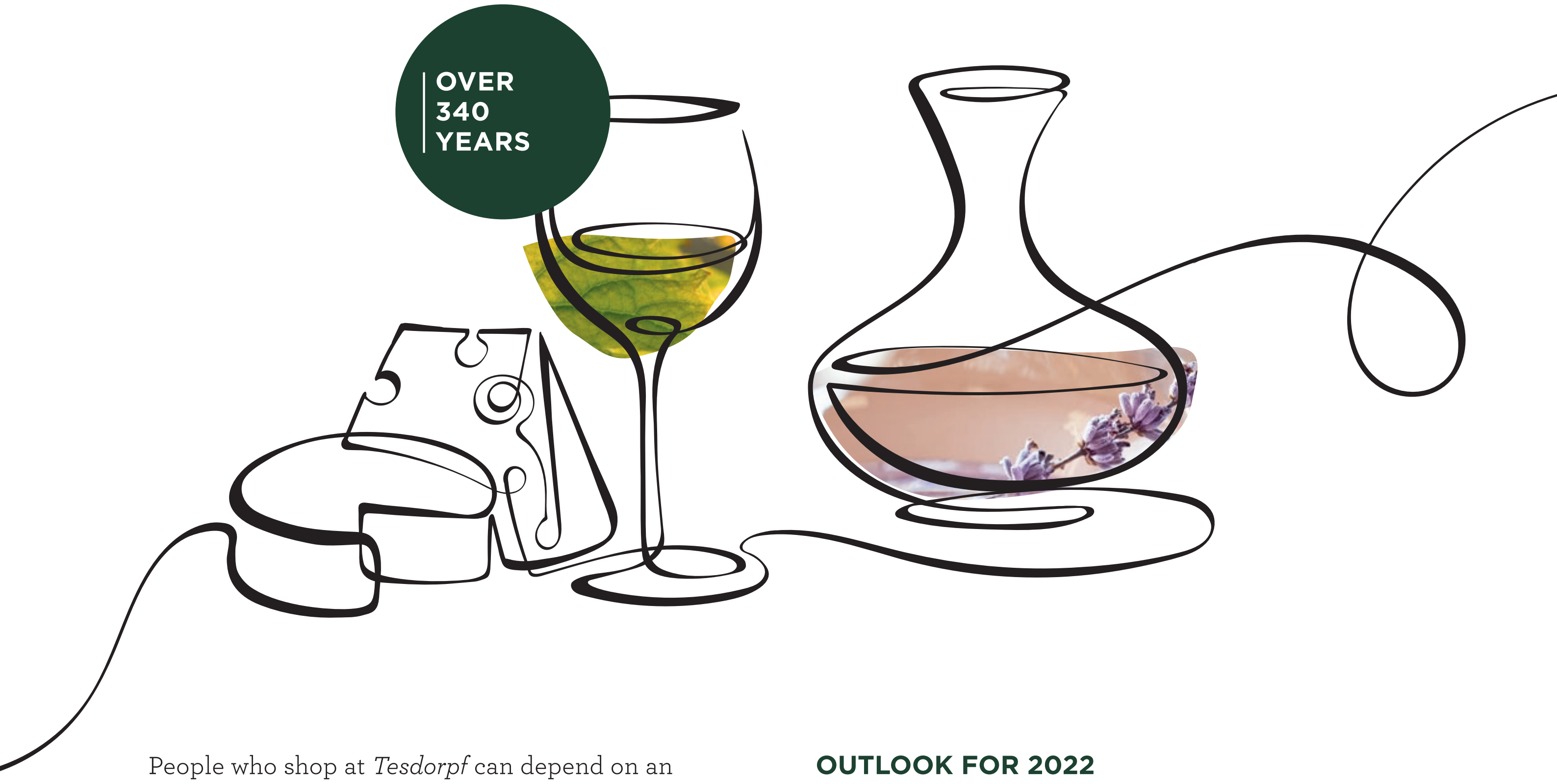
OUTLOOK FOR 2022

HAWESKO comprehensively revamped its web shop again in early 2022 to introduce a thrilling feature that is unique worldwide. It combines its many years of expertise in wine with an ingenious analytical technique to give people who are interested in wine personalised recommendations that are closely aligned with their wine preferences. These recommendations are both surprising and convincing, because taste is as individual a matter as wine itself. *HAWESKO* pairs the two with amazing results!

	2019	2020	2021
SALES (€ MILLION)	96.5	126.0	154.6
EBIT MARGIN	6.5%	10.6%	12.5%
Ø PRICE PER BOTTLE IN €	8.0	8.1	8.6

TRADING IN FINE WINES

The traditional wine company *Tesdorpf* is the premier address for fine wines in Germany.



People who shop at *Tesdorpf* can depend on an exquisitely curated range, plenty of choice and perfect service. The company's close ties with the world's best winemakers stretch back over 340 years. Tesdorpf's experts seek out and consistently find special, rare and excellent wines – always guided by their unrelenting quest for quality.

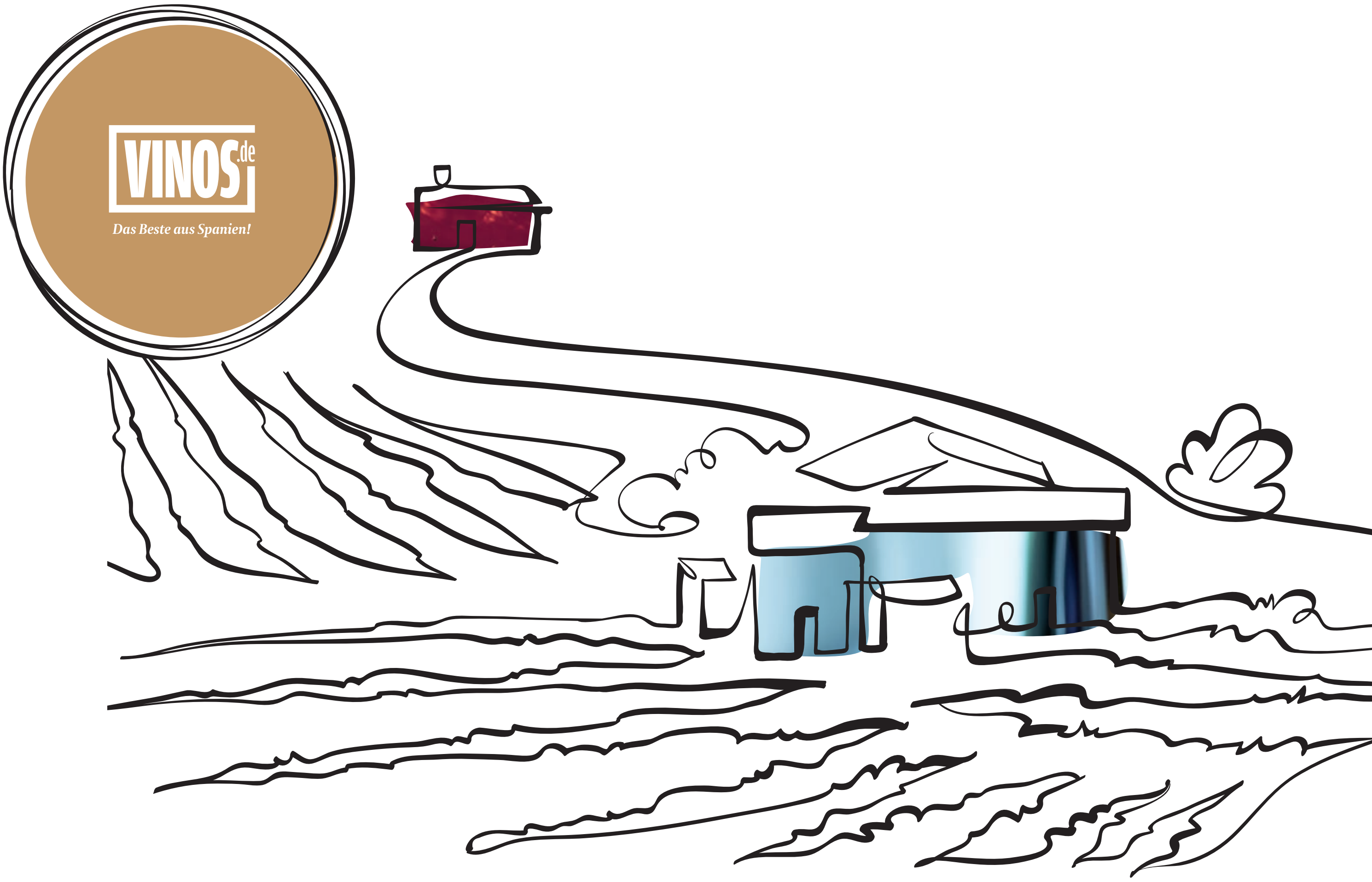
REVIEW OF 2021

A record-breaking 2021 began with the successful relaunch of the web shop. Tesdorpf went on to increase sales 26 percent year on year and acquire more new customers than ever before. Alongside its attractive offers, the trader continued to delight its clientele with a significantly expanded range of higher-quality wines.

OUTLOOK FOR 2022

2022 will see the company build on its fine wine concept with a more extensive selection of premium wines from Italy. It also intends to focus on the ultra-premium segment. And it wants to convey its passion for wine digitally, in the form of even more content for everyone who loves wine.

	2019	2020	2021
SALES (€ MILLION)	13.2	13.9	17.6
EBIT MARGIN	1.6 %	3.7 %	7.0 %
Ø PRICE PER BOTTLE IN €	29.0	28.4	31.5



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 impact the management of the product range and all the delivery services. The aim is always to delight customers that little bit more.

REVIEW OF 2021

With sales growth of nearly eight percent and again more than 100,000 new customers, the *Vinos* fan community maintained its dynamic growth.

From September, communications homed in on the company's 25th anniversary. Another milestone in the evolution of Vinos into an experiential omnichannel format was reached with the opening of the new branch in Hamburg.

OUTLOOK FOR 2022

The anniversary celebrations continue to support *Vinos* as the special situation created by the pandemic finally recedes. The stepping-up of online wine tastings and the further expansion of over-the-counter retailing in major cities aim to give even more customers a direct opportunity to discover and enjoy *Vinos* lifestyle in 2022 too.

	2019	2020	2021
SALES (€ MILLION)	47.6	61.6	66.3
EBIT MARGIN	6.8%	10.8%	9.8%
SHOPS	7	7	8
Ø PRICE PER BOTTLE IN €	5.7	5.8	5.9

GERMANY'S BIGGEST MARKETPLACE FOR REGIONAL WINES

The focus on German and Austrian vineyards and winemakers allows *WirWinzer* to make the unique claim to be Germany's biggest marketplace for regional wines: its range currently comprises 33,000 wines from over 1,800 winemakers.

The terms for end customers are compelling: top quality at »straight from the winery« prices. Its success owes much to the intuitive online platform that gives everyone who loves wine an easy way to access estate-bottled wine directly.

REVIEW OF 2021

High new customer totals and a very good customer structure again drove up sales in 2021. Specifically during the pandemic, winemakers too were impressed with the modern image as a digital 24/7 estate shop. With aroung 400 new suppliers added to the *WirWinzer* portfolio in 2021, the range is now more appealing than ever. The successful entry into the Austrian market has also laid the foundations for further international growth.

OUTLOOK FOR 2022

The experience gained in 2020 serves as a positive basis for the coming financial year. The platform expects to see more vintners come on board in 2022. The marketplace is currently working on expanding into other European wine markets such as Italy, France and Spain.

	2019	2020	2021
CUSTOMER SALES* (€ MILLION)	11.1	18.5	21.6
EBIT MARGIN**	-14.3%	14.0%	18.5%
WINEMAKERS	929	1.455	1.833
PRODUCTS	19,740	26,556	32,428
Ø PRICE PER BOTTLE IN €	6.9	7.0	7.1

**according to German Commercial Code (HGB)* ***according to IFRS*

COME IN AND TASTE

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

With over 320 partner-led outlets, *Jacques'* is not merely the country's biggest chain of specialist wine retailers; it is also the go-to place where many wine-lovers can enjoy a very special, personalised experience. To ensure the customer selects only the products that are genuinely to their taste from a carefully curated range of around 300 wines, everything revolves around the tasting. In a relaxed, familiar atmosphere people can taste their way through our wines, be guided perfectly by 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 2021

On the back of remarkable growth in 2020, *Jacques'* increased sales by a further 3.6 percent and earnings by 6.8 percent in 2021. Specifically at this challenging time, *Jacques'* was able to capitalise on its strong customer loyalty. The company was consequently always able to remain in contact with those holding a customer card, and the carefully planned hygiene concepts put in place by our dedicated partners at the individual outlets created a safe in-store experience and even made it possible to hold the first tasting events again. Video presentations by these partners and online events also offered customers an innovative alternative.

OUTLOOK FOR 2022

The expansion of the digital strategy, which includes such aspects as an online-based customer journey, the more intensive use of digital media and the modernisation of the brand identity, is one of the main projects designed to maintain *Jacques'* success in 2022 and beyond. We are also focusing on further expansion: whereas only a small number of new branches were opened last year due to the pandemic, significantly more new locations will be added in 2022. We are currently assessing opportunities to expand into other European countries.

	2019	2020	2021
SALES (€ MILLION)	164.1	187.5	194.3
EBIT MARGIN	11.3%	12.9%	13.3%
OUTLETS	320	327	325
Ø PRICE PER BOTTLE IN €	7.7	7.9	8.1

DISCOVER THE APPEAL OF WINE, LIVE.

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

As a player active on all channels, this specialist for high-calibre wines and champagnes runs both an online channel and 22 shops with opportunities for tastings. Seven of these shops also offer customers wine bars, where they can enjoy exquisitely prepared fare along with their wine in a cosy atmosphere.

REVIEW OF 2021

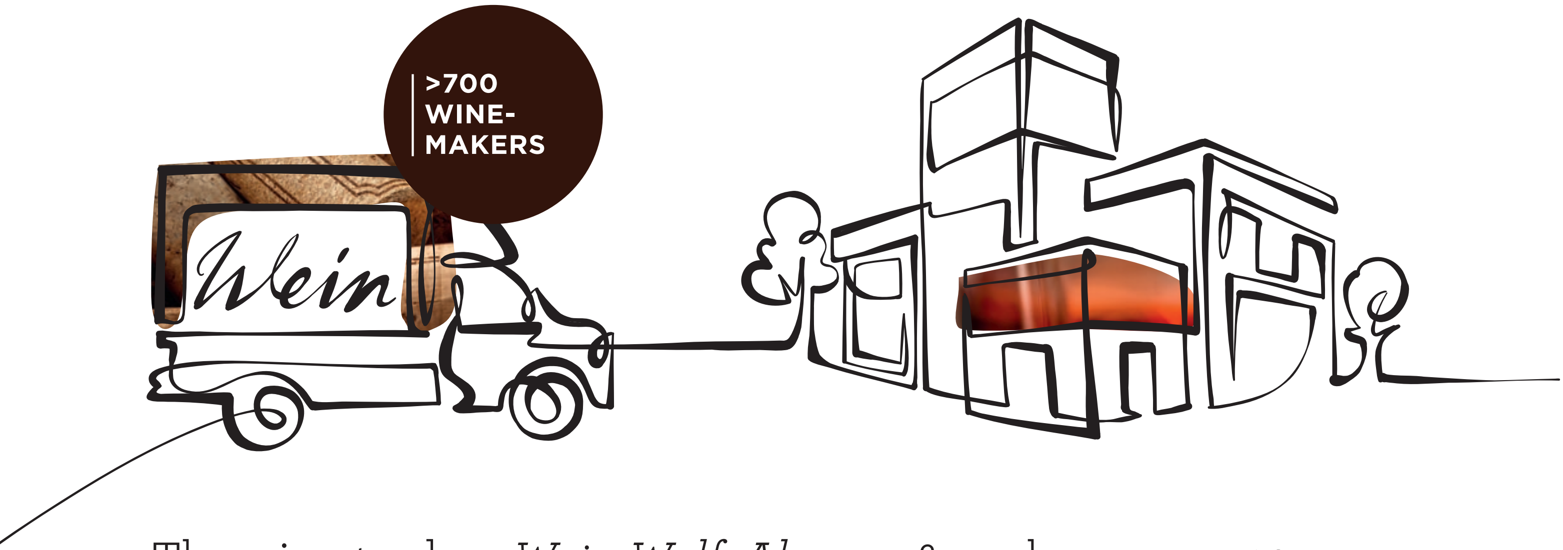
The lockdown closure of shops for a time and several months lost to the pandemic by restaurants in Austria meant *Wein & Co* was again the hardest-hit B2C format in the second year of the coronavirus crisis. These circumstances led to a shift in sales between the segments: growth for retail and online business more than made up for weak sales by bars. Thanks to its clear focus on an expertly chosen product range, the brand actually further increased its appeal.

OUTLOOK FOR 2022

The priorities now are to revitalise food service locations after the lifting of pandemic-related restrictions, and to step up development of the online channel. By expanding its 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	2021
SALES (€ MILLION)	39.2	40.2	44.2
EBIT MARGIN	-1.3 %	0.4 %	0.6 %
SHOPS	20	21	22
THEREOF WITH WINE BARS	7	7	7
Ø PRICE PER BOTTLE IN €	16.8	16.2	17.3

THE WORLD'S WINES FOR PROS



The wine traders *Wein Wolf, Abayan* & co. have over 40 years of experience in B2B, making them the premier addresses in direct distribution for the restaurant and hotel trade as well as online, offline specialist and food retailing.

The impressive range of over 8,000 selected premium wines from more than 700 winemakers includes the world's best-known products, many of them on an exclusive basis.

REVIEW OF 2021

The drive to keep improving competitiveness in 2021 also included the transformation of the B2B segment in a way that better reflects the portfolio, is less dependent on individual channels and will therefore be a leaner, fitter setup going forward. The far-reaching lockdown of restaurants and hotels triggered a drop in sales of an estimated 60 percent in the first half of the year. Progress later in the year rectified this setback and ultimately produced overall sales growth.

Food retailing business performed exceptionally well, with very strong growth of 30 percent for 2020 followed by a further rise of 15 percent, adding to the success story. The classic customer segments of specialist trade and delivery likewise each grew by a very healthy 17 percent.

OUTLOOK FOR 2022

The B2B trading arm is confident that the distribution channel will make further progress and that the wine-maker partners who enjoy exclusive status will achieve greater brand presence. Its experts have already taken appropriate action to address the problems the war in Ukraine poses for inflation and supplies of packaging materials. The B2B web shop will be launched in 2022 to give the area even more impact.

	2019	2020	2021
SALES (€ MILLION)	169.0	160.5	173.2
EBIT MARGIN	3.5%	3.4%	5.2%*
DEPTH OF PRODUCT RANGE	9,050	9,100	8,250

**adjusted for special items*

CREATING A SUSTAINABLE FUTURE

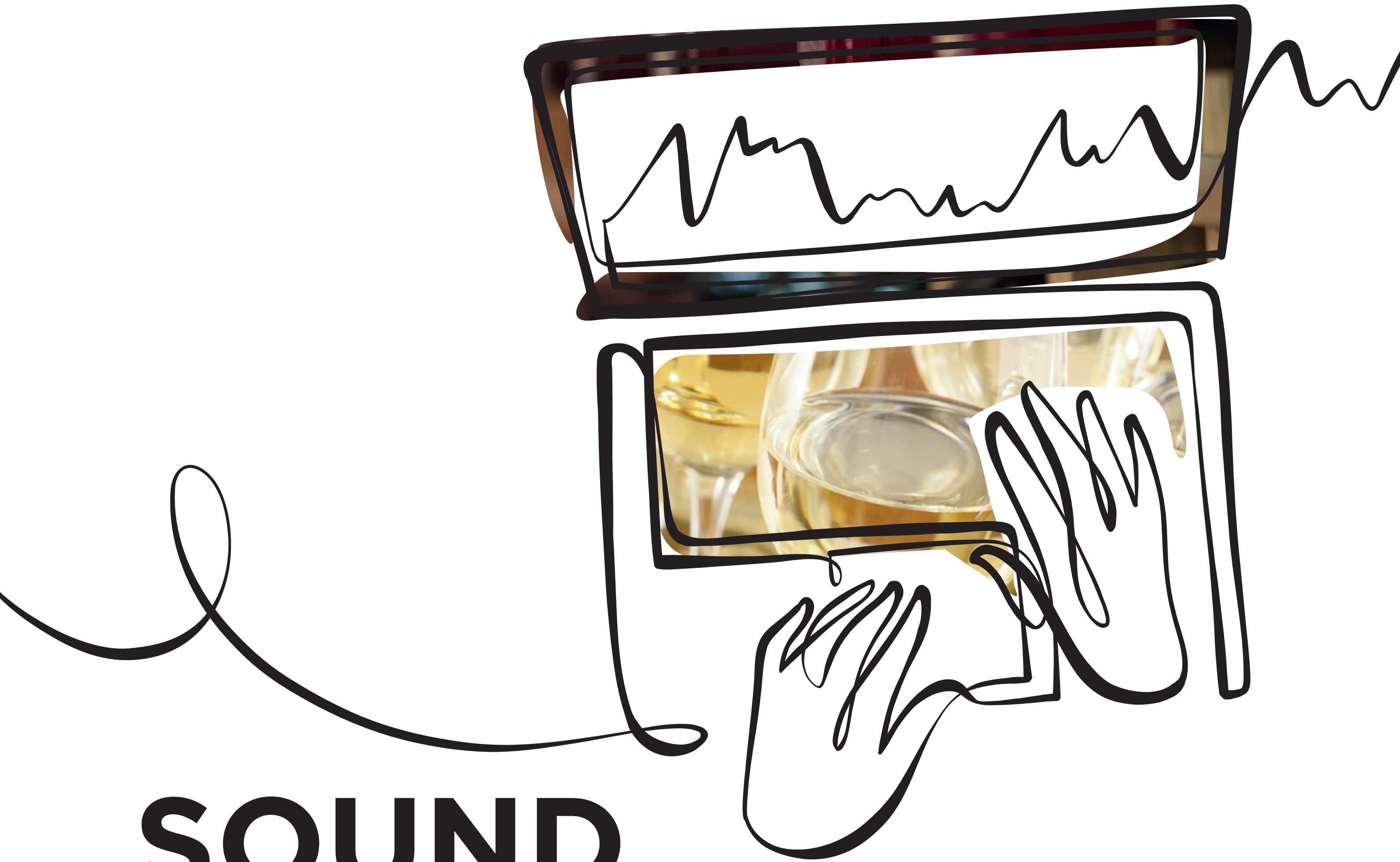
Wine is a natural product that bears the imprint of the people who produce it. Winemakers staunchly uphold the sustainable values that have always been the hallmarks of a good wine: the terroir, the vine and the work that is done at the winery.

As a leading trading group for high-quality wines and champagnes, our ambition is to continue the sustainable work that is done at the vineyard. Bearing that in mind, we have drawn up a group-wide sustainability strategy. This applies on the one hand to the range: over the next few years we will steadily promote the growth of certified sustainable products in our range. On the other hand, it also applies to group-wide carbon emissions. Having recorded this metric for the first time for 2020, we are now already taking systematic steps to cut emissions with the goal of steadily shrinking the *Hawesko Group's* carbon footprint from 2022 on. Examples of the areas we are looking at include optimised ordering and delivery processes, or ways of cutting how much packaging we use.

As a trading company the *Hawesko Group* does not operate any production facilities of its own. The impact of its business activity on the environment is therefore not comparable to that of businesses in manufacturing industry. The *Hawesko Group* introduced a group-wide suppliers' code in the early part of 2021. This code is intended to achieve compliance with decent working conditions along the entire supply chain. In addition, the *Hawesko Group* consistently encourages its suppliers to adopt eco-friendly practices. Many producers are receptive to this input and have their processes adapted and certified accordingly.

The expertise, experience and exceptional dedication of the employees are hugely important for the sustainably positive development of the *Hawesko Group*. It is they who ensure day in, day out that the group's customers receive outstanding advice and service, and that business partners and suppliers feel they and their products are in good hands. Fair compensation with equal pay and ongoing opportunities for further training in every employee's specialist area, but also on personal and social skills, are the hallmarks of human resources work in the *Hawesko Group*. People with different backgrounds and strengths can maximise their potential in the *Hawesko Group*.

The *Hawesko Group* is committed to fair competition and fair contractual arrangements with its business partners. The group and its companies hold regular compliance training both on-site and using e-learning. Appropriate steps have also been taken to obtain a confidentiality undertaking from all employees and service providers who deal with inside information. There are two pillars to the whistleblower system of the *Hawesko Group*. In addition to the internal channel of reporting to the line manager, the executive management and the person responsible for compliance, there is also a whistleblowing hotline operated by an independent, external mediator.



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. *Hawesko* shares offer you a whole range of benefits.

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 made further progress in 2021. That will remain our sound basis for organic and acquisition-led growth.

CRISIS-PROOF BUSINESS MODEL

The coronavirus-dominated years 2020 and 2021 demonstrated the strategic strength of our balanced but flexible business model. Thanks to having the very different Retail, e-commerce and B2B segments, we the *Hawesko Group* are also well equipped to absorb substantial changes in the market.

MODERN OMNICHANNEL PROVIDER

We have closely dovetailed our various different sales channels and are a genuine omnichannel provider. The way each channel interlocks seamlessly with the others also enables us to respond to the preferences and consumption patterns of our customer individually and efficiently.

HIGH-PERFORMANCE PLATFORM

Our investment in modern technology over previous years 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 our customers very accurately. The progress we make in that regard is fed back into the ongoing development of our platform.

CONSISTENT FOCUS ON THE CUSTOMER

Through our product range, we address the quality-conscious, upscale premium segment. That requires us to focus uncompromisingly on our clientele. Service quality and specialist expertise are the basis of satisfied customers and therefore of commercial success. Focusing on our customers is part of our DNA and the guiding principle behind our day-to-day actions.

PROFITABLE GROWTH

Last year we yet again achieved a substantial improvement in profitability. It means we are now in a position to reinforce our position through capital expenditure or take advantage of opportunities arising in the market. We plan to remain on the path of profitable growth over the coming years.

ATTRACTIVE DIVIDEND

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

FINANCIAL INFORMATION

of Hawesko Holding Aktiengesellschaft for the 2021 financial year

COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

of Hawesko Holding Aktiengesellschaft for the 2021 financial year

COMPANY PROFILE

MANY STRONG FORMATS – 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 premium market segments. The *Hawesko Group* achieved sales of € 680.5 million in 2021. 86.1 percent of the total was generated in Germany (previous year: 86.0 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 functional areas. 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 following subsidiaries (for ease of reading, the company names are abbreviated in the following; please refer to the overview on page 22 of the notes to the consolidated financial statements): *HAWESKO, Tesdorpf* 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, near Vienna, Austria. *Jacques'* with 325 outlets throughout Germany and *Wein & Co.* with 22 branches across all of Austria each hold the position of leader in their respective home markets. The group's B2B activities in Germany are coordinated in Bonn. 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 *Hawesko Grou*p consistently targets higher sales growth than for the market as a whole. Even if the overall market is not expanding, the group aims for increased sales. 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 consistently be 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 a method of obtaining an ongoing indication of how profitably business is performing in relation to the capital required to run it. The aim of the *Hawesko Group* is for the return on capital employed to exceed the costs of capital raised on the capital market in every segment of the group. Please see the remarks under “Financial position”, page 42. By definition, the group will therefore only invest in those areas of business that exceed their costs of capital and consequently 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.

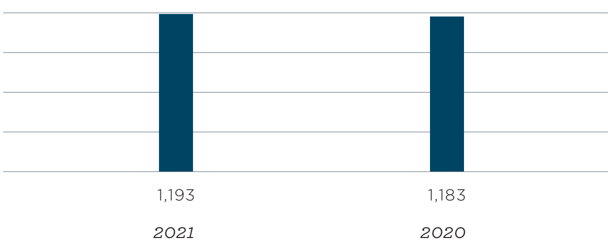
No key non-financial performance indicators are used in the management of the group.

EMPLOYEES

The group employed an average of 1,175 people in the 2021 financial year (plus 18 apprentices), predominantly in Germany. Women make up 45 percent of the group's workforce (previous year: 46 percent), and the figure among its management is 28.5 percent (previous year: 28.5 percent). The target of achieving 25.0 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 € 0.4 million (previous year: € 0.2 million). On 31 December 2021, 342 employees of the group belonged to the pension fund (prior-year balance sheet date: 353). Collectively negotiated employer subsidies came to € 0.1 million in the year under review (previous year: € 0.1 million). 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.

Above all this means the customer database, which contains many of the people in Germany and Austria who are interested in high-quality wines. Another major competitive advantage is expertise in specialist warehousing and transport logistics for the product wine. In the Retail and e-commerce segments, almost 2.3 million end customers were served in Germany, Austria and Sweden in 2021 (2020: 2.2 million[1]). In core business areas, these customers made net purchases averaging € 212 last year (previous year: € 207). The B2B segment has around 20,500 active customers on its books (previous year: 17,600), most of them with their registered office in Germany and operating in the grocery retail, specialist wine retail and restaurant trades.

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 exclusively in the wine trade, the *Hawesko Group* also possesses many years of experience 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 in Tornesch and another one in Berlin with suitably tailored and optimised processes, to provide the logistics services for the e-commerce segment. The Retail and B2B segments make use of third-party services provided from a warehouse in central Germany.

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

[1] *For the sake of comparability anonymous customers were removed from the prior-year figure.*

ECONOMIC REPORT

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

The German economy resumed a course of growth after a coronavirus-stricken 2020. According to provisional calculations by the Federal Statistical Office, real gross domestic product (GDP) climbed by 2.7 percent in 2021. This contrasted with a drop of −5.0 percent in the previous year. Original expectations of a recovery in the order of 3.5 to 4.0 percent could not be fulfilled due to supply bottlenecks. GDP contracted by −0.7 percent in the fourth quarter of 2021. This was due to the fourth wave of the coronavirus. The economic data is also expected to come in weaker for the first quarter of 2022. Experts anticipate a marked economic recovery in the early part of the year. The upturn will be driven mainly by consumers' strong inclination to spend. The German Federal Bank expects to see a period of people in Germany spending more money than before the pandemic. Many households are believed to be cash-rich, having cancelled plans for holidays and been forced to put leisure activities on hold for a time.

According to Gesellschaft für Konsumforschung (GfK) the per capita purchasing power of Germans (nominal disposable net income including state transfer payments) will be € 24.8 thousand in 2022. This is a healthy 4.3 percent up on GfK's revised prior-year figure and is indicative of a recovery. How much of the nominal increase in purchasing power will actually be left in real terms will nevertheless depend on movements in consumer prices in 2022. The Federal Statistical Office (Destatis) has recently reported inflation running at five percent.

German wine market

According to German Wine Institute figures, Germans drank an unchanged amount of wine per person (20.7 litres) in the past wine year (1 August 2020 – 31 July 2021) compared to the prior-year period. Consumption of sparkling wine also remained constant. In all, 19.9 million hectolitres of local and imported still and sparkling wine were consumed. Across the population of 83.2 million, this translates into per capita consumption of 23.9 litres. This volume of demand means the German wine market ranks fourth among the world's biggest consumer markets for wine. Only the USA (33 million hectolitres), France (24.7 million hectolitres) and Italy (24.5 million hectolitres) consume more wine.

BUSINESS PERFORMANCE AND FINANCIAL PERFORMANCE

Overall statement on 2021 business performance and economic situation

The *Hawesko Group* was able to increase its sales in 2021 by 9.7 percent compared with the previous year (11.6 percent) to € 680.5 million. About 86.1 percent of sales were generated within Germany, with year-on-year growth reaching 9.8 percent domestically. The group thus extended its market position. EBIT came to € 53.1 million, as against € 42.2 million in the previous year.

The consolidated balance sheet shows a total of € 437.5 million (previous year: € 427.7 million).

The equity ratio is 30.3 percent (previous year: 27.4 percent). Net debt owed at the balance sheet date amounts to € 100.8 million, compared with € 102.1 million one year earlier.

Cash flow from current operations for the year under review came to € 49.0 million (previous year: € 81.0 million). Free cash flow rose from € 71.6 million in the previous year to € 42.8 million (for further information, see "Liquidity analysis" under Financial position).

On the back of above-average success in 2021, the Board of Management's overall assessment of the economic situation of the group is good.

In the Interim Financial Report, the Board of Management had envisaged a sales rise of 2.0 to 5.0 percent compared with the prior-year figure of € 620.3 million. This target range was easily exceeded thanks to strong consumer demand in the B2C segment.

EBIT came to € 53.1 million, within the range of € 48 to € 55 million stated in the Interim Financial Report.

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*	**2021**	**2020**
Sales	Sales revenues	680.5	620.3
Sales growth	Percentage growth in sales revenues	9.7 %	11.6 %
EBIT	Operating result	53.1	42.2
EBIT margin	EBIT divided by sales revenues	7.8 %	6.8 %
ROCE	EBIT divided by capital employed; see section "Return on capital employed (ROCE)"	24.2 %	18.7 %
Free cash flow	Total of cash flow from operating activities, investing activities and interest paid	42.8	71.6

The following rate-of-return targets (financial performance indicators) were communicated for 2021 in end-of-year reporting for 2020, and for the first half of 2021. The following table shows to what extent they were achieved.

	Initial objective at 2020 year end	*Updated objective after 2021 first half*	**2021**	*Attained*
Sales growth	≥ 6.0%	2.0–5.0%	9.7%	✓
EBIT margin	≥ 5.2%	7.4–8.7%	7.8%	✓
ROCE	≥ 12.3%	21.0%	24.2%	✓
Free cash flow (€ million)	≥ 31.6	25.0–35.0	42.8	✓

Financial performance

2021: increase in sales and earnings

Hawesko Group sales were increased by 9.7 percent in 2021, from € 620.3 million to € 680.5 million. This growth was achieved mainly in the e-commerce end customer segment. The increase was aided by sales revenues from mail-order sales placed online, which rose significantly by 20.4 percent to € 204.8 million. Also, from the second quarter of 2021 sales to business customers in the restaurant, hotel and specialist retail trades recovered from the coronavirus shock and the *Hawesko Group* posted 6.5 percent growth in this segment, to € 117.9 million. Sales to customers from the grocery retail trade likewise grew significantly for a second successive year, going up 15 percent to € 48.1 million. The third growth factor for the *Hawesko Group* was sales revenues for the retail outlets, which rose 3.0 percent to € 214.8 million.

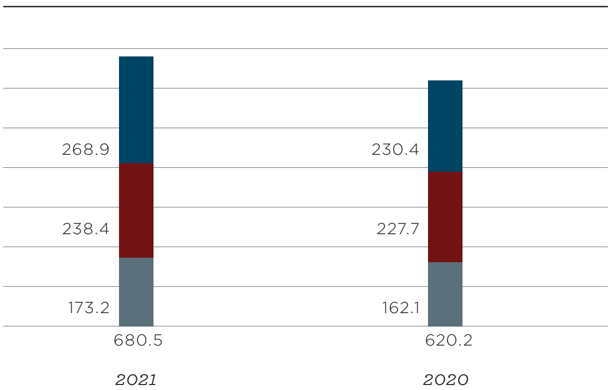
The German market accounted for 86.1 percent of sales. Overall, 25.2 percent of sales came from French wines (previous year: 23.6 percent), 27.5 percent from Italian products (previous year: 27.7 percent), 18.0 percent from Spanish wines (previous year: 16.8 percent), 12.6 percent from German products (previous year: 12.6 percent) and around 7.2 percent from Austrian wines (previous year: 3.7 percent). The overall sales volume came to 89 million bottles (previous year: 83 million).

The gross profit margin, calculated from sales revenues less the cost of purchased goods relative to sales revenues, remained steady at 44.2 percent in the year under review (previous year: 44.2 percent). This was because the end customer segments' share of total group sales held steady compared with the previous year and also thanks to continuing efforts to put together an attractive range across the different segments. Long-established relationships with winemakers are the key to stable purchasing terms.

Personnel costs comprised wages and salaries as well as statutory, collectively negotiated and voluntary social contributions. This item rose by 8.3 percent to € 74.9 million (previous year: € 69.2 million) mainly from the recruitment of personnel for transaction-based activities in logistics or the call centre, in response to the increased demand in the year under review. The personnel expenses ratio (personnel expenses relative to sales revenues) came down slightly to 11.0 percent in the 2021 financial year (previous year: 11.2 percent). Other operating expenses showed a slight increase of € 12.7 million to € 170.3 million.

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

SALES BY SEGMENT
€ million



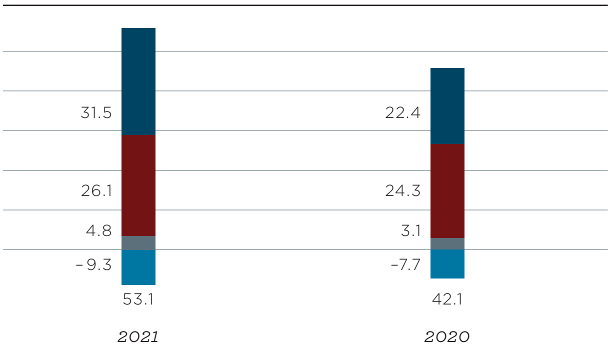
- *e-commerce*
- *Retail*
- *B2B*

Rounding differences possible

Advertising expenses amounted to € 44.1 million (previous year: € 39.6 million); as a proportion of sales this item remained steady at 6.5 percent compared with the previous year (6.4 percent). 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: 606,000 new customers were recruited for the end consumer segments in 2021 (previous year: 555,000). In a reflection of online sales, spending on online advertising also increased. The delivery costs for the group rose from € 37.8 million to € 41.5 million. Delivery costs remained steady at 6.1 percent (previous year: 6.1 percent).

To make the segments future-proof and competitive, several IT projects were advanced or started in the financial year. As a result, IT and communication costs went up by € 7.2 million to € 9.4 million.

GROUP EBIT BY SEGMENT
€ million



- *e-commerce*
- *Retail*
- *B2B*
- *Costs of the holding company, other, and consolidating items*

Substantial rise in consolidated EBIT

The operating result (EBIT) of the *Hawesko Group* came to € 53.1 million (previous year: € 42.2 million) in the year under review.

DEVELOPMENT IN EARNINGS € million	**2021**	**2020**	**2019**
EBIT	**53.1**	**42.2**	**29.1**
– Year-on-year change	25.8 %	45.0 %	5.1 %
– EBIT margin	7.8 %	6.8 %	5.2 %
EBT (earnings before taxes)	**48.3**	**35.8**	**25.4**
– Year-on-year change	34.9 %	40.9 %	–16.7 %
– EBT margin	7.1 %	5.8 %	4.6 %
CONSOLIDATED NET INCOME EXCLUDING NON-CONTROLLING INTERESTS	**33.6**	**23.8**	**15.8**
– Year-on-year change	41.2 %	50.6 %	–28.2 %
– Net margin	4.9 %	3.8 %	2.8 %

COST STRUCTURE as % of sales	**2021**	**2020**	**2019**
Personnel costs	11.0 %	11.2 %	12.0 %
Advertising costs	6.5 %	6.4 %	7.8 %
Delivery costs	6.1 %	6.1 %	5.6 %
Other operating income and expenses (balance)	9.5 %	10.0 %	8.7 %
Depreciation and amortisation	3.2 %	3.8 %	3.9 %
TOTAL	**36.4 %**	**37.4 %**	**38.0 %**

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 (€ 53.1 million) divided by the average capital employed of € 219.1 million [(capital employed at 1 January 2021 plus capital employed at 2021 balance sheet date)/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/-31/12/2021**	**01/01/-31/12/2020**
EBIT (OPERATING RESULT)	**53,080**	**42,152**
Total assets	437,546	427,699
Less		
– cash	52,861	49,818
– deferred tax assets	5,931	8,002
– interest-free liabilities	151,681	158,818
CAPITAL EMPLOYED (REPORTING DATE CURRENT YEAR)	**227,073**	**211,061**
Average capital employed (over the year)	**219,067**	**225,594**
ROCE	24.2%	18.7%

Consolidated net income

The financial result shows a net expense of €–4.8 million (previous year: €–6.3 million), which was substantially attributable to interest expense for lease agreements as well as to the measurement of put options for minority interest (interest expense 2021: € 4.1 million). The decline year on year stems mainly from the fact that two of the minority interests in *WirWinzer* exercised their put option in the financial year with the effect that the measurement of the liabilities did not rise any further. The consolidated earnings before taxes for 2021 came to € 48.3 million, up € 12.5 million on the prior-year figure of € 35.8 million.

The effective tax rate declined to 29.0 percent in the year under review (previous year: 32.5 percent). This was principally attributable to year-on-year higher own assets capitalised in connection with IT projects, which fiscally immediately trigger an expense.

Overall, after deduction of the tax expense there remained consolidated net income of € 34.3 million, which was € 10.1 million up on the prior-year figure of € 24.2 million. The consolidated net income attributable to the shareholders of *Hawesko Holding AG* – excluding non-controlling interests – came to € 33.6 million (previous year: € 23.8 million).

Reported earnings per share were € 3.74 (previous year: € 2.65). 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	**2021**	**2020**
Retail	10.9 %	10.7 %
B2B	2.8 %	1.9 %
e-commerce	11.7 %	9.7 %
Group	7.8 %	6.8 %

ROCE	**2021**	**2020**
Retail	20.4 %	20.0 %
B2B	23.2 %	8.2 %
e-commerce	65.8 %	35.8 %
Group	24.2 %	18.7 %

Retail:

Jacques' maintains profitable growth, Wein & Co. reports steady EBIT despite COVID-related closure of wine bars

Sales for the Retail segment (*Jacques'* as well as *Wein & Co.*) rose by 4.7 percent overall in the year under review and reached € 238.4 million (previous year: € 227.7 million). The individual company *Jacques'* increased its sales by 3.6 percent to € 194.3 million. Like for like, in other words disregarding newly opened or closed outlets, sales growth was equally 4.7 percent. *Jacques'* served 900,000 active customers in 2021 (previous year: 900,000[2]). Including *Wein & Co.* the segment again had more than 1,000,000 customers. *Jacques'* was again able to win over customers in 2021 with digital communications and the resumption of tastings with social distancing and appropriate hygiene measures. 2021 thus saw *Jacques'* acquire around 130,000 new customers (previous year: 140,000). The average spend at *Jacques'* showed a further slight rise compared with the previous year. At 31 December 2021 there were 325 *Jacques'* outlets in operation in Germany (previous year: 327). There are no outlets outside Germany. One new shop was opened, three were closed and none were relocated. At the reporting date for the year, *Wein & Co.* operated 22 locations in Austria (previous year: 21), an unchanged seven of which had a wine bar. The operating result (EBIT) for the segment was increased by 7.4 percent to € 26.1 million in the year under review (previous year: € 24.3 million) and corresponds to an EBIT margin of 10.9 percent (previous year: 10.7 percent). ROCE for the segment edged up from 20.0 percent to 20.4 percent. This higher indicator is mainly attributable to the slight rise in EBIT measured against capital employed.

B2B:

Restaurant, hotel and specialist retail trade takes off again; grocery retail trade is a growth channel

The B2B segment was again affected by coronavirus-related restrictions in 2021. External sales by the B2B segment in the year under review were nevertheless up 6.8 percent on the previous year at € 173.2 million (€ 162.1 million). After adjustment for the sales of *Vogel Vins* and *Ziegler,* which were disposed of in the previous year, the 2021 figures were actually 10.2 percent up on the previous year. Even if restaurants, the hotel trade and specialist retail trade were still affected by restrictions to prevent the spread of the coronavirus, that sales channel grew by 6.5 percent because there were fewer restrictions in these areas than in the reference period. The second important pillar of growth for the B2B segment was the grocery retail trade, which was up 15.0 percent. The EBIT earned by all B2B brands came to € 4.8 million and was therefore above the prior-year figure (€ 3.1 million). The expansion of the sales team and investment in optimised processes weighed on EBIT in 2021. A significant improvement in capital employed was the main factor behind a rise in ROCE for the B2B segment from 8.2 percent to 23.3 percent. Capital employed improved mainly thanks to the deconsolidation of *Ziegler* in the previous year, which held high stock levels relative to EBIT.

[2] For the sake of comparability anonymous customers were removed from the prior-year figure.

e-commerce:

Healthy performance above all at HAWESKO, WirWinzer and Tesdorpf

In the e-commerce segment sales were increased for a second year in a row, rising 16.7 percent to € 268.9 million (previous year: € 230.4 million). This was attributable to the successful acquisition of new customers across the segment (438,000, previous year: 380,000) and the general growth in clientele. On 31 December 2021 there were 1,260,000 active customers on the books, meaning those who have placed at least one order in the past twelve months. The clientele has consequently grown by nine percent year on year (previous year: 1,155,000). Sales with these customer groups were generated mainly online (66.6 percent; previous year: 64.1 percent), with classic sales channels such as post, phone and fax accounting for the remainder.

EBIT for the e-commerce segment grew by a steeper rate than sales of 40 percent to € 31.4 million, representing an EBIT margin of 11.7 percent (previous year: 9.7 percent). This overproportional growth was driven by process improvements to handle the higher volume of orders, personnel deployment and logistics processes, as well as effectively controlled marketing measures that were kept at a virtually constant level despite the increased volume of business.

Holding-company costs

The reported costs for the holding company and consolidating items in the group amounted to € 9.2 million for 2021 (previous year: € 7.8 million).

FINANCIAL POSITION

Principles and aims of financial management

The principles and aims of financial management are 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 2021 the liquidity resources of the group included cash of € 52.9 million (previous year: € 49.8 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 € 70.0 million (previous year: € 75.0 million). At the reporting date these credit facilities were drawn on to a level of 7.0 percent (previous year: 7.8 percent). The *Hawesko Group* reported short-term and long-term borrowings amounting to € 19.1 million at 31 December 2021 (previous year: € 24.0 million). Of this total, € 12.3 million (previous year: € 12.5 million) is due within the next twelve months. Thanks to the financial performance in the year under review, amounts due to banks could be reduced by a further € 4.9 million to € 19.1 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 new office building.

The long-term and short-term financial liabilities 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 consistently been met. The existing credit facilities moreover assured adequate cash levels at all times during the year under review. Long-term financial liabilities included amounts due to banks totalling € 6.8 million (previous year: € 11.5 million) and lease liabilities of € 120.5 million (previous year: € 114.8 million).

According to internal calculations, the costs of the equity and borrowed capital made available to the group are currently 5.3 percent (previous year: 5.2 percent. They comprise the weighted costs of the equity capital of 6.1 percent on the one hand, and 0.7 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 -0.07 percent and a risk premium of 7.5 percent with a beta factor of 0.8.

COMPOSITION OF BORROWINGS AT 31/12/2021	*Short-term € million*	*Short-term %*	*Long-term € million*	*Long-term %*	*Total € million*
Borrowings in the form of loans and credit	12.3	64.4 %	6.8	35.6 %	19.1
Lease liabilities	13.0	9.7 %	120.5	90.3 %	133.5
TOTAL	**25.3**	**16.6 %**	**127.3**	**83.4 %**	**152.6**

Rounding differences possible

COMPOSITION OF BORROWINGS AT 31/12/2020	*Short-term € million*	*Short-term %*	*Long-term € million*	*Long-term %*	*Total € million*
Borrowings in the form of loans and credit	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

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 2021 there was net debt of € 100.8 million. This compares with € 102.1 million reported in the previous year. The slight drop in net debt was prompted mainly by a slightly higher increase in cash compared to gross debt owed, thanks to the positive cash flow from operating activities. Amounts due to banks were scaled back substantially, while lease liabilities for new and extended building lease contracts increased.

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

€ million	2021	2020
Liabilities in the form of loans and credit	19.1	24.0
+ Lease liabilities	133.5	126.8
+ Provisions for pensions	1.1	1.1
= GROSS DEBTOWED	**153.7**	**151.9**
– Cash	52.9	49.8
= NET DEBT OWED	**100.8**	**102.1**

Rounding differences possible

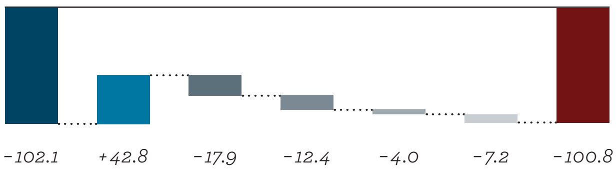
Investment

The *Hawesko Group* invested € 7.8 million in intangible assets and in property, plant and equipment in the year under review (previous year: € 5.7 million). This amount, relative to sales, produced an investment ratio of 1.1 percent (previous year: 0.9 percent).

Investments in intangible assets came to € 3.6 million (previous year: € 3.0 million) and were occasioned by the optimisation of online business (including for the modernisation of the ERP software in the Retail and B2B segments and of the online shops in all segments).

Investments in property, plant and equipment totalled € 4.2 million in 2021 (previous year: € 2.7 million). The Retail and e-commerce segments accounted for a sizeable portion of this amount, from the expansion and modernisation of individual locations.

NET DEBT OWED
€ million



NET DEBT OWED 31/12/2020	–102.1
Free cash flow	+42.8
Dividend	–17.9
Outpayment lease liabilities	–12.4
Payment for acquisition of minority interest	–4.0
Other	–7.2
NET DEBT OWED 31/12/2021	**–100.8**

Liquidity analysis

CONSOLIDATED CASH FLOW €million	**2021**	**2020**
Cash flow from current operations	49.0	81.0
Cash flow from investing activities	–2.1	–10.3
Cash flow from financing activities	–44.0	–39.7
Free cash flow	42.8	71.6

CALCULATION OF FREE CASH FLOW €million	**2021**	**2020**
Cash flow from current operations	49.0	81.0
Less outpayments for the acquisition of intangible assets and property, plant and equipment	-7.8	-5.7
Plus inpayments from the disposal of intangible assets and property, plant and equipment	0.2	0.2
Plus inpayments from the disposal of group companies / business units	5.5	0.1
Less interest paid	–4.1	–4.0
TOTAL:	42.8	71.6

The cash flow from current operations fell from €81.0 million in the previous year to €49.0 million in the year under review. The decrease is mainly attributable to increased inventories, coupled with a decline in trade payables. In 2020 there was a temporary reduction in inventories especially in the second quarter in response to the prevailing uncertainty at the start of the pandemic. For a short time this had a very positive impact on cash flow from current operations, which was exceptionally high in 2020. Over the course of 2021 inventories were increased again to the intended level and liabilities were scaled back; these developments had a correspondingly negative impact on cash flow from operating activities.

In the previous year, the group disposed of its shares in the companies *Ziegler* and *Vogel Vins*. It accrued €5.5 million from these transactions in 2021, with a positive effect on cash flow from investing activities.

As well as the payment of dividends in the amount of €–14.3 million (previous year: €-11.7 million) and the payment of a special dividend of €-3.6 million (previous year: €-4.0 million), the cash flow from financing activities substantially comprises the redemption of credit and outpayments for lease liabilities. In addition, shares in *WirWinzer* (€3.6 million) and *Grand Cru Select* (€0.4 million) were acquired for a purchase price totalling €4.0 million.

Overall free cash flow (previous year: €71.6 million) fell sharply to €42.8 million but was still well above the forecast range of €25.0 to €35.0 million because the EBIT forecast was significantly exceeded.

NET WORTH

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – ASSETS	2021		2020	
	€ million	*% of balance sheet total*	*€ million*	*% of balance sheet total*
NON-CURRENT ASSETS				
Intangible assets	51.3	12 %	53.4	12 %
Property, plant and equipment	136.8	31 %	130.2	30 %
Investments accounted for using the equity method	4.1	1 %	4.1	1 %
Deferred tax	5.9	1 %	8.0	2 %
Other non-current assets	10.3	2 %	8.4	2 %
	208.4	**48 %**	**204.1**	**48 %**
CURRENT ASSETS				
Inventories and advance payments for inventories	117.6	27 %	108.6	25 %
Trade receivables plus other current assets	58.6	13 %	65.2	15 %
Cash	52.9	12 %	49.8	12 %
	229.1	**52 %**	**223.6**	**52 %**
BALANCE SHEET TOTAL	**437.5**	**100 %**	**427.7**	**100 %**

Rounding differences possible

The balance sheet total for the group came to € 437.5 million in 2021 (previous year: € 427.7 million). This represents a rise of 2.3 percent.

Intangible assets declined slightly in the financial year. The change was mainly attributable to depreciation and amortisation of hidden reserves identified in the course of former corporate acquisitions coinciding with lower new investments.

Property, plant and equipment comprises the rights of use from lease agreements and rose slightly as a result of new (specifically for one office property) and extended lease agreements.

The other non-current assets comprise various collateral and loans extended as well as the long-term advance payments for wines on subscription, and rose slightly year on year thanks to higher subscription orders.

Current assets rose from € 223.6 million to € 229.1 million. This was mainly a consequence of the clear rise in inventories back up to a pre-pandemic level.

Trade receivables as well as other current assets declined from € 65.2 million in the previous year to € 58.6 million in the year under review.

Trade receivables reflected the emerging trend in the end customer segment that customers now place pre-Christmas orders as early as late November to mid-December, and therefore sooner than in previous years. Because of the short payment deadlines that are customary in this segment, these receivables are for the most part already settled by the end of the year. The substantial rise in sales in this segment consequently did not produce any notable increase in trade receivables.

In the prior-year financial statements, other current assets included receivables from the disposal of the shares in *Ziegler* and *Vogel Vins* in the amount of €5.6 million. These were settled in the course of 2021 and are therefore the principal source of the decline in other assets.

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES	**2021**		**2020**	
	€ million	*% of balance sheet total*	*€ million*	*% of balance sheet total*
EQUITY				
Subscribed capital of *Hawesko Holding AG*	13.7	3 %	13.7	3 %
Capital reserve	10.1	2 %	10.1	2 %
Retained earnings	106.7	24 %	91.3	21 %
Other reserves	0.1	0 %	–0.4	0 %
EQUITY OF THE SHAREHOLDERS OF *HAWESKO HOLDING AG*	**130.6**	**30 %**	**114.7**	**27 %**
Non-controlling interests	2.2	1 %	2.3	1 %
	132.8	**30 %**	**117.0**	**27 %**
LONG-TERM PROVISIONS AND LIABILITIES				
Provisions	2.8	1 %	2.7	1 %
BORROWINGS AND LEASE LIABILITIES	127.3	29 %	126.3	30 %
Remaining non-current liabilities and deferred tax liabilities	6.5	1 %	12.5	3 %
	136.6	**31 %**	**141.5**	**33 %**
CURRENT LIABILITIES				
BORROWINGS AND LEASE LIABILITIES	25.3	6 %	24.5	6 %
Trade payables	67.9	16 %	78.1	18 %
Remaining current liabilities	75.0	17 %	66.6	16 %
	168.2	**38 %**	**169.2**	**40 %**
BALANCE SHEET TOTAL	**437.6**	**100 %**	**427.7**	**100 %**

Rounding differences possible

Consolidated equity came to € 132.8 million and was therefore up € 15.8 million on the prior-year figure of € 117.0 million. Retained earnings rose by € 15.4 million to € 106.7 million compared with the prior-year reporting date (previous year: € 91.3 million). This change was mainly attributable to the much higher consolidated net income less the dividend distributed in 2021 in the amount of € 17.9 million. The equity ratio represented 30.3 percent of the balance sheet total (previous year: 27.4 percent).

The long-term provisions and liabilities declined slightly to € 136.6 million (previous year: € 141.5 million). Within this, borrowings and lease liabilities for new lease agreements were slightly higher whereas repayments of borrowings had a compensating effect. The other components of non-current liabilities declined. One particular reason for this was that a liability previously classified as non-current from the purchase of the remaining *Vinos* shares was reclassified as current.

Current liabilities fell by € –1.0 million to € 168.2 million. Whereas borrowings and lease liabilities were higher, trade payables fell by € –10.2 million. Due to the uncertainty caused by the coronavirus pandemic, maximum use of payment deadlines was made especially in the second quarter of 2020, leading to a higher level of operational debt in the previous year. This was reduced according to plan in the course of 2021 despite the buildup of inventories.

The remaining current liabilities for the most part consist of income tax and contractual liabilities as well as liabilities to employees and minority interests. The increase comes mainly from higher liabilities for sales and income taxes, as well as from higher liabilities to employees. In addition, the obligation to purchase the remaining 10.0 percent of the shares in *Vinos* was reclassified as current in 2022.

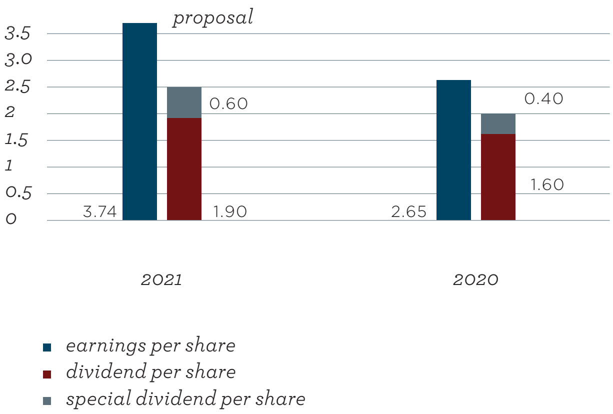
Off-balance-sheet financial instruments are not used.

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 2021. No capital measures were carried out.

KEY DATA PER SHARE
in €



EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS REPORT

REPORT ON EXPECTED DEVELOPMENTS

Direction of the Hawesko Group in the next financial year

At the historically very non-centrally managed 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 central digital commerce platform has been created with the technology to replace the local web shops operated by the e-commerce subsidiaries. This project was completed in the early part of 2022 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 is set for stronger growth in 2022 than in 2021. The IMF expects global real growth of 4.4 percent. However the forecast carries high uncertainty because of the coronavirus pandemic. The emergence of more deadly variants of the virus could extend the crisis. In addition, strict local lockdowns in China could aggravate problems with global supply chains. For Germany and Europe, the IMF expects weaker growth for 2022 than latterly assumed. The IMF has reduced its forecast for Germany for the current year by 0.8 percentage points to 3.8 percent. For the eurozone overall, the IMF expects growth of 3.9 percent in 2022. Protracted interruptions to global supply chains in particular have a direct impact on the development of the economy as a whole.

As the vaccination rate rises, the German government expects the pandemic to be progressively suppressed, clearing the way for a swifter economic recovery. Price-adjusted gross domestic product (GDP) will gain 3.6 percent in 2022. Economic output in the first quarter of 2022 will still be muted, especially in service sectors. It is reasonable to expect an economic recovery later on in the year along with the flattening of the infection curve and the associated lifting of restrictions.

Households' nominal disposable incomes are expected to rise by 4.4 percent on the previous year in 2022. It is currently assumed that consumer spending, after deduction of the inflation rate, will rise by a price-adjusted 6.0 percent (previous year: -3.6 percent).

The Russian Army's invasion of Ukraine at the end of February 2022 has caused a political crisis whose economic fallout remains to be seen, though an increased risk of inflation is becoming ever more apparent. Measures to manage costs and prices have been drawn up and will be fine-tuned depending on how the situation develops. The *Hawesko Group* has no significant relationships with customers or suppliers in Russia or Ukraine, so no direct impact on the business performance of the *Hawesko Group* is expected. The unfolding of the crisis could have an indirect negative effect on the general consumption trend among the population in Germany, Austria and Switzerland. However as matters stand, based on experience from previous economic crises, the Board of Management considers the potential effects on wine consumption in those countries to be limited. Even taking into account more recent gloomy assessments of overall economic development from institutes other than those cited above, the Board of Management assumes that wine consumption in Germany will remain stable and has incorporated the current situation at the end of March 2022 into its own forecast.

Wine market in 2022: low wine production in 2021 after two high-yield years

The International Organisation of Vine and Wine (OIV) estimates wine production in 2021 at around 250 million hectolitres; this would be a very low level and below the average for the past 20 years (2000-2019: 270 million hectolitres). The production volume in the European Union in 2021 is an estimated 145 million hectolitres, down about 13.0 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 2022. The Board of Management considers that 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 existing and past 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 2022 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 delighting 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 the past two financial years the group has set new records for sales and EBIT because of, but also to some extent in spite of, the effects of the coronavirus pandemic. Even if the Board of Management continues to expect a much higher number of customers than before the pandemic, it will not be possible to repeat these record figures quite so resoundingly in 2022, in the absence of pandemic-related restrictions. Given this, as its basic scenario the Board of Management anticipates a sales downturn of -1.0 to -6.0 percent for the group in financial year 2022. Expected growth in B2B thanks to restaurants being open throughout the year will not fully compensate for the expected decline in the two B2C segments as life returns to normal after the pandemic. The group EBIT margin is expected to be in the range of 6.0 to 7.0 percent in 2022. Profitability will also be impacted by the start-up costs for planned international growth initiatives. The first quarter of 2021 was clearly defined by the lockdown in Germany and customer demand was correspondingly high. Sales and EBIT for the first quarter of 2022 are expected to be down on the previous year, with the subsequent quarters bringing matters more into perspective.

The Board of Management anticipates free cash flow in the order of € 18 to € 22 million for 2022, revealing the effect of the costs of around € 19 million for the planned extension of a warehouse property. It moreover expects ROCE of 16 to 20 percent for 2022.

The Board of Management will communicate its assessments and expectations based on the latest developments in the customary manner in the quarterly reports and interim report.

Anticipated financial position

It is assumed in the *Hawesko Group's* financial planning that planned capital expenditure both within property, plant and equipment and intangible assets and within 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 2022 financial year is likely to be € 14.5 to € 18.0 million up on the previous year (€ 8.5 million). The extension of the existing warehouse near Hamburg will require an outlay of around € 19 million in 2022. As well as capital expenditure on the continuing digital transformation, IT and the opening of more *Jacques'* branches, the spending plans envisage expansion into other European countries.

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 individual factors outlined and the assessment of how the wine market will develop, the Board of Management considers a steady upward development in the *Hawesko Group* to be achievable. It continues to attach high priority to sales growth. The Board of Management also wants growth to be profitable. 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 corporate targets, or restrict the entrepreneurial leeway of members of the Board of Management or executive management. The Board of Management has established a modern, comprehensive risk management system that is moreover continuously refined. 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 allocated to 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 with regard to the financial reporting process 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 processs

The clear structures of organisation, control and monitoring established 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 and 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 the group management report is also evaluated and consolidated at group level using a newly introduced, mainstream 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 the basic scenario in descending order as A, B and C risks 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 has intensified since 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 a level of specialist expertise comparable to that of the *Hawesko Group,* 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 winemakers 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 across the whole wine industry, including the *Hawesko Group*. In such an instance, there would be a danger of lost sales.

In the year under review, only an insignificant proportion of deliveries was rejected by the *Hawesko Group's* 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 86.1 percent of its sales in the Federal Republic of Germany in 2021. 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*.

13.9 percent of consolidated sales were achieved outside Germany in the year under review. The neighbouring countries Austria and Switzerland account for around 74.7 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 on 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 and 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 corresponding user rights concept, the logging of all access to personal data and 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

Business 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 this 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.

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 swiftly 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. Economic risks were apparent in the B2B segment up until the early part of 2021 in the form of declining demand as a result of lower restaurant footfall. However increased sales with grocery retailers compensated for this to a large extent. From spring 2021 on, demand from the restaurant trade steadily rose as it reopened, with the segment growing on balance in 2021 compared with the previous year. From a group perspective the potential risk in the B2B segment was more than compensated for by increased demand in the end customer segments; at group level, the pandemic-dominated years 2020 and 2021 can be considered economically highly successful. Nor have any risks of losing suppliers materialised. The effect of losing a supplier is ultimately also rated as low because the group is not dependent on either individual suppliers or individual areas of origin, and thus remains flexible. Right from the start of the pandemic, the group 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.

Ukraine conflict

The Russian Army's invasion of Ukraine at the end of February 2022 has caused a crisis whose full political and economic fallout remains to be seen, though an increased risk of inflation is becoming ever more apparent. Measures to manage costs and prices have been drawn up and will be fine-tuned depending on how the situation develops. The *Hawesko Group* does not have any significant relationships with customers or suppliers in Russia or Ukraine. Indirectly there is a potential risk to the group's sales performance if consumer behaviour changes as a result of growing reluctance among the population of Germany, Austria and Switzerland to spend. This risk is already covered by the group's risk management system under the risk of business cycle dependence. The Board of Management does not believe its classification needs changing.

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 2022 considering the prevailing economic environment. It currently believes consumption of high-end wines commanding a price of more than € 5.00 per bottle will remain stable or rise slightly over the year as a whole.

At the 31 December 2021 balance sheet date the *Hawesko Group* enjoyed very solid financial ratios, such as the equity ratio of 30.3 percent and 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 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.

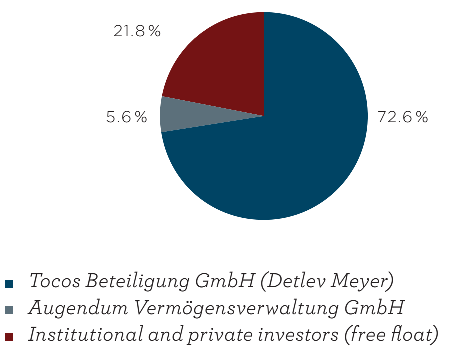
No control or profit transfer agreement exists between *Hawesko Holding AG* and *Tocos Beteiligung GmbH*. The Board of Management of *Hawesko Holding AG* has therefore issued a dependency report on relationships with affiliated companies in accordance with Section 312 of the German Stock Corporation 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 stated in the report on related parties for the period from 1 January to 31 December 2021, *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 of the German Stock Corporation Act 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 2021 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 AktG 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 the heirs of 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 HGB.

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 operationally active 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 required 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 HGB, 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 The disclosures on proportions of women and on the relevant information relating to the remuneration report, the audit report pursuant to Section 162 AktG and the remuneration system used can also be found there.

SUPPLEMENTARY INFORMATION ON *HAWESKO HOLDING AG* (ACC. TO GERMAN COMMERCIAL CODE – HGB)

OVERVIEW OF THE 2021 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* within the meaning of DRS 20 is the net income for the year under German commercial law.

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 requirements 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 HGB are presented below.

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

HGB statement of income for the financial year from 1 January to 31 December 2021

€ '000	2021	2020
Sales revenues	449	–
Other operating income	1,040	948
Personnel expenses	–4,690	–4,276
a) Salaries	–4,440	–4,012
b) Social security and social maintenance costs	–250	–264
Depreciation of intangible fixed assets and tangible assets	–142	–88
Other operating expenses	–4,979	–4,377
Income from profit transfers	45,088	36,735
Investment income	5,282	4,144
Other interest and similar income	453	966
Expenses from losses absorbed	–443	–739
Interest and similar expenses	–336	–298
Income tax expense	–10,298	–10,019
EARNINGS AFTER TAXES	**31,424**	**22,996**
Other taxes	–2	1
NET INCOME	**31,422**	**22,997**
Profit carryforward from previous year	31	–
Appropriation to other retained earnings	–	–
ACCUMULATED PROFIT	**31,453**	**22,997**

Rounding differences possible

The realisation of sales revenues for the first time results from the concluding of intragroup service contracts and the related provision of services for group companies.

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 2020. The expenses from losses absorbed are in respect of *WineTech Commerce*.

On average over the 2021 financial year, *Hawesko Holding AG* had 20 employees (previous year: 20).

The net income for the year is € 31.4 million (previous year: € 23.0 million).

Taking account of the profit carryforward from the previous year and the allocation to the other retained earnings, there remains an unappropriated profit of €31.5 million (previous year €23.0 million).

With regard to use of the unappropriated profit for 2021, the Board of Management proposes that a dividend of €2.50 per share be distributed, in other words around €24.5 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	31/12/2021	31/12/2020
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	76	101
TANGIBLE ASSETS		
Land, equivalent rights and buildings, including buildings on third-party land	30	35
Other fixtures and fittings, tools and equipment	126	122
FINANCIAL ASSETS		
Shares in affiliated companies	144,167	134,581
	144,399	**134,839**
CURRENT ASSETS		
RECEIVABLES AND OTHER ASSETS		
Due from affiliated companies	50,495	49,335
Other assets	5,892	8,498
BANK ACCOUNTS IN CREDIT	43,957	42,104
	100,344	**99,937**
PREPAID EXPENSES	**141**	**183**
	244,884	**234,959**

At the reporting date assets amounted to €244.9 million (previous year: €235.0 million), of which €144.2 million (previous year: €134.6 million) were financial assets. The increase comes mainly from the acquisition of further shares in *WirWinzer* and the increase in the equity of *Jacques'*.

Other major asset-side items are receivables from affiliated companies amounting to €50.5 million (previous year: €49.3 million) for financial transactions and loans extended to subsidiaries, as well as cash of €44.0 million (previous year: €42.1 million). The slight rise is attributable to the markedly improved cash flow of the subsidiaries, which meant their financing requirements were lower. Financial assets make up 58.9 percent of the balance sheet total (previous year: 57.2 percent).

€ '000	31/12/2021	31/12/2020
EQUITY		
Subscribed capital	13,709	13,709
Capital reserve	64,067	64,067
Other retained earnings	102,087	97,087
Accumulated profit	31,452	22,997
	211,315	**197,860**
PROVISIONS		
Provisions for taxation	8,793	7,594
Other provisions	2,864	2,486
	11,657	**10,080**
LIABILITIES		
Due to banks	12,560	17,342
Trade payables	93	339
Due to affiliated companies	9,119	8,116
Other liabilities	140	614
	21,912	**26,411**
DEFERRED TAX LIABILITIES	**0**	**608**
	244,884	**234,959**

The equity and liabilities side of the balance sheet mainly comprises equity of € 211.3 million (previous year: € 197.9 million) and liabilities of € 21.9 million (previous year: € 26.4 million). The amounts due to banks declined mainly as a result of less drawing on bank credit lines and the scheduled repayment of bank loans thanks to the positive development in cash flow. Equity makes up 87.1 percent of the balance sheet total (previous year: 84.2 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. Please therefore refer to the remarks on the *Hawesko Group*. The Board of Management expects the annual financial statements of *Hawesko Holding AG* to show a slightly lower result.

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 HGB is available to the public in the Annual Report and at www.hawesko-holding.com.

Hamburg, 5 April 2022

The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2021 financial year

CONSOLIDATED STATEMENT OF INCOME

for the period from 1 January to 31 December 2021

€ '000	Notes	01/01–31/12/2021	01/01–31/12/2020
SALES REVENUES FROM CONTRACTS WITH CUSTOMERS	9.	**680,530**	**620,273**
Decrease in finished goods inventories		–	–40
Other production for own assets capitalised	18.	39	431
Other operating income	10.	19,782	17,605
Cost of purchased goods and services		–379,925	–345,934
Personnel expenses	12.	–74,920	–69,191
Depreciation/amortisation and impairment	13.	–22,127	–23,413
Other operating expenses	14.	–170,299	–157,579
– Of which impairment losses from financial assets		*–547*	*–886*
OPERATING RESULT		**53,080**	**42,152**
Interest income	15.	155	287
Interest expense	15.	–4,111	–4,089
Other financial result	15.	–1,758	–3,366
Result from companies reported using the equity method	15.	903	822
EARNINGS BEFORE TAXES		**48,269**	**35,806**
Taxes on income	16.	–14,015	–11,618
CONSOLIDATED NET INCOME		**34,254**	**24,188**
of which attributable to the shareholders of *Hawesko Holding AG*		33,634	23,821
of which attributable to non-controlling interests		620	367
Earnings per share (basic = diluted) (€)	17.	3.74	2.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 December 2021

€ '000	*Notes*	**01/01–31/12/2021**	**01/01–31/12/2020**
CONSOLIDATED NET INCOME		**34,254**	**24,188**
AMOUNTS THAT MAY NOT BE RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE		**8**	**–2**
– Actuarial gains and losses from defined benefit plans, including deferred tax		8	–2
AMOUNTS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE		**479**	**–152**
– Effective portion of the gains/losses from cash flow hedges, including deferred tax		164	–26
– Currency translation differences		315	–126
OTHER COMPREHENSIVE INCOME		**487**	**–154**
TOTAL COMPREHENSIVE INCOME		**34,741**	**24,034**
of which			
– attributable to the shareholders of *Hawesko Holding AG*		34,115	23,628
– attributable to non-controlling interests		626	406

CONSOLIDATED BALANCE SHEET

at 31 December 2021

ASSETS € '000	*Notes*	**31/12/2021**	**31/12/2020**
NON-CURRENT ASSETS			
Intangible assets	18.	51,345	53,440
Property, plant and equipment (including lease assets)	20. & 36.	136,847	130,092
Companies accounted for using the equity method	21.	4,058	4,131
Inventories and advance payments for inventories	23.	5,984	4,324
Receivables and other financial assets	24.	4,275	4,124
Deferred tax	22.	5,931	8,002
		208,440	**204,113**
CURRENT ASSETS			
Inventories and advance payments for inventories	23.	117,577	108,626
Trade receivables	24.	46,443	44,465
Receivables and other financial assets	24.	7,822	14,276
Other non-financial assets	24.	3,720	3,986
Accounts receivable from taxes on income	24.	683	2,415
Cash in banking accounts and cash on hand	25.	52,861	49,818
		229,106	**223,586**
		437,546	**427,699**

EQUITY AND LIABILITIES € '000	*Notes*	**31/12/2021**	**31/12/2020**
EQUITY			
Subscribed capital of *Hawesko Holding AG*	26.	13,709	13,709
Capital reserve	27.	10,061	10,061
Retained earnings	28.	106,665	91,346
Other reserves	29.	98	–383
EQUITY OF THE SHAREHOLDERS OF *HAWESKO HOLDING*		**130,533**	**114,733**
Non-controlling interests	30.	2,159	2,251
		132,692	**116,984**
LONG-TERM PROVISIONS AND LIABILITIES			
Provisions for pensions	31.	1,056	1,097
Other long-term provisions	32. & 33.	1,682	1,570
Borrowings	34. & 35.	6,803	11,504
Lease liabilities	34. & 36.	120,488	114,787
Contract liabilities	38. & 39.	4,519	3,682
Other financial liabilities	34. & 37.	110	4,683
Other non-financial liabilities	38.	278	49
Deferred tax	40.	1,702	4,121
		136,638	**141,493**
CURRENT LIABILITIES			
Borrowings	34. & 35.	12,325	12,528
Lease liabilities	34. & 36.	13,005	11,980
Trade payables	34.	67,895	78,103
Contract liabilities	38. & 39.	19,914	20,876
Income taxes payable	38.	11,935	9,127
Other short-term provisions	33.	400	594
Other financial liabilities	34. & 37.	17,463	14,217
Other non-financial liabilities	38.	25,279	21,797
		168,216	**169,222**
		437,546	**427,699**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2021

€ '000		Notes	31/12/2021	31/12/2020
	EARNINGS BEFORE TAXES		**48,269**	**35,806**
+	Depreciation and amortisation of fixed assets		22,127	23,413
+/–	Other non-cash expenses and income	15. & 42.	1,484	4,526
+	Interest result	42.	3,956	3,802
+/–	Result from the disposal of fixed assets		27	–65
+/–	Result from companies reported using the equity method		–903	–822
+	Dividend payouts received from companies reported using the equity method		1,131	514
+/–	Change in inventories		–10,385	3,683
+/–	Change in receivables and other assets		1,358	–6,963
+/–	Change in provisions		–141	339
+/–	Change in liabilities (excluding borrowings)		–8,107	20,430
+	Interest received and other financial result		143	70
–	Taxes on income paid out	42.	–9,958	–3,700
=	NET INFLOW OF PAYMENTS FROM CURRENT OPERATIONS		**49,001**	**81,033**
–	Outpayments for the acquisition of intangible assets and property, plant and equipment		–7,757	–5,695
+	Inpayments from the disposal of intangible assets and property, plant and equipment		153	191
–	Outpayments for financial assets held as investments		–	–4,925
–	Inpayments from the disposal of group companies / business units		5,510	108
=	NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES		**–2,094**	**–10,321**
–	Outpayments for dividend	26.	–17,967	–15,721
-	Outpayments for distributions to non-controlling interests		–39	–1,009
–	Outpayment to NCI Forwards	42.	–587	–353
–	Outpayments for the acquisition of non-controlling interests	8. & 42.	–3,995	–
–	Outpayments for the redemption of lease liabilities	37. & 42.	–12,392	–11,929
-	Outpayments for the redemption of borrowings	42.	–4,904	–6,602
–	Interest paid	42.	–4,093	–4,049
=	OUTFLOW OF NET FUNDS FOR FINANCING ACTIVITIES		**–43,977**	**–39,663**
+/–	Effects of exchange rate changes on cash (up to 3 months to maturity)		113	44
=	NET INCREASE/DECREASE IN FUNDS		**3,043**	**31,093**
+	Funds at start of period		49,818	18,725
=	FUNDS AT END OF PERIOD	42.	**52,861**	**49,818**

CHANGES IN CONSOLIDATED EQUITY

for the period from 1 January to 31 December 2021

€ '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing items from currency translation	Other reserves: Revaluation reserve for retirement benefit obligations	Other reserves: Reserve for cash flow hedges	Ownership interest of Hawesko Holding AG shareholders	Non-controlling interests	Equity
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 comprehensive income	–	–	–	-165	-6	-53	-224	39	-185
Deferred tax on other comprehensive income	–	–	–	–	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**
POSITION AT 1 JANUARY 2021	**13,709**	**10,061**	**91,346**	**147**	**- 303**	**- 227**	**114,733**	**2,251**	**116,984**
Change in group of consolidated companies	–	–	239	–	–	–	239	-679	-440
Dividends	–	–	-17,967	–	–	–	-17,967	-39	-18,006
Dividends to NCI Forwards	–	–	-587	–	–	–	-587	–	-587
Consolidated net income	–	–	33,634	–	–	–	33,634	620	34,254
Other comprehensive income	–	–	–	309	19	231	559	6	565
Deferred tax on other comprehensive income	–	–	–	–	-11	-67	-78	–	-78
POSITION AT 31 DECEMBER 2021/ COMPREHENSIVE INCOME	**13,709**	**10,061**	**106,665**	**456**	**-295**	**-63**	**130,533**	**2,159**	**132,692**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2021 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 European Union (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 2021.

In a departure from the previous year, "Receivables and other financial assets" and "Other non-financial assets" as well as "Other financial liabilities" and "Other non-financial liabilities" are reported separately in the financial year under review. In previous years these items were respectively combined on the assets and equity and liabilities sides under the following items: Receivables and other assets, as well as Other liabilities. The adjustments have been made to improve transparency and have no effect on financial indicators. In the previous year the breakdowns were presented in the respective sections of the notes to the consolidated financial statements.

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 5 April 2022. The adjustment period ends on that date.

The consolidated financial statements and combined management report for the group and the parent company will prospectively be approved for publication in the electronic Federal Gazette following their signing-off by the Supervisory Board on 6 April 2022. Copies of the annual financial statements and the combined management report for the group and the parent company of *Hawesko Holding AG* 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 2021:

- COVID-19-Related Rent Concessions – Amendments to IFRS 16
- Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Of the standards clarifications and interpretations, adoption of which is mandatory from 1 January 2021, 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 other 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 2021 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 2021:

- 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.

Various other new accounting standards, amended standards and interpretations were published but are not mandatory for reporting periods ending 31 December 2021 and were not adopted early by the group. The group does not consider the effects of these new rules on the current or on future reporting periods to be materially significant.

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 section 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 differences in respect of hedges of such investments or such designated financial instruments 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 economic 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 and from assets under development, there are no intangible assets with an indefinite useful life. Other intangible assets, whether self-constructed or acquired for consideration, are depreciated throughout 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 within non-financial liabilities 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	3 – 25
Technical equipment and machinery	3 – 18
Other fixtures and fittings, tools and equipment	3 – 20

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 term of 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 a new value of 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 (for example, 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 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. 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, 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. For that reason, 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 monetary 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.

Financial assets

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 and – 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 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 (or 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.

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. For trade customers, a receivable is normally recognised upon shipping of the goods because at that point the entitlement to consideration is unconditional. In other words, payment 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.

Trade receivables are in respect of 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.

Financial liabilities include liabilities to banks, lease liabilities, trade payables and derivative financial liabilities.

Loans raised *(borrowings)* 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.

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 above all comprise 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 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 recognises current contract liabilities from gift vouchers 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 for volume discounts to be granted 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. The partners who operate the retail outlets and shops act as agents on behalf of the *Hawesko Group*. 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 that customers make for these consequently have the primary purpose of making sure the goods are available to them, a possible financing component of the sales transaction does not arise.

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 brokerage commissions in online marketplaces. 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 taking potential future events into account. 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 normally by a further twelve months if neither party terminates the lease or if the *Hawesko Group* exercises one of its extension options as the lessee.

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 Provisions, 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 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 creates allowances 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 allowances for 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 payment behaviour. 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 section 22 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 section 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 option of the minority interest in the company *WirWinzer*. The measurement of the option is based for example on EBIT for 2021. The put option of the minority interest in *WirWinzer* could have been exercised for the first time in 2020. In view of the probability of exercise, the financial liability is classified as current.

7. CONSOLIDATED COMPANIES

The group under *Hawesko Holding AG*, with its registered office in Hamburg, comprises a total of 19 (previous year: 23) 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, %*
Global Eastern Wine Holding GmbH	GEWH	Bonn	B2B	100.0
Globalwine AG	Globalwine	Zurich (Switzerland)	B2B	90.0
Grand Cru Select Distributionsgesellschaft mbH (formerly CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.)	CWD	Bonn (formerly Hamburg)	B2B	100.0
Sélection de Bordeaux SARL	Sélection de Bordeaux	Strasbourg (France)	B2B	100.0
Vins de Prestige Classics SARL (in liquidation)	Vins de Prestige	Bordeaux (France)	B2B	100.0
Wein Service Bonn GmbH	WSB	Bonn	B2B	100.0
Wein Wolf GmbH	Wein Wolf	Bonn	B2B	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Wein Wolf Österreich	Salzburg (Austria)	B2B	100.0
Weinland Ariane Abayan GmbH	Abayan	Hamburg	B2B	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Jacques'	Düsseldorf	Retail	100.0
Wein & Co. Handelsges.m.b.H.	Wein & Co.	Vösendorf (Austria)	Retail	100.0
Tesdorpf GmbH (formerly: 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	84.6
WineTech Commerce GmbH	WineTech	Hamburg	Miscellaneous	100.0

With effect from 1 January 2021 *Volume Spirits GmbH* and *Alexander Baron von Essen Weinhandelsgesellschaft mbH*, both with registered office in Bonn, were merged with *Wein Wolf*. Also with effect from 1 January 2021 *Grand Cru Select Weinhandelsgesellschaft mbH,* with registered office in Hamburg, was merged with *CWD* after *CWD* had acquired the remaining twenty five percent of the shares from the minority interest. With effect from 18 August 2021 *Deutschwein Classics Verwaltungsgesellschaft mbH,* Bonn, which was previously not included in the group, was merged with *Wein Wolf*. By universal effect *Deutschwein Classics als GmbH & Co. KG* accrued to *Wein Wolf* and the company thus ceased to exist.

With effect from 1 October 2020 the liquidation of *Jacques'* Österreich, with registered office in Vienna, was resolved and the closing balance sheet at 31 March 2021 was drawn up.

On 13 April 2021 *WineTech* was established and included in the group.

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

NON-CONSOLIDATED SUBSIDIARIES	*Registered office*	*Ownership interest, %*	*Capital €'000*	*Net earnings 2021, €'000*
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	100,0	–	–
Weinart Handels- und Beteiligungsgesellschaft mbH	Geisenheim	51,0	–	–*

**Financial year from 01/04/2020 to 31/03/2021*

8. MATERIAL CHANGES IN CONSOLIDATION

Mergers and accruals of B2B companies

By notarised merger agreement dated 11 June 2021 with effect from 1 January 2021 *Volume Spirits GmbH,* Bonn, and *Alexander Baron von Essen Weinhandelsgesellschaft GmbH,* Bonn, were merged with *Wein Wolf.* The entries on the Commercial Register were made on 21 June 2021. No merger result under commercial law arose in the year under review and there was consequently no elimination in the consolidated financial statements.

By notarised merger agreement dated 11 June 2021 *Grand Cru Select Weinhandelsgesellschaft mbH,* Hamburg, was merged with *CWD* with effect from 1 January 2021. The entry on the Commercial Register was made on 21 June 2021. The merger loss under commercial law of € 1,202 thousand was eliminated in the consolidated financial statements. *CWD* had previously acquired the minority interest by notarised purchase and transfer agreement dated 14 April 2021, leaving the company as the sole shareholder of *Grand Cru Select Weinhandelsgesellschaft mbH.*

By notarised demerger and takeover agreement dated 11 June 2021 with effect from 1 January 2021, the entire business operations of *WSB* along with the shares present, except for the shares in *Wein Wolf,* were transferred in their entirety to *Wein Wolf.* The entries on the Commercial Register were made on 28 June 2021.

By notarised merger agreement dated 13 July 2021 with effect from 1 January 2021 *Deutschwein Classics Verwaltungsgesellschaft mbH,* Bonn, was merged with *Wein Wolf.* The entries on the Commercial Register were made on 18 August 2021. By universal effect *Deutschwein Classics GmbH & Co. KG,* Bonn, accrued to *Wein Wolf* as a GmbH & Co. KG and the company *DWC* thus ceased to exist. The merger or accrual loss under commercial law of € 340 thousand was eliminated in the consolidated financial statements.

By the notarised capital increase resolutions dated 3 November 2021 the shares of *CWD* were contributed and transferred with immediate effect first to Wein Service Bonn by way of share premium for the issuance of the new shares for each € 1 thousand of the capital increase, and then to *Wein Wolf.* The entries on the Commercial Register were made on 25 November 2021 for *WSB* and on 27 December 2021 for *Wein Wolf.*

Disposal of Ziegler

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

Of the purchase price of € 8.0 million, € 5.0 million was due immediately, of which € 350 thousand was considered a variable purchase price dependent on a potential net loss from the commercial accounts for 2020. The latter amount was administered by a notary public and was payable to *WSB* after approval of the annual financial statements, by 30 April 2021 at the latest. It was paid out as agreed in 2021. The balance of € 3.0 million is due for payment with interest on 31 December 2027.

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.

CHF 550 thousand of the purchase price was paid to *Globalwine,* Zurich (Switzerland) in financial year 2021. Due to economic difficulties experienced by the buyer as a result of the COVID-19 pandemic, *Globalwine,* Zurich (Switzerland) waived part of the purchase price amounting to CHF 50 thousand, leaving no consideration outstanding at 31 December 2021.

Business transactions with non-controlling interests

Acquisition of a further 25 percent of the shares of Grand Cru Select

With effect from 31 May 2021 the group acquired a further 25 percent of the shares of *Grand Cru Select* for € 440 thousand, giving it outright ownership. Immediately prior to acquisition the carrying amount of the remaining 25 percent non-controlling interest in *Grand Cru Select* was € 101 thousand. The group has recognised a reduction in the non-controlling interests in the amount of € 101 thousand and a reduction in the equity attributable to the owners in the amount of € 339 thousand. The effects on the equity attributable to the owners of *Hawesko Holding* in the financial year can be summarised as follows:

ACQUISITION OF A FURTHER 25% IN GCS* €'000	**2021**
Carrying amount of the non-controlling interests	101
Consideration paid to non-controlling interests	–440
Excess consideration paid, as recognised in the reserve for business transactions with non-controlling interests, under equity	**–339**

**Grand Cru Select Weinhandelsgesellschaft mbH (merged with CWD)*

The outpayment is recognised in the cash flow statement within cash flow from financing activities, under business transactions with non-controlling interests.

Acquisition of a further 19 percent of the shares of WirWinzer

In May 2021 two minority interests in *WirWinzer* exercised their put option on their shares in the company and sold a total of 19 percent of the shares of *WirWinzer* to *Hawesko Holding* with effect from 30 June 2021. The purchase price paid amounts to € 3.6 million, for which a liability in the same amount had already been recognised in the 2020 consolidated financial statements. Following completion of the transaction the group holds 85 percent of the shares in *WirWinzer*. Immediately before the acquisition the carrying amount of the existing 34 percent non-controlling interest in *WirWinzer* came to € 1.1 million. The group has recognised a reduction in the non-controlling interests in the amount of € 0.6 million and an increase in the equity attributable to the owners in the amount of € 0.6 million. The effects on the equity attributable to the owners of *Hawesko Holding* in the financial year can be summarised as follows:

ACQUISITION OF A FURTHER 19% IN WIRWINZER GMBH €'000	**2021**
Carrying amount of the non-controlling interests	577
Carrying amount of the recognised liability from the put option	3.555
Consideration paid to non-controlling interests	–3.555
Excess consideration paid, as recognised in the reserve for business transactions with non-controlling interests, under equity	**577**

EFFECTS OF THE COVID-19 PANDEMIC

The continuing COVID-19 pandemic impacted the financial position and financial performance of the *Hawesko Group* to varying extents in the financial year depending on segment, as a result of official restrictions and the way these shifted wine consumption from out-of-home to at-home.

In the second year of the pandemic, the e-commerce segment was again 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 continued to profit from rising 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 but a number of customer services such as in-shop tastings and events could not be held for a time. In Austria, especially the bars and restaurants that belong to the branches repeatedly had to cease operations temporarily and only partly compensated for lost sales in the periods they were able to open. Overall, however, sales for the segment were moderately stronger than expected in the original plans. The absence of costs for services such as tastings meant EBIT and cash flow for the segment rose slightly more strongly 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 group segment affected the most was B2B because closures of hotels and restaurants especially in the first quarter prompted a marked decline in a significant line of business. Higher demand at food retailers compensated for this effect to some extent. From the second quarter, sales to the restaurant trade rose compared with 2020, which was hit even harder by lockdown measures. EBIT and cash flow for the segment therefore showed a year-on-year rise but were still well below the pre-pandemic level.

The short-time work support scheme was temporarily registered for *Wein & Co.* and most companies in the B2B segment in 2021. Further information on government grants is provided in section 11.

From the start of the COVID-19 pandemic, 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, daily testing, protective screens, temperature monitoring stations and sanitising stations. Meanwhile the *Hawesko Group* strove to protect employees and their families against potentially serious consequences of an infection by offering vaccinations.

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 (previous year: € 165 thousand).

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	2021	2020
e-commerce	268,877	230,431
Retail	238,438	227,695
B2B	173,215	162,147
Miscellaneous	–	–
	680,530	**620,273**

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

€'000	2021	2020
Retail	214,831	207,840
Online mail-order purchases	204,824	170,102
Restaurants, hotel trade and specialist retail trade	117,925	110,699
Other mail-order purchases	86,483	82,056
Food retailers	48,111	41,853
Other income	8,356	7,723
	680,530	**620,273**

In the course of the B2B segment's internal reorganisation, there were certain changes to which customers are allocated to which sales channels. For ease of comparison, the 2020 figures were adjusted to bring them in line with the allocation applicable for 2021.

Other income shows essentially income from events and sales from diverse channels of minor significance. The regional breakdown of sales revenues is as follows:

SALES BREAKDOWN BY REGION

€'000	2021	2020
Germany	585,936	533,606
Austria	50,661	45,821
Switzerland	20,018	19,426
Sweden	13,968	12,811
Miscellaneous	9,948	8,609
	680,530	**620,273**

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

10. OTHER OPERATING INCOME

€'000	2021	2020
Rental income	11,754	11,487
Income from cost refunds	1,784	1,553
Income from currency translation	746	440
Sundry	5,498	4,125
	19,782	**17,605**

The rental income mainly consists of income from the use of the furnished wine shops by the retail partners at *Jacques'*. The retail partners act as agents of the *Hawesko Group*. In return they receive a partner's commission, which is reported under other operating expenses.

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 €1,196 thousand (previous year: €714 thousand).

11. GOVERNMENT GRANTS

€'000	2021	2020
Compensation for lost sales resulting from officially decreed closures	316	733
Reimbursement of employer contributions to social insurance due to short time	342	442
	658	**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	2021	2020
Wages and salaries	64,138	59,019
Social security and other pension costs	10,782	10,172
– of which in respect of old age pensions	231	225
	74,920	**69,191**

The retirement benefit expenses comprise payments from defined contribution plans totalling €170 thousand (previous year: €165 thousand) and from defined benefit plans totalling €61 thousand (previous year: €60 thousand). In 2021 and 2020, *Wein & Co.* and virtually all companies in the B2B segment were temporarily registered for short-time working due to the COVID-19 pandemic.

The average number of employees was as follows:

GROUP	2021	2020
Commercial employees	936	961
Industrial employees	239	193
Apprentices	18	29
	1,193	**1,183**

The average number of employees at the company accounted for using the equity method was 52 in the financial year (previous year: 50).

13. DEPRECIATION/AMORTISATION AND IMPAIRMENT

€'000	2021	2020
Depreciation/amortisation of intangible assets	5,364	6,069
Depreciation/amortisation of property, plant and equipment (excluding rights of use)	3,532	4,576
Write-downs on rights of use	13,231	12,768
	22,127	**23,413**

The figure for the year under review also includes write-downs amounting to € 507 thousand for software no longer in use. In the previous year there were write-downs of € 1,248 thousand on licences acquired for consideration (€ 440 thousand) as well as rights of use (€ 808 thousand) mainly in connection with locations closed down in the B2B segment. There were no write-ups, as in the previous year.

14. OTHER OPERATING EXPENSES AND OTHER TAXES

€'000	2021	2020
Commissions to partners	48,179	46,390
Advertising	44,082	39,556
Delivery costs	41,472	37,790
IT and communication costs	9,404	7,169
Rents, leases and expenses for premises	7,189	7,394
Other personnel expenses	5,258	3,562
Legal and consultancy costs	3,601	3,623
Costs of monetary movements	3,094	2,493
Motor vehicle and travel costs	2,418	2,322
Insurance premiums	1,236	1,096
Board	835	866
Expenses from currency translation	549	502
Sundry	2,982	4,816
	170,299	**157,579**

The remuneration for retail partners at *Jacques'* who act as agents of the *Hawesko Group* is reported under commissions to partners. The commissions to partners are offset by the rental income item within other operating income. 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 expenses for payment reminders and and debt collection as well as credit checks amounting to € 894 thousand (previous year: € 2,012 thousand), other taxes (€ 176 thousand, previous year: € 154 thousand) and other expenses unrelated to the accounting period (€ 304 thousand, previous year: € 542 thousand).

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

in T€	2021	2020
INTEREST INCOME	**155**	**287**
Interest expense		
Interest expense from monetary movements	–459	–455
Interest for lease liabilities	–3,634	–3,615
Interest from the compounding of provisions	–17	–19
INTEREST EXPENSE	**–4,110**	**–4,089**
OTHER FINANCIAL RESULT	**–1,758**	**–3,366**
RESULT FROM THE COMPANIES REPORTED USING THE EQUITY METHOD	**903**	**822**
FINANCIAL RESULT	**–4,810**	**–6,346**
Of which:		
– Loans and receivables	155	287
– Financial liabilities	–2,234	–3,891

The other financial result originates mainly from the measurement of the financial liabilities from the put option of *WirWinzer* at the balance sheet date, which resulted in expenditure of €1,648 thousand (previous year: €3,315 thousand). In the previous year there existed put options of three shareholders, two of which fell away in the financial year, leaving a lower effect from the measurement of the liability in 2021.

16. TAXES ON INCOME

€'000	2021	2020
Current tax	14,441	13,294
Deferred tax	–426	–1,676
	14,015	**11,618**

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	2021	2020
Current year	14,159	13,248
Previous years	282	46
	14,441	**13,294**

The income for deferred taxes is attributable to the following:

€'000	2021	2020
Capitalisation / use of loss carryforwards	38	1,163
Other temporary differences	236	318
Changes in tax rate	3	–
Leases	149	195
	426	**1,676**

The actual tax expense for the year 2021 of €14,015 thousand (previous year: €11,618 thousand) is €1,335 thousand lower (previous year: €236 thousand higher) than the anticipated tax expense of €15,350 thousand (previous year: €11,382 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 31.8% (previous year: 31.8%) and is obtained as follows:

Percent	2021	2020
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	2021	2020
Earnings before taxes	48,269	35,806
Anticipated tax expense	15,350	11,382
Tax expenses/income unrelated to the accounting period	262	47
Non-recognition of fiscal loss carryforwards	24	173
Tax losses not previously recognised to reduce deferred tax expense	–1,322	–1,274
Tenancy and leasing commitments to be included in trade tax	267	322
Effect of divergent national tax rates	–203	64
Tax-free expenses and income	–69	503
Other tax effects	–294	400
ACTUAL TAX EXPENSE	**14,015**	**11,617**
Effective tax rate in %	29.03	32.44

Newly introduced specialist software is used for tax accounting. At the level of the individual subsidiaries, current and deferred taxes are calculated and the deferred tax assets are assessed for intrinsic value. Taking consolidation effects into account, current and deferred taxes to be recognised on the balance sheet and in the income statement are then determined from these figures. Individual prior-year figures were combined in connection with this change, to assure year-on-year comparability.

At the end of the year the fair values of the derivatives reported in other comprehensive income came to € 231 thousand (previous year: € –53 thousand). This led to a write-back of € –67 thousand in deferred tax assets in the year under review (previous year: € 27 thousand created). In addition, deferred tax assets totalling € –11 thousand reported in other comprehensive income were written back (previous year: € 4 thousand created) for the actuarial gains/losses of € 19 thousand (previous year: € 6 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	2021	2020
Consolidated earnings of the shareholders	33,634	23,821
Average number of shares ('000)	8,983	8,983
Basic earnings per share	3.74	2.65

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

INTANGIBLE ASSETS €'000	*Software and licences*	*Other intangible assets*	*Goodwill*
HISTORICAL COST			
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**
Position at 1 January 2021	**39,102**	**29,789**	**30,604**
Currency translation	–	14	60
Disposal from group of consolidated companies	–	–	–
Additions	529	907	–
Transfers	–196	2,004	–
Disposals	–18	–237	–
Position at 31 December 2021	**39,417**	**32,477**	**30,664**
ACCUMULATED DEPRECIATION AND AMORTISATION			
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**
Position at 1 January 2021	**–31,418**	**–12,717**	**–3,896**
Currency translation	–	–12	–
Disposal from group of consolidated companies	–	–	–
Additions	–2,356	–2,483	–
Impairment	–393	–	–
Transfers	–193	211	–
Disposals	20	234	–
Position at 31 December 2021	**–34,340**	**–14,767**	**–3,896**
RESIDUAL CARRYING AMOUNT			
Position at 31/12/2021	**5,077**	**17,710**	**26,768**
Position at 31/12/2020	**7,684**	**17,072**	**26,708**

Advance payments for intangible assets	*Total*
2,591	**99,147**
–	10
–	-504
1,982	3,416
-2,512	-11
-85	-587
1,976	**101,471**
1,976	**101,471**
–	74
–	–
2,192	3,628
-2,135	-327
-276	-531
1,757	**104,315**
–	**-42,734**
–	-3
–	291
–	-5,629
–	-440
–	–
–	484
–	**-48,031**
–	**-48,031**
–	-12
–	–
–	-4,839
-132	-525
–	18
165	419
33	**-52,970**
1,790	**51,345**
1,976	**53,440**

18. INTANGIBLE ASSETS

The item "Other intangible assets" includes € 14,192 thousand (previous year: € 16,379 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.

Furthermore, "Other intangible assets" includes internally produced assets in the amount of € 3,133 thousand (previous year: € 1,909 thousand). The development is presented in the following table:

€ '000	**31/12/2021**	**31/12/2020**
HISTORICAL COST		
Position at start of financial year	2,100	1,239
Additions	1,527	861
Disposals	1	–
Transfers	415	–
POSITION AT END OF FINANCIAL YEAR	**4,043**	**2,100**
ACCUMULATED DEPRECIATION AND AMORTISATION		
Position at start of financial year	-191	–
Additions	-719	-191
Disposals	–	–
Transfers	–	–
POSITION AT END OF FINANCIAL YEAR	**-910**	**-191**
RESIDUAL CARRYING AMOUNT	**3,133**	**1,909**

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 Group*	*WirWinzer*	*Miscellaneous*
Segment	e-commerce	Retail	B2B	e-commerce	B2B and Retail
Carrying amount goodwill 31/12/2021	8,711	8,197	4,455	2,686	2,719
Write-down	–	–	–	–	–
Duration of planning period	3 years	4 years	3 years	3 years	3 years
Sales growth per year after end of planning period	0.75%	0.75%	0.75%	0.75%	0.75%
Discount rate (after-tax interest rate)	5.32%	5.32%	5.32%	5.32%	5.32%

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 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 2022. 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 closure orders were lifted and the restrictions eased, 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.

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 2021. Due to the uncertainty over how long the official closures in Austria will last in 2022, the planning period for *Wein & Co.* as the most-affected cash-generating unit was extended by one year to four years, mirroring the previous year.

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.

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.

The sensitivity analyses for the impairment need due to a change in the key parameters affecting measurement did not yield a different impairment need. 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.

20. PROPERTY, PLANT AND EQUIPMENT, AND 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 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**
Position at 1 January 2021	**162,628**	**1,942**
Disposal from group of consolidated companies	–	–
Currency translation	50	16
Additions	18,664	1,226
Transfers	109	–
Disposals	–2,058	–487
Position at 31 December 2021	**179,393**	**2,697**
ACCUMULATED DEPRECIATION AND AMORTISATION		
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**
Position at 1 January 2021	**–43,387**	**–263**
Disposal from group of consolidated companies	–	–
Currency translation	–21	–7
Additions	–12,499	–975
Transfers	–	–
Disposals	1,780	420
Position at 31 December 2021	**–54,127**	**–825**
RESIDUAL CARRYING AMOUNT		
Position at 31 December 2021	**125,266**	**1,872**
Position at 31 December 2020	**119,241**	**1,679**

Other fixtures and fittings, tools and equipment	Advance payments and construction in progress	Total
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**
42,715	**130**	**207,415**
–	–	–
38	–	104
3,079	911	23,880
682	-788	3
-1,471	–	-4,016
45,043	**253**	**227,386**
-33,266	**-**	**-69,412**
1,463	–	5,316
-6	–	-6
-3,448	–	-17,344
–	–	-59
1,584	–	4,182
-33,673	**-**	**-77,323**
-33,673	**-**	**-77,323**
–	–	–
-26	–	-54
-3,290	–	-16,764
-3	–	-3
1,405	–	3,605
-35,587	**-**	**-90,539**
9,456	**253**	**136,847**
9,042	**130**	**130,092**

Property, plant and equipment developed as follows:

€'000	**31/12/2021**	**31/12/2020**
Land and buildings	4,425	4,618
Technical equipment and machinery	22	27
Other fixtures and fittings, tools and equipment	9,080	8,474
Construction in progress	253	130
	13,780	**13,249**

Rights of use developed as follows:

€'000	**31/12/2021**	**31/12/2020**
Land and buildings	120,841	114,622
Technical equipment and machinery	1,849	1,652
Other fixtures and fittings, tools and equipment	377	569
	123,067	**116,843**

The additions to the rights of use during financial year 2021 amounted to € 18,567 thousand (previous year: € 17,745 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”:

	31/12/2021	31/12/2020
Carrying amount €’000	4,058	4,131
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 a company accounted for using the equity method (100 percent, instead of pro rata 47.5 percent).

COMBINED BALANCE SHEET
€’000

	31/12/2021	31/12/2020
Cash and cash equivalents	3,203	3,068
Other current assets	6,841	7,580
Total current assets	10,044	10,648
Non-current assets	177	243
Short-term provisions and liabilities	4,564	5,080
NET ASSETS	**5,657**	**5,811**

Distributions of € 1,131 thousand (previous year: € 514 thousand) were received in the year under review.

COMBINED STATEMENT OF COMPREHENSIVE INCOME
€’000

	31/12/2021	31/12/2020
Sales revenues	22,276	21,905
Other operating income	202	305
Cost of materials	–17,945	–17,787
Personnel expenses	–1,891	–1,701
Depreciation and amortisation	–120	–128
Other operating expenses	–141	–396
OPERATING RESULT	**2,381**	**2,198**
Interest income	6	6
Interest expense	–32	–55
RESULT FROM ORDINARY ACTIVITIES	**2,356**	**2,149**
Taxes on income	–454	–419
NET INCOME / COMPREHENSIVE INCOME	**1,902**	**1,731**

The group realised sales revenues in the amount of € 744 thousand (previous year: € 658 thousand) with *Global Wines & Spirits s.r.o.* in the year under review. No further business relationships with the joint venture exist.

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

€’000	2021	2020
Opening balance net assets (01/01)	5,811	5,314
Result for the period	1,902	1,731
Other comprehensive income	324	–152
Dividends paid	–2,380	–1,082
CLOSING BALANCE NET ASSETS (31/12)	**5,657**	**5,811**
Group share (%)	47.5%	47.5%
Group share (€’000)	2,687	2,760
Goodwill	1,371	1,371
CARRYING AMOUNT	**4,058**	**4,131**

22. DEFERRED TAX ASSETS

The deferred tax assets developed as follows:

€'000	31/12/2021	31/12/2020
Opening balance	8,002	6,148
Increase	40,753	40,214
Decrease	-415	-559
Offset against deferred tax liabilities	-42,409	-37,801
	5,931	**8,002**

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

€'000	31/12/2021	31/12/2020
Goodwill from restructuring measures with an effect on taxes	2,277	2,621
From loss carryforwards	2,793	2,755
From the fair value measurement of derivative financial instruments	25	85
From leases	41,077	39,057
From inventories	64	75
From provisions	1,720	1,075
Miscellaneous	384	135
Offsetting	-42,409	-37,801
Change in tax rate	-	-
	5,931	**8,002**

The reported deferred taxes on loss carryforwards at 31 December 2021 relate to the tax loss carryforwards available for future use of the subsidiaries *WirWinzer* and *Wein & Co.*

There are unused, temporally unlimited tax loss carryforwards amounting to € 6,006 thousand (previous year: € 10,995 thousand), for which no deferred tax assets were reported in the balance sheet.

A sum of € 4,912 thousand will prospectively be realised from the deferred tax assets within twelve months.

23. INVENTORIES AND ADVANCE PAYMENTS FOR INVENTORIES

Impairment on inventories in the amount of € 472 thousand (previous year: € 598 thousand) was recognised as an expense.

€'000	31/12/2021	31/12/2020
Raw material and consumables used	483	572
Merchandise	110,362	100,401
TOTAL INVENTORIES	**110,845**	**100,973**
Advance payments for inventories	12,715	11,977
TOTAL INVENTORIES AND ADVANCE PAYMENTS FOR INVENTORIES	**123,560**	**112,950**
Of which with a maturity of up to one year	117,577	108,626
Of which with a maturity of one to five years	5,983	4,324

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.

24. FINANCIAL ASSETS

The group holds the following financial assets:

€'000	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Trade receivables	46,443	–	46,443	44,465	–	44,465
Other financial assets	7,822	4,275	12,097	14,276	4,124	18,400
Cash and cash equivalents	52,861	–	52,861	49,818	–	49,818
	107,126	**4,275**	**111,401**	**108,559**	**4,124**	**112,683**

The measurement of financial assets is as follows:

€'000	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Trade receivables	46,443	–	46,443	44,465	–	44,465
Other financial assets	7,801	4,212	12,013	14,276	4,036	18,312
Cash and cash equivalents	52,861	–	52,861	49,818	–	49,818
FINANCIAL ASSETS MEASURED AT AMORTISED COST	**107,104**	**4,212**	**111,316**	**108,559**	**4,036**	**112,595**
Other financial assets	–	63	63	–	88	88
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**–**	**63**	**63**	**–**	**88**	**88**
Other financial assets	21	–	21	–	–	–
DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING, AT FAIR VALUE THROUGH PROFIT OR LOSS	**21**	**–**	**21**	**–**	**–**	**–**
	107,126	**4,275**	**111,401**	**108,559**	**4,124**	**112,683**

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	31/12/2021	31/12/2020
Receivables from contracts with customers	47,258	45,444
Impairment	–815	–979
TRADE RECEIVABLES	**46,443**	**44,465**
Of which with a maturity of up to one year	46,443	44,465

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 2021 reporting date:

IMPAIRMENT MATRIX FOR TRADE RECEIVABLES (2021) €'000	*Not overdue or overdue by 1 to 90 days*	*Overdue by more than 90 d*	*Overdue by more than 360 days*	*Summe*
B2C RECEIVABLES				
Default rate (%, calculated from net values)	0.5%	54.0%	100%	
Gross figures for trade receivables in € thousand	9,814	95	170	**10,079**
Expected loss in € thousand	–41	–81	–140	**–262**
B2B RECEIVABLES				
Default rate (%, calculated from net values)	0.1%	50.0%	100%	
Gross figures for trade receivables in € thousand	5,977	50	174	**6,201**
Expected loss in € thousand	–5	–24	–98	**–127**
SETTLING AGENTS, ASSOCIATIONS, WINEMAKERS				
Default rate (%, calculated from net values)	0.05%	10.0%	100%	
Gross figures for trade receivables in € thousand	20,337	147	98	**20,582**
Expected loss in € thousand	–9	–10	–62	**–81**
RECEIVABLES INSURED AGAINST DEFAULT				
Default rate (%, calculated from net values)	0.1%	15.0%	15.0%	
Gross figures for trade receivables in € thousand	5,841	49	30	**5,920**
Expected loss in € thousand	–5	–6	–6	**–17**
Total receivables of group	**41,969**	**341**	**472**	**42,782**
Total expected defaults	**–60**	**–121**	**–306**	**–487**

The following table shows the maturity structure of trade receivables at the 2020 reporting date:

IMPAIRMENT MATRIX FOR TRADE RECEIVABLES (2020) €'000	*Not overdue or overdue by 1 to 90 days*	*Overdue by more than 90 d*	*Overdue by more than 360 days*	*Summe*
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. For sales to food retailers, 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, specifically 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 counterparty in accordance with the contractual arrangements.

There are additionally receivables from payment service providers in the amount of € 4,475 thousand (previous year: € 4,293 thousand). Based on experience and the expected future development, the need for impairment is assessed as insignificant. No impairment is therefore applied.

As well as the expected credit loss allowances, impairments in the amount of € 328 thousand (previous year: € 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 2021 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.

In respect of the trade receivables that were not yet overdue, there is no evidence at the reporting date that the debtors will not meet their payment commitments. No impairment is applied to these receivables because they are assessed as insignificant. There was no renegotiation with debtors on the extending of payment deadlines.

The impairment on trade receivables developed as follows:

€ '000	**2021**	**2020**
IMPAIRMENT AT 1 JANUARY	979	885
Allocated	547	886
Drawn	-635	-530
Liquidated	-76	-169
Disposal from group of consolidated companies	–	-93
IMPAIRMENT AT 31 DECEMBER	**815**	**979**

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	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Loans and purchase price deferrals	57	3,094	3,151	58	3,016	3,074
Financial assets held as investments	4,925	–	4,925	4,925	–	4,925
Creditors with debit accounts	1,246	–	1,246	1,566	–	1,566
Receivables from trade representatives	135	–	135	184	–	184
Rent deposits	1	682	683	1	761	762
Sundry	1,437	436	1,873	7,542	259	7,801
	7,801	**4,212**	**12,013**	**14,276**	**4,036**	**18,312**

The remaining other financial assets were not overdue and 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 significant impairment. For that reason, no allowances for impairment were created.

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 essentially comprise 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 date and according to plan will accrue in 2027.

The financial assets held as investments in particular include other investments taken out for liquidity management purposes.

Other non-financial assets

At the balance sheet date there are other non-financial assets amounting to € 4,403 thousand (previous year: € 6,401 thousand) mainly in respect of deferred costs and advance payments, and measured at amortised cost.

NON-FINANCIAL ASSETS
€'000

	31/12/2021	31/12/2020
Advance payments of costs	3,127	1,950
Accounts receivable from taxes on income	683	2,415
Other tax refund claims	532	1,671
Other non-financial assets	61	365
	4,403	**6,401**

25. CASH AND CASH EQUIVALENTS

Cash in banking accounts and cash on hand totalling € 52,861 thousand (previous year: € 49,818 thousand) relates substantially to balances with banks.

The cash and cash equivalents presented above and contained in the cash flow statement include € 1,649 thousand (previous year: € 3,307 thousand) held by *Wein & Co.* (in the previous year also by *Globalwine*). These deposits are subject to local regulatory restrictions and are therefore not available for general use by other group companies.

26. 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 2021 no treasury shares are held, as in the previous year.

A dividend of € 1.60 (previous year: € 1.30) plus a special dividend of € 0.40 per share (previous year: € 0.45) was paid in the financial year, with a total amount distributed of € 17,967 thousand (previous year: € 15,721 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 2021 amounts to € 6,850,000.00 (previous year: € 6,850,000.00).

27. CAPITAL RESERVE

€'000	31/12/2021	31/12/2020
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.

28. RETAINED EARNINGS

€'000	31/12/2021	31/12/2020
Retained earnings	106,665	91,346

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 € 1.90 and of a special dividend of € 0.60 per no par value share on the capital stock of € 13,709 thousand, corresponding to a distributed amount of € 22,459 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*. In previous years the conversion and exercise of the put options for the minority interest in *Vinos* produced an addition to the retained earnings in the amount of € 4,372 thousand. The changes in value of the put option for *WirWinzer* are shown 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 2020 and 2021 are shown in the consolidated statement of movements in equity.

29. OTHER RESERVES

Other reserves totalling € 98 thousand (previous year: € –383 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 € –309 thousand (previous year: € –165 thousand).

The revaluation component for provisions for pensions includes changes in value of € 19 thousand in the year under review (previous year: € -6 thousand), less deferred taxes of € -11 thousand (previous year: € +4 thousand). Also, the fair values of the derivatives in the amount of € 231 thousand (previous year: € -53 thousand) were reported under other comprehensive income: in connection with this, deferred tax assets of € -67 thousand (previous year: € 27 thousand) were written back or created.

30. ANON-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* **31/12/2021**	**31/12/2020**	*Globalwine AG* **31/12/2021**	**31/12/2020**
Non-current assets	5,562	6,705	2,810	2,684
Current assets	4,184	2,125	9,188	8,562
ASSETS	**9,746**	**8,830**	**11,998**	**11,246**
Equity	6,304	5,029	3,532	2,463
Long-term provisions and liabilities	656	1,052	682	790
Short-term provisions and liabilities	2,786	2,749	7,784	7,993
EQUITY AND LIABILITIES	**9,746**	**8,830**	**11,998**	**11,246**
ACCUMULATED NON-CONTROLLING INTERESTS	**557**	**804**	**134**	**83**

COMBINED STATEMENT OF COMPREHENSIVE INCOME €'000	*WirWinzer GmbH* **2021**	**2020**	*Globalwine AG* **2021**	**2020**
Total sales	10,521	9,156	19,757	17,699
Result from ordinary activities	1,942	1,275	1,229	-433
Taxes on income	-667	484	-319	-215
NET INCOME = COMPREHENSIVE INCOME	**1,275**	**1,759**	**910**	**-648**
Profit due to controlling interests	330	604	46	29
Dividends paid to holders of non-controlling interests	–	–	–	–

€'000	*WirWinzer GmbH* **2021**	**2020**	*Globalwine AG* **2021**	**2020**
Net inflow of payments from current operations	22	14	78	-1,694
Net funds employed for investing activities	-10	-1	396	1,351
Outflow/inflow of net funds from financing activities	-39	-45	-313	-322
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	**-27**	**-32**	**161**	**-665**
Effects of changes on cash and cash equivalents (up to 3 months to maturity)	–	–	113	296
Funds at start of period	269	301	2,388	2,757
Funds at end of period	242	269	2,662	2,388

COMBINED BALANCE SHEET €'000	*Weinart GmbH* 31/12/2021	*Weinart GmbH* 31/12/2020	*Grand Cru Select GmbH* 31/12/2021	*Grand Cru Select GmbH* 31/12/2020
Non-current assets	1,593	2,044	–	179
Current assets	7,039	5,792	–	3,063
ASSETS	**8,632**	**7,836**	**–**	**3,242**
Equity	3,951	3,427	–	767
Long-term provisions and liabilities	298	374	–	50
Short-term provisions and liabilities	4,383	4,035	–	2,425
EQUITY AND LIABILITIES	**8,632**	**7,836**	**–**	**3,242**
ACCUMULATED NON-CONTROLLING INTERESTS	**1,468**	**1,212**	**–**	**152**

COMBINED STATEMENT OF COMPREHENSIVE INCOME €'000	*Weinart GmbH* 2021	*Weinart GmbH* 2020	*Grand Cru Select GmbH* 2021	*Grand Cru Select GmbH* 2020
Total sales	6,411	6,147	–	4,708
Result from ordinary activities	700	359	–	162
Taxes on income	–176	–94	–	–55
NET INCOME = COMPREHENSIVE INCOME	**524**	**265**	**–**	**108**
Profit due to controlling interests	257	130	–	27
Dividends paid to holders of non-controlling interests	–	–924	–	–27

€'000	*Weinart GmbH* 2021	*Weinart GmbH* 2020	*Grand Cru Select GmbH* 2021	*Grand Cru Select GmbH* 2020
Net inflow of payments from current operations	–197	1,280	–	126
Net funds employed for investing activities	–37	–14	–	4
Outflow/inflow of net funds from financing activities	276	–1,115	–	–135
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	**42**	**151**	**–**	**–5**
Effects of changes on cash and cash equivalents (up to 3 months to maturity)	–	–	–	–
Funds at start of period	42	–109	–	5
Funds at end of period	84	42	–	–

31. 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. The present value of retirement benefit obligations developed as follows in the year under review:

€ '000	**2021**	**2020**
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 1 JAN	1,097	1,115
Current service cost	–	–
Interest expense	9	10
Actuarial losses (+) / gains (–)	11	31
Payments made	–61	–59
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 31 DEC	**1,056**	**1,097**

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

%	**2021**	**2020**
Discounting rate	0.94	0.85
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 € 61 thousand (previous year: € 60 thousand) are expected for 2021.

A change in the actuarial interest rate of +50/-50 base points at 31 December 2021 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/ 2021**	*+50 base points*
Present value of retirement benefit obligations	1,115	1,056	1,002

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

32. 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. The present value of severance payment obligations developed as follows in the year under review:

€'000	2021	2020
PRESENT VALUE OF SEVERANCE PAYMENT OBLIGATIONS AT 1 JAN	770	741
Current service cost	61	33
Interest expense	4	4
Actuarial losses (+) / gains (–)	–15	–8
PRESENT VALUE OF SEVERANCE PAYMENT OBLIGATIONS AT 31 DEC	**820**	**770**

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

%	2021	2020
Discounting rate	1.04	0.85
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 2021 assuming other factors remained constant would have had the following effect on the present value of the severance payment obligations:

€'000	2021	2020
Increase in actuarial interest rate of 100 base points	718	657
Decrease in actuarial interest rate of 100 base points	883	868
Increase in salary trend of 50 base points	836	821
Decrease in salary trend of 50 base points	756	716

The average term of the defined benefit obligation is 13 years (previous year: 14 years).

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

33. OTHER PROVISIONS

€'000	01/01/2021	Drawn	Transferred	Allocated	31/12/2021
LONG-TERM:					
Other provisions for personnel	641	-177	–	238	702
Provisions for reconversion obligations	159	–	–	1	160
SHORT-TERM:					
Provisions for reconversion obligations	200	–	–	–	200
Other provisions	90	–	–	110	200
Restructuring obligations	304	-304	–	–	–
TOTAL	**1,394**	**-481**	**–**	**349**	**1,262**

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 0.4 percent (previous year: 1.6 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 2021, the provisions for personnel increased by € 21 thousand as a result of new contracts and the compounding of partial retirement obligations (previous year: decrease of € 1 thousand from interest expense).

The other provisions mainly consist of costs for litigation and liability risks.

34. LIABILITIES

The group holds the following financial liabilities:

€'000	31/12/2021			31/12/2020		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Borrowings	12,325	6,803	19,128	12,528	11,504	24,032
Lease liabilities	13,005	120,488	133,493	11,980	114,787	126,767
Trade payables	67,895	–	67,895	78,103	–	78,103
Other financial liabilities	17,463	110	17,573	14,217	4,683	18,900
TOTAL	**110,688**	**127,401**	**238,089**	**116,828**	**130,974**	**247,802**

€'000	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Borrowings	12,325	6,803	19,128	12,528	11,504	24,032
Lease liabilities	13,005	120,488	133,493	11,980	114,787	126,767
Trade payables	67,895	–	67,895	78,103	–	78,103
Other financial liabilities	17,463	11	17,474	14,119	4,473	18,592
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	**110,688**	**127,302**	**237,990**	**116,730**	**130,764**	**247,494**
Other financial liabilities	–	99	99	98	210	308
DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES	**–**	**99**	**99**	**98**	**210**	**308**
	110,688	**127,401**	**238,089**	**116,828**	**130,974**	**247,802**

35. BORROWINGS

€'000	31/12/2021	31/12/2020
Banks	19,128	24,032
Of which with a maturity of		
– up to 1 year	12,325	12,528
– 1 to 5 years	6,262	10,423
– over 5 years	541	1,081

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

The interest rates of short-term loans raised in 2021 were between 0.47 percent and 2.77 percent (previous year: between 0.21 percent and 2.70 percent).

At 31 December 2021 € 4,840 thousand of the credit facility had been drawn (previous year: € 5,464 thousand).

36. LEASE LIABILITIES

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

LEASE LIABILITIES €'000	**31/12/2021**	**31/12/2020**
Lease liabilities	133,493	126,767
Of which with a maturity of		
– up to 1 year	13,005	11,980
– 1 to 5 years	47,354	44,939
– over 5 years	73,134	69,848

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 € 119 thousand (previous year: € 101 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 € 219 thousand (previous year: € 191 thousand). There were no expenses relating to variable lease payments that are not included in the lease liabilities.

The total outpayments for leases in 2021 came to € 16,364 thousand (previous year: € 15,836 thousand).

At 31 December 2021 possible future cash inflows in the amount of € € 41.6 million (previous year: € 40.8 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 € 6.4 million (previous year: € 5.5 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 € 255 thousand (previous year: € 165 thousand).

€'000	**2021**	**2020**
Depreciation/amortisation for rights of use	–13,230	–12,768
– *of which for buildings and land*	–12,044	–11,651
– *of which for technical equipment and machinery*	–208	–195
– *of which for other fixtures and fittings, tools and equipment*	–978	–922
Interest expense for lease liabilities	–3,634	–3,615
Expense for short-term leases	–219	–191
Expense for leases of low-value assets	–119	–101
Expense for variable lease payments not included in the measurement of lease liabilities	–	–
Income from sub-leasing of rights of use	–	–

€'000	**2021**	**2020**
Cash outflows for leases	–16,364	–15,836
Additions to rights of use	18,567	17,745
Gains from sale-and-leaseback transactions	–	–
Carrying amounts of rights of use at end of the reporting period	123,067	116,843
– *of which buildings and land*	120,684	114,340
– *of which buildings and land from sale-and-lease-back transactions*	157	282
– *of which technical equipment and machinery*	1,849	1,652
– *of which other fixtures and fittings, tools and equipment*	377	569

37. OTHER FINANCIAL LIABILITIES

€'000	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
Other financial liabilities						
– Liabilities from put options	4,022	–	4,022	6,229	–	6,229
– Liabilities to minority interests	4,421	–	4,421	751	4,421	5,172
Sundry	9,020	110	9,130	7,237	262	7,499
TOTAL	**17,463**	**110**	**17,573**	**14,217**	**4,683**	**18,900**

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

Please see section 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 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	31/12/2021	31/12/2020
Weinart Handels- und Beteiligungsgesellschaft mbH	47	49
Global Wines & Spirits, s.r.o., Prague (Czech Republic)	3	5
	50	**54**

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

The market values of derivatives are also included in the amount of € 99 thousand (previous year: € 308 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:

€'000	31/12/2021
DERIVATIVE FINANCIAL ASSETS	
Foreign exchange option without hedging relationship	21
	21
FINANCIAL LIABILITIES	
Borrowings	19,128
Lease liabilities	133,493
Trade payables	67,895
Other financial liabilities	17,474
	238,011
DERIVATIVE FINANCIAL LIABILITIES	
Interest rate derivatives with hedging relationship	99
Forward exchange transactions with hedging relationship	–
	99
TOTAL	**238,110**

€'000	31/12/2020
FINANCIAL LIABILITIES	
Borrowings	24,032
Lease liabilities	126,767
Trade payables	78,103
Other financial liabilities	18,591
	247,493
DERIVATIVE FINANCIAL LIABILITIES	
Interest rate derivatives with hedging relationship	210
Forward exchange transactions with hedging relationship	98
	308
TOTAL	**247,801**

	Expected cash flows											
	2022			**2023**			**2024–2026**			**> 2026**		
	Fixed interest	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*
	–	–	21	–	–	–	–	–	–	–	–	–
	–	**–**	**21**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	89	85	12,325	8	54	4,337	–	86	1,535	–	15	931
	3,296	–	12,969	2,987	–	12,289	7,159	–	34,937	7,358	–	73,298
	–	–	67,895	–	–	–	–	–	–	–	–	–
	–	–	17,463	–	–	11	–	–	–	–	–	–
	3,385	**85**	**110,673**	**2,995**	**54**	**16,637**	**7,159**	**86**	**36,472**	**7,358**	**15**	**74,229**
	20	11	–	13	9	–	21	18	–	4	3	–
	–	–	–	–	–	–	–	–	–	–	–	–
	20	**11**	**–**	**13**	**9**	**–**	**21**	**18**	**–**	**4**	**3**	**–**
	3,405	**96**	**110,673**	**3,008**	**63**	**16,637**	**7,180**	**104**	**36,472**	**7,362**	**18**	**74,229**

	Expected cash flows											
	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	–	–	–	–	–	–	–	–	–
	–	–	14,170	–	–	4,421	–	–	–	–	–	–
	3,680	**115**	**117,089**	**3,296**	**85**	**20,980**	**7,869**	**120**	**37,986**	**8,159**	**35**	**71,438**
	36	12	–	27	11	–	62	44	–	12	6	–
	–	–	98	–	–	–	–	–	–	–	–	–
	36	**12**	**98**	**27**	**11**	**–**	**62**	**44**	**–**	**12**	**6**	**–**
	3,716	**127**	**117,187**	**3,323**	**96**	**20,980**	**7,931**	**164**	**37,986**	**8,171**	**41**	**71,438**

38. NON-FINANCIAL LIABILITIES

The group holds the following non-financial liabilities:

€'000	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
NON-FINANCIAL LIABILITIES						
Contract liabilities	19,914	4,519	24,433	20,876	3,682	24,557
Income taxes payable	11,935	–	11,935	9,127	–	9,127
Other non-financial liabilities	25,279	278	25,557	21,797	49	21,846
TOTAL	**57,128**	**4,797**	**61,925**	**51,800**	**3,731**	**55,530**

The other non-financial liabilities developed as follows:

€'000	31/12/2021			31/12/2020		
	Short-term	*Long-term*	*Total*	*Short-term*	*Long-term*	*Total*
OTHER NON-FINANCIAL LIABILITIES						
Liabilities from other taxes	15,316	–	15,316	14,185	–	14,185
Liabilities to employees	9,933	278	10,211	7,588	–	7,588
Sundry non-financial liabilities	31	–	31	24	49	73
TOTAL	**25,279**	**278**	**25,557**	**21,797**	**49**	**21,846**

The liabilities from other taxes are substantially in respect of VAT liabilities.

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

39. CONTRACT LIABILITIES

The contract liabilities with a maturity of less than one year amount to € 19,914 thousand, and with a maturity of one to five years to € 4,519 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	31/12/2021	31/12/2020
CONTRACT LIABILITIES		
Liabilities from subscription business with a maturity of one to five years	4,519	3,682
Liabilities from subscription business with a maturity of up to one year	5,905	5,394
Gift vouchers	5,712	5,095
Customer bonus programmes	6,083	8,640
Sundry contract liabilities	2,214	1,746
	24,433	**24,557**
REVENUE RECORDED IN THE REPORTING PERIOD FROM THE OPENING INVENTORIES OF THE CONTRACT LIABILITIES		
Revenue from subscriptions	4,321	4,304
Revenue from customer bonus programmes	8,640	5,030
Revenue from gift vouchers	5,095	4,754
	18,056	**14,088**

In keeping with the simplification rules of IFRS 15, no disclosures are made on the performance obligations at 31 December 2021 with an expected original maturity of one year or less. Furthermore, the simplification rule of IFRS 15.94 is 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 € 4,519 thousand at the reporting date for a period of more than twelve months.

From existing subscription contracts for the delivery of wine parcels, at 31 December 2021 the *Hawesko Group* expects future sales amounting to € 4,137 thousand from performance obligations not (or only partially) met at the reporting date and expected to be realised in the amount of € 4,137 thousand in the next financial year. The contracts expire in the next financial year.

The liabilities from subscription business concern advance payments received from customers for wines which will be delivered in 2022 or 2023.

The sundry contract liabilities show € 134 thousand in deferrals 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	**31/12/2021**	**31/12/2020**
From fixed assets	5,229	5,316
From inventories	457	481
From the measurement of trade receivables	72	103
From the fair value measurement of derivative financial instruments	7	–
From leases	37,795	35,925
Miscellaneous	551	97
Offset against deferred tax assets	-42,409	-37,801
Change in tax rate	–	–
	1,702	**4,121**

The deferred tax liabilities developed as follows:

€'000	**31/12/2021**	**31/12/2020**
Opening balance	4,121	3,973
Increase	42,959	38,299
Decrease	–2,969	–350
Offset against deferred tax assets	–42,409	–37,801
	1,702	**4,121**

Pursuant to IAS 12.39 (b) no deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries amounting to € 75 thousand (previous year: € 76 thousand) because it is unlikely that these temporary differences will reverse in the foreseeable future.

A sum of € 108 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	31/12/2021				31/12/2020			
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
ASSETS								
Investments	–	–	63	63	–	–	88	88
Trading derivatives	–	21	–	21	–	–	–	–
EQUITY AND LIABILITIES								
Derivatives with hedging relationships	–	99	–	99	–	308	–	308
Financial liabilities recognised at amortised cost	–	–	4,022	4,022	–	–	6,229	6,229

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 2021:

€'000	*Put option*
01/01/2021	**6,229**
Change	–2,207
31/12/2021	**4,022**

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**

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 2021:

		31/12/2021	
€'000	*–1,000*		*+1,000*
Fair value of *WirWinzer GmbH*	2,483	4,022	5,803

			From subsequent measurement					
NET EARNINGS BY MEASUREMENT CATEGORY IN 2021 €'000	*Measure-ment category acc. to IFRS 9*	*From interest*	*From changes in cash flow estimates*	*At amortised cost*	*Currency trans-lation*	*Impair-ment*	*From disposal*	*Net earnings* **2021**
Loans and receivables (AC)	AC	–46	–	–	–	–97	–	–143
Financial assets recognised at fair value (FVtPL)	FVtPL	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (AC)	AC	–460	–1,648	–	–	–	3,555	1,447
TOTAL		**–506**	**–1,648**	**–**	**–**	**–97**	**3,555**	**1,304**

			From subsequent measurement					
NET EARNINGS BY MEASUREMENT CATEGORY IN 2020 €'000	*Measure-ment category acc. to IFRS 9*	*From interest*	*From changes in cash flow estimates*	*At amortised cost*	*Currency trans-lation*	*Impair-ment*	*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**

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.

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

The net cash inflow from current operations of € 49,001 thousand (previous year: € 81,033 thousand) includes 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 2021 reporting date. In 2021 a distribution of the net income of *Vinos* for 2020 in the amount of € 587 thousand (previous year: € 354 thousand) was made to NCI Forwards.

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

€ '000	2021	2020	*Change*
Cash in banking accounts and cash on hand	52,861	49,818	3,043
Due to banks (current accounts)	–	–	–
Funds at end of period	52,861	49,818	3,043

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

€ '000	2021	2020
Cash and cash equivalents	52,861	49,818
Liquid investments	–	–
less borrowings – repayable within one year (including current account)	12,325	12,528
less borrowings – repayable after more than one year	6,803	11,504
NET ASSETS	**33,733**	**25,786**
Cash and liquid investments	52,861	49,818
Gross liabilities – fixed-rate	–11,144	–13,108
Gross liabilities – variable-rate	–7,984	–10,924
NET LIQUIDITY	**33,733**	**25,786**

The cash and non-cash changes to liabilities from financing activities as well as corresponding equity items are as follows:

	Debt			Equity		
€'000	*Borrow-ings*	*Lease liabilities*	*Liabilities for the acquisition of minority interests*	*Retained earnings*	*Interests not controlled*	*Total*
BALANCE SHEET AT 1 JANUARY 2021	24,032	126,767	10,650	91,346	2,251	255,046
CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES						
Dividends paid	–	–	–	-17,967	–	-17,967
Outpayments to non-controlling interests	–	–	–	–	-39	-39
Outpayment to NCI Forwards	–	–	–	-587	–	-587
Acquisition of minority interests	–	–	-3,555	-339	-101	-3,995
Outpayments for lease liabilities	–	-12,392	–	–	–	-12,392
Repayment of borrowings	-4,904	–	–	–	–	-4,904
Interest paid	-459	-3,634	–	–	–	-4,093
OVERALL CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES	**-5,363**	**-16,026**	**-3,555**	**-18,893**	**-140**	**–**
EFFECTS OF EXCHANGE RATE CHANGES	–	-39	–	–	–	-39
	18,669	**110,702**	**7,095**	**72,453**	**2,111**	**211,030**
CHANGES IN AMORTISED COST	–	–	1,348	–	–	1,348
OTHER CHANGES						
New leases	–	19,335	–	–	–	19,335
Interest expense	459	3,634	–	–	–	4,093
Other changes	–	-178	–	34,167	-54	33,935
TOTAL OTHER CHANGES	**459**	**22,791**	**–**	**34,167**	**-54**	**57,363**
BALANCE SHEET AT 31 DECEMBER 2021	**19,128**	**133,493**	**8,443**	**106,620**	**2,057**	**269,741**

€'000	Debt			Equity		
	Borrow-ings	*Lease liabilities*	*Liabilities for the acquisition of minority interests*	*Retained earnings*	*Interests not controlled*	*Total*
BALANCE SHEET AT 1 JANUARY 2020	31,390	121,366	5,815	83,599	3,686	245,856
CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES						
Dividends paid	–	–	–	–15,721	–	–15,721
Outpayments to non-controlling interests	–	–	–	–	–1,009	–1,009
Outpayment to NCI Forwards	–	–	–	–353	–	–353
Acquisition of minority interests	–	–	–	–	–	–
Outpayments for lease liabilities	–	–11,929	–	–	–	–11,929
Repayment of borrowings	–6,602	–	–	–	–	–6,602
Interest paid	–433	–3,615	–	–	–	–4,048
OVERALL CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES	**–7,035**	**–15,544**	**–**	**–16,074**	**–1,009**	**–**
EFFECTS OF EXCHANGE RATE CHANGES	–	–11	–	–	–	–11
	24,355	**105,811**	**5,815**	**67,525**	**2,677**	**206,183**
CHANGES IN AMORTISED COST	-	–	4,835	–	–	4,835
OTHER CHANGES						
New leases	–	18,055	–	–	–	18,055
Interest expense	433	3,615	–	–	–	4,048
Other changes	–756	–714	–	23,821	–426	21,925
TOTAL OTHER CHANGES	**–323**	**20,956**	**–**	**23,821**	**–426**	**44,028**
BALANCE SHEET AT 31 DECEMBER 2020	**24,032**	**126,767**	**10,650**	**91,346**	**2,251**	**255,046**

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*. Both businesses focus on consumers.

- 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 € 4,058 thousand accounted for using the equity method.

- 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* and *WineTech*.

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

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.

INFORMATION BY REGION €'000	*Investment*		*Non-current assets*	
	2021	**2020**	**2021**	**2020**
Germany	25,037	24,285	167,382	163,936
Rest of Europe	2,471	4,902	41,058	40,177
GROUP, CONSOLIDATED	**27,508**	**29,187**	**208,440**	**204,113**

SALES BREAKDOWN BY REGION €'000	**2021**	**2020**
Germany	585,936	533,606
Austria	50,661	45,821
Switzerland	20,018	19,426
Sweden	13,968	12,811
Miscellaneous	9,948	8,609
	680,530	**620,273**

Segment reporting for the period from
1 January 2021 to 31 December 2021:

SEGMENT REPORTING €'000	*Retail*	*B2B*	*e-commerce*	*Miscellaneous*	*Total*	*Consolidation*	*Group, consolidated*
SALES REVENUES	**238,454**	**181,341**	**270,507**	**1,636**	**691,939**	**-11,409**	**680,530**
External sales	238,438	173,202	268,877	–	680,517	12	680,530
Internal sales	16	8,140	1,630	1,636	11,422	-11,422	–
OTHER INCOME	**14,227**	**3,156**	**2,962**	**962**	**21,307**	**-1,525**	**19,782**
External	14,227	2,624	2,091	418	19,360	422	19,782
Internal	–	532	871	544	1,947	-1,947	–
EBITDA	**39,990**	**6,668**	**37,056**	**-8,443**	**75,271**	**-64**	**75,207**
DEPRECIATION AND AMORTISATION	**-13,899**	**-1,838**	**-5,603**	**-787**	**-22,127**	**–**	**-22,127**
EBIT	**26,091**	**4,830**	**31,453**	**-9,230**	**53,144**	**-64**	**53,080**
FINANCIAL RESULT	**-3,375**	**-276**	**-398**	**-650**	**-4,700**	**-1**	**-4,701**
Financial income	5	134	31	450	621	-465	155
Financial expense	-3,381	-410	-429	-355	-4,576	464	-4,111
Other financial result	–	–	–	-1,648	-1,648	–	-1,648
Investment result	–	–	–	903	903	–	903
EARNINGS BEFORE TAXES	**22,715**	**4,554**	**31,055**	**-9,880**	**48,444**	**-174**	**48,270**
TAXES ON INCOME							**-14,015**
CONSOLIDATED EARNINGS							**34,255**
SEGMENT ASSETS	**182,464**	**103,310**	**103,040**	**232,027**	**620,841**	**-183,296**	**437,545**
SEGMENT DEBTS	**168,785**	**81,278**	**65,608**	**42,861**	**358,532**	**-53,679**	**304,853**
INVESTMENT	**4,265**	**517**	**1,596**	**1,379**	**7,757**	**–**	**7,757**

Segment reporting for the period from
1 January 2020 to 31 December 2020:

SEGMENT REPORTING €'000	*Retail*	*B2B*	*e-commerce*	*Miscellaneous*	*Total*	*Consolidation*	*Group, consolidated*
SALES REVENUES	**227,717**	**170,092**	**232,198**	**–**	**630,007**	**-9,734**	**620,273**
External sales	227,695	162,148	230,430	–	620,273	–	620,273
Internal sales	22	7,944	1,768	–	9,734	-9,734	–
OTHER INCOME	**14,227**	**2,138**	**1,594**	**947**	**18,907**	**-1,302**	**17,605**
External	14,227	2,093	1,072	213	17,606	-1	17,605
Internal	–	45	522	734	1,301	-1,301	–
EBITDA	**38,482**	**5,977**	**28,531**	**-7,561**	**65,430**	**135**	**65,565**
DEPRECIATION AND AMORTISATION	**-14,156**	**-2,903**	**-6,129**	**-226**	**-23,413**	**–**	**-23,413**
EBIT	**24,326**	**3,074**	**22,403**	**-7,787**	**42,016**	**135**	**42,152**
FINANCIAL RESULT	**-3,365**	**259**	**-522**	**-2,664**	**-6,291**	**-55**	**-6,346**
Financial income	12	43	37	966	1,059	-772	287
Financial expense	-3,377	-606	-559	-316	-4,858	769	-4,089
Other financial result	–	–	–	-3,315	-3,315	-51	-3,366
Investment result	–	822	–	–	822	–	822
EARNINGS BEFORE TAXES	**20,962**	**3,333**	**21,881**	**-10,450**	**35,725**	**81**	**35,806**
TAXES ON INCOME							**-11,618**
CONSOLIDATED EARNINGS							**24,188**
SEGMENT ASSETS	**180,522**	**105,733**	**105,364**	**105,364**	**496,984**	**-69,285**	**427,699**
SEGMENT DEBTS	**170,110**	**86,488**	**62,681**	**62,681**	**381,960**	**-71,245**	**310,715**
INVESTMENT	**14,101**	**2,078**	**3,806**	**135**	**20,120**	**–**	**20,120**

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 01/01/2020	–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**
Effective change in the fair values of hedges recognised within other comprehensive income	120	111	231
Reclassified to statement of income because underlying transaction realised through profit or loss	–4	4	–
Deferred tax	–38	–29	–67
CLOSING BALANCE ON 31/12/2021	**15**	**–74**	**–59**

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 section 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 conducts 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 € 67 thousand (previous year: € 40 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	2021	2020
Carrying amount (assets/liabilities), € '000	21	-98
Nominal amount in SEK '000	43,600	33,600
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	–67	–40
Ineffectiveness recognised through profit or loss (recognised in other operating result)	–	–
Range of hedging rates (SEK/EUR) – average rate weighted	10.2132	10.3515

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 € 67 thousand (previous year: € 40 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	**2021**	**2020**	**2021**	**2020**
EUR/CHF exchange rate – rise of 10 % (2020: – 10 %)	–484	–546	–484	–546
EUR/CHF exchange rate – fall of 10 % (2020: – 10 %)	484	546	484	546
EUR/SEK exchange rate – rise of 10 % (2020: – 10 %)	149	207	41	304
EUR/SEK exchange rate – fall of 10 % (2020: – 10 %)	–149	–207	–42	–371

The carrying amount of the monetary debts of the *Hawesko Group* denominated in Swiss francs (CHF) at the reporting date is € 4,840 thousand (previous year: € 5,462 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 € 8 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	2021	2020
Carrying amount (liabilities), €'000	–99	–210
Nominal amount, €'000	7,849	10,789
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	111	–13
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 € 0.1 million lower or € 0.1 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 2021 or 31 December 2020 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 €52,861 thousand (previous year: €49,818 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 section 35) 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 to preserve the ability of the *Hawesko Group* to repay debts and distribute dividends as well as maintain its financial substance in order to conduct operating activities in the future.

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, other loans, lease liabilities and provisions for pensions, less cash. At 31 December 2021 there is net debt of € 100,816 thousand (previous year: net debt of € 102,078 thousand).

The return on capital employed (ROCE) is a further important indicator for capital management. It is calculated 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 24.2 percent was achieved in the year under review (previous year: 18.7 percent).

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

The group companies *IWL Internationale Wein-Logistik GmbH, WineTech Commerce GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, Jacques' Wein-Depot Wein-Einzelhandel GmbH, Wein & Vinos GmbH, Wein Service Bonn GmbH, Tesdorpf GmbH* (formerly *Carl Tesdorpf GmbH), The Wine Company Hawesko GmbH, Weinland Ariane Abayan GmbH, Wein Wolf GmbH, Grand Cru Select Distributionsgesellschaft mbH* (formerly: *CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.*) and *Global Eastern Wine 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.

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

The subgroups of *Wein Service Bonn GmbH, Wein Wolf GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, Jacques' Wein-Depot Wein-Einzelhandel GmbH* 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.

48. 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 14 April 2021 and is made permanently available on the internet at (www.hawesko-holding.com/en/corporate-governance).

49. 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 € 272 thousand (previous year: € 367 thousand) were purchased from St. Antony Weingut GmbH & Co. KG, Nierstein am Rhein, which is held by Detlev Meyer. In addition, goods to the value of € 1,823 thousand (previous year: € 979 thousand) were purchased from Heyl zu Herrnsheim Weinkellerei GmbH, Nierstein am Rhein, which is likewise held by Detlev Meyer. Furthermore, goods with a volume of € 572 thousand were bought from related parties in the year under review. The order volume in the corresponding prior-year period was € 383 thousand.

Rent in the total amount of € 369 thousand (previous year: € 369 thousand) was paid to ATL Objektverwaltung GmbH, Hanover, which is held by Detlev Meyer, for an office and warehouse building in Tornesch. There exist neither receivables (previous year: € 0 thousand) nor liabilities (previous year: € 0 thousand) in respect of ATL Objektverwaltung GmbH 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 total remuneration of the members of the Supervisory Board was made up as follows in the 2021 financial year (previous year in brackets):

€'000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Detlev Meyer (Chair)	112	8	30	–	**150**
	(109)	(8)	(28)	(–)	(145)
Thomas R Fischer (Deputy Chair)	84	6	22	–	**112**
	(82)	(6)	(20)	(–)	(108)
Dr. Jörg Haas	56	4	14	–	**74**
	(54)	(4)	(13)	(–)	(71)
Prof. Dr. Dr. Dres. h.c. Franz Jürgen Säcker	56	4	15	–	**75**
	(54)	(4)	(14)	(10)	(82)
Wilhelm Weil	56	4	9	–	**69**
	(55)	(4)	(9)	(–)	(68)
Kim-Eva Wempe	56	4	9	–	**69**
	(55)	(4)	(8)	(–)	(67)
TOTAL	**420**	**30**	**99**	–	**549**
	(409)	(30)	(92)	(10)	(541)

In addition, in 2021 goods to the value of € 501 thousand (previous year: € 383 thousand) were purchased from Weingut Robert Weil, of which Wilhelm Weil is director. Also, sales of € 315 thousand (previous year: € 161 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 € 0 thousand (previous year: € 25 thousand).

The members of the Board of Management were paid the following total remuneration for their activities in the 2021 financial year (previous year in brackets):

€ '000	*Non-performance-related*	*Performance-related with long-term incentivising effect*	*Total*
Thorsten Hermelink	520	1,168	**1,688**
	(519)	(300)	(819)
Raimund Hackenberger	349	240	**589**
	(347)	(240)	(587)
Alexander Borwitzky	323	250	**573**
	(319)	(543)	(862)
TOTAL	**1,192**	**1,658**	**2,850**
	(1,185)	(1,083)	(2,268)

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 € 260 thousand (previous year: € 268 thousand) was recognised for this commitment at 31 December 2021. 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 2021 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 € 2,208 thousand (previous year: € 1,407 thousand).

At 31 December 2021 the Supervisory Board – directly and indirectly – held 6,532,376 shares in *Hawesko Holding AG,* of which 6,522,376 were attributable to the Chair (previous year: 6,522,376) and 10,000 to Dr. Jörg Haas (previous year: 10,000).

At 31 December 2021 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: 1,000).

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 2021

	Registered office	Equity, € '000	Ownership interest, %	Net earnings **2021** € '000
A. DIRECT PARTICIPATIONS				
*Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH***	Hamburg	6,165	100	18,791
*Jacques' Wein-Depot Wein-Einzelhandel GmbH***	Düsseldorf	4,537	100	23,469
Wein & Co. Handelsges.m.b.H.	Vösendorf (Austria)	822	100	422
*Wein Service Bonn GmbH***	Bonn	4,262	100	4,828
IWL Internationale Wein Logistik GmbH	Tornesch	30	100	4
Wein & Vinos GmbH	Berlin	6,758	90	5,758
WirWinzer GmbH	Munich	1,444	84.6	2,038
*WineTech Commerce GmbH***	Hamburg	25	100	–443
Weinart Handelsgesellschaft mbH	Geisenheim	2,642	51	689
*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)	–4,084	100	–4
Sélection de Bordeaux S.A.R.L.	Strasbourg (France)	–31	100	–15
*Globalwine AG****	Zurich (Switzerland)	2,246	90	951

* *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 1.03310 (reporting date) and the net income for the year at a rate of CHF/EUR 1.04081 (average)*
**** *Net income for the financial year from 1 April 2020 to 31 March 2021*

	Registered office	Equity, € '000	Ownership interest, %	Net earnings **2021** € '000
B. INDIRECT PARTICIPATIONS				
PARTICIPATING INTERESTS OF HANSEATISCHES WEIN- UND SEKT-KONTOR HAWESKO GMBH:				
Tesdorpf GmbH (formerly: Carl Tesdorpf GmbH)	Lübeck	876	100	842
The Wine Company Hawesko GmbH	Hamburg	235	100	1,566
PARTICIPATING INTERESTS OF WEIN SERVICE BONN GMBH:				
*Wein Wolf GmbH***	Bonn	8,866	100	2,966
PARTICIPATING INTERESTS OF WEIN WOLF GMBH:				
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	678	100	701
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	89	100	54
Global Eastern Wine Holding GmbH	Bonn	2,303	100	1,108
*Weinland Ariane Abayan GmbH***	Hamburg	1,831	100	2,273
Grand Cru Select Distributionsgesellschaft mbH (formerly: CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.)	Bonn (formerly Hamburg)	1,234	100	–733
PARTICIPATING INTERESTS OF WEINART HANDELSGESELLSCHAFT MBH:				
*Weinart Handels- und Beteiligungsgesellschaft mbH*****	Geisenheim	47	100	1

50. EXPENDITURE ON AUDITOR'S FEES

The expenditure on auditor's fees was made up as follows:

€ '000	2021	2020
Audit services	633	653
of which for the international network	74	74
Tax consultancy	–	–
Other services	58	138
of which for the international network	16	–
TOTAL	**691**	**791**

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. The other services in the financial year are in respect of audit-related consultations on the implementation of a software application. In the previous year the other services comprised audit-related consultations on the implementation of a software application and consultative support for the audit by the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V.), Berlin.

51. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Russian Army's invasion of Ukraine at the end of February 2022 has caused a political crisis whose economic fallout remains to be seen, though an increased risk of inflation is becoming ever more apparent. Measures to manage costs and prices have been drawn up and will be fine-tuned depending on how the situation develops. The *Hawesko Group* has no significant relationships with customers or suppliers in Russia or Ukraine, so no direct impact on the business performance of the *Hawesko Group* is expected. The unfolding of the crisis could have an indirect negative effect on the general consumption trend among the population in Germany, Austria and Switzerland. However as matters stand, based on experience from previous economic crises, the Board of Management considers the potential effects on wine consumption in those countries to be limited.

The ad hoc announcement dated 15 March 2022 informed the capital market that the Board of Management and Supervisory Board have resolved to prepare the measures required for the conversion of the company into a European company (Societas Europaea, SE) operating as *Hawesko Holding SE* by way of modifying conversion in accordance with Art. 2 (4) in conjunction with Art. 37 of Council Regulation (EC) No. 2157/2001 dated 8 October 2001 on the Statute for a European company. This legal form reflects the increasingly international focus of the company. There is no effect on the net worth, financial position or financial performance.

Hamburg, 5 April 2022

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, 5 April 2022

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

REPORT ON THE AUDITING 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 2021, 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 2021, 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 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- 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 2021 and of its financial performance for the financial year from 1 January to 31 December 2021, 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.

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 2021. 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 € 26.8 million is reported under the balance sheet item “Intangible assets”, and thus represents around 6.1 % 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 executive directors, 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 noted 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 18 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 separate non-financial report pursuant to Section 289b (3) HGB and Section 315b (3) HGB that will prospectively be made available to us after the date of the auditor's report.

- the remuneration report pursuant to Section 162 AktG that reached us prior to the date of this auditor's report, and for which the Supervisory Board is again responsible

- all remaining sections 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.

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 aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the content-validated disclosures in the group management report or with 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 for ensuring 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, it is 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 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 (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 (3a) of the German Commercial Code

Audit Opinion

Pursuant to Section 317 (3a) 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 file Hawesko_Holding_AG_KA_KLB_ESEF-2021-12-31.zip and prepared for purposes of disclosure in all material respects satisfy 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 in all material respects satisfy 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 2021 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 (3a) HGB, in compliance with the IDW audit standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Purposes of Disclosure in Accordance with Section 317 (3a) HGB (IDW PS 410 (10.2021)) 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 Supervisory Board is responsible for overseeing the process of preparing 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) in accordance with Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815 as amended at the balance sheet date enables 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 15 June 2021. We were engaged by the Supervisory Board on 9 December 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).

REFERENCE TO OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report is always to be read in conjunction with the audited consolidated financial statements and audited group management report, as well as the audited ESEF documents. The consolidated financial statements and group management report translated into ESEF format – including the versions to be announced in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and group management report, and are no substitute for them. In particular, the "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 (3a) HGB" and our audit opinion contained therein are only to be used in conjunction with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Thorsten Dzulko.

Hamburg, 6 April 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko	ppa. Christian Simon
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

2021 was the second financial year to be impacted quite considerably as a whole by the COVID-19 pandemic. The *Hawesko Group* nevertheless succeeded in further reinforcing its leading position in the intensely competitive German wine market. Financial year 2021 saw us increase our sales by 9.7 percent to € 680.5 million. Even the profitability of the *Hawesko Group* was improved appreciably. Consolidated EBIT climbed 25.8 percent to € 53.1 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 continues to be 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 2021 financial year the Supervisory Board exercised dedication 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. Above and beyond its routine meetings, the Board of Management 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 covered the overall position of the group and current business developments as well as its medium-term strategy, including its investment, financial and earnings plans in addition to the development of management. 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 2021 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
- The simplification of the corporate structure of the German B2B formats
- The sustainability strategy of the group
- The logistics strategy and investment in the extension of the warehouse in Tornesch near Hamburg
- The strategic direction and future prospects in the "fine wine" niche market
- Discussion of the company's corporate social responsibility (CSR)

- The three-year plan for the financial years 2022 to 2024

- The proposal that the Annual General Meeting of the company appoint PricewaterhouseCoopers GmbH as auditors of the consolidated and annual financial statements for the 2021 financial year

Pursuant to Section 8 of the articles of incorporation, an individual investment project involving a sum of more than € 2.5 million, 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. No transactions on this scale were conducted in the 2021 financial year, so consent was not required.

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 2021 financial year, including the bookkeeping, were examined by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors by the Annual General Meeting of 15 June 2021. 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 2021 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 23 March 2022, 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 audit reports of the auditors were discussed at length and examined by the whole Supervisory Board at its meeting on 6 April 2022.

The Supervisory Board raises no objections. It ratifies the annual and consolidated financial statements for 2021 pursuant to Section 171 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 2021 financial year to distribute a dividend of € 2.50 per no par value share, comprising a basic dividend of € 1.90 and a special dividend of € 0.60.

The subject matter of the audit dated 6 April 2022 also included 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 six occasions in 2021, and the Personnel and Nominating Committee on four occasions.

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 24 March 2021 the committee discussed the accounts of the subsidiaries in the presence of the auditor. On 12 April 2021 the committee addressed the status of personalised customer contact and wine recommendations for the e-commerce segment. A planning update for *Jacques'* and the B2B segment was also discussed. On 27 July 2021 the committee considered the simplification of the commentary on the accounts in the annual financial statements and the consequences of the updated legislation in terms of financial market integrity. On 1 November 2021 the approach for invitations to tender for the auditing of the *Hawesko Group's* financial statements was discussed. On 6 December 2021 the audit priorities were defined for the 2021 audit of the financial statements and the three-year plan and progress with strategic projects were addressed.

Mr. Haas was absent from the meeting on 1 November 2021. Apart from that instance, all members of the committee attended all meetings of the Audit and Investment Committee.

WORK OF THE PERSONNEL AND NOMINATING COMMITTEE

At its meetings on 14 April 2021, 14 June 2021, 27 September 2021 and 9 December 2021, the Personnel and Nominating Committee considered personnel matters in the presence of and in dialogue with managers of the company.

The Personnel and Nominating Committee also dealt with the mandates of the Supervisory Board and recommends the re-election of Wilhelm Weil at the 2022 Annual General Meeting. For the expiring Supervisory Board mandate of Prof. Dr. Franz Jürgen Säcker, the Personnel and Nominations Committee proposes Prof. Dr.-Ing. Wolfgang Reitzle as candidate.

All members of the Personnel and Nominating Committee attended in all its meetings.

CORPORATE GOVERNANCE

On 14 April 2021 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 171ff.). 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 in 2021.

Supervisory Board
There were no changes among the members of the Supervisory Board in 2021.

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, 6 April 2022

The Supervisory Board

Detlev Meyer
Chair

CORPORATE GOVERNANCE DECLARATION

and report by the Supervisory Board and Board of Management on corporate governance at Hawesko Holding AG, Hamburg

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 management and supervision directed towards increasing the value of the company. The principles of sustainable corporate governance and continuous development of the business are presented transparently and comprehensibly in order to create, maintain and strengthen trust among customers, business partners and shareholders. In this declaration, the Board of Management and Supervisory Board heed 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) regarding the principles of corporate governance.

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 complied with, or which recommendations were not adopted.

The Supervisory Board and Board of Management of *Hawesko Holding AG,* Hamburg, addressed corporate governance matters on multiple occasions in the 2021 financial year and on 6 April 2022 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, based on 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 14 April 2021 (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 4:

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 to serving 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."

Hamburg, 6 April 2022

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.

C. RELEVANT DISCLOSURES ON CORPORATE MANAGEMENT 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 about 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.

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.*

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 follow the heirs of 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 these. At least four ordinary meetings of the Supervisory Board as well as 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 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 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 as a committee the audit services provided by the independent auditor, evaluating the quality of those audit services provided. In this connection the Audit and Investment Committee, in close consultation with the independent auditor, implemented a formal evaluation method in accordance with Section 43 of the German Public Accountants Code and the IDW policy papers, making reference to the Code, and adopted this 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 18 February 2022, 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 Chair 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 looks beyond the professional and personal qualifications of the candidates, and 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 maintain the status quo of at least one woman member until 30 June 2025. 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 the 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
- Procurement end of the market, for example from running a winery
- Online area, with 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 an expert point of contact 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, and set the existing 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 6 April 2022, 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 restructured distribution of portfolios for the *Hawesko Group* allows an allocation of duties that better reflects today's market requirements. Board of Management members no longer simultaneously hold the role of managing director of an operationally active subsidiary or sub-subsidiary, unless exceptionally they must also act 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 *Hawesko Group,* 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 2023. 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, in particular 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 for 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 2026.

(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 that 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 individual 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 in 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 individual financial statements of *Hawesko Holding AG* are the sole basis for the appropriation of earnings.

The selection of the independent auditor, its 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:

- 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.

- The independent auditor shall report on all findings and occurrences identified while conducting the audit of the financial statements that are materially significant for the work of the Supervisory Board.

- 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, at 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 remuneration report for 2021, 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, 6 April 2022

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 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. Thorsten Hermelink is responsible for the group strategy and the e-commerce and Distribution areas, as well as Corporate HR and Corporate Development.

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 became Chief Financial Officer (CFO) of *Hawesko* in March 2017 and is in charge of the Finance & Controlling, Corporate Audit & Compliance, Investor Relations, Corporate Logistics and Legal areas.

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
- 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	2021	2020	2019	2018
Net sales	680.5	620.3	556.0	524.3
Gross profit	300.6	274.4	240.7	223.3
– as % of net sales	44.2 %	44.2 %	43.3%	42.6 %
Operating result before depreciation and amortisation (EBITDA)	75.2	65.6	50.6	36.2
– as % of net sales	11.1 %	10.6 %	9.1 %	6.9 %
Depreciation and amortisation	–22.1	–23.4	–21.5	8.5
Operating result (EBIT)	53.1	42.2	29.2	27.7
– as % of net sales	7.8 %	6.8 %	5.2 %	5.3 %
Consolidated net income (after taxes and excluding non-controlling interests)	33.6	23.8	15.8	22.0
Cash flow from current operations	49.0	81.0	33.6	26.1
Cash flow from investing activities	–2.1	–10.3	2.5	–14.9
Free cash flow (before acquisitions)	42.8	71.6	31.7	20.2
Dividend distribution for the current year (parent company)	–18.0	–15.7	–11.7	–11.7
Non-current assets	208.4	204.1	197.7	90.8
Current assets	229.1	223.6	197.3	198.2
Equity after dividend distribution	114.7	101.3	99.2	100.8
– as % of balance sheet total after dividend distribution	26.2 %	23.7 %	25.1 %	34.9 %
Total assets	437.5	427.7	394.9	289.0
Capital employed	219.1	225.6	236.5	165.8
Return on total assets	12.3 %	10.0 %	7.4 %	10.1 %
Return on capital employed	24.2 %	18.7 %	12.3%	16.7 %
Earnings per share (€)	3.74	2.65	1.76	2.45
Regular dividend per share (€)	1.90	1.60	1.30	1.30
Bonus dividend per share (€)	0.60	0.40	0.45	–
Total dividend per share (€)	2.50	2.00	1.75	1.30
Total shares (average number outstanding in the year, ’000)	8.983	8.983	8.983	8.983
Year-end share price (€)	52.00	44.4	35.3	41.0
Market capitalisation at end of year (€)	467.1	398.8	317.1	368.3
Total employees (average for year)	1.193	1.183	1.243	1.027

2017	2016	2015	2014	2013	2012
507.0	480.9	476.8	472.8	465.2	446.4
212.9	204.4	198.4	198.0	190.5	181.8
42.0 %	42.5 %	41.6 %	41.9 %	40.9 %	40.7 %
38.6	37.0	27.4	26.9	29.4	32.8
7.6 %	7.7 %	5.7 %	5.7 %	6.3 %	7.3 %
8.2	7.4	7.3	6.8	6.8	7.2
30.4	29.6	20.1	20.1	22.6	25.6
6.0 %	6.2 %	4.2 %	4.2 %	4.8 %	5.7 %
18.5	18.5	12.2	14.8	16.2	22.5
13.9	28.9	26.1	19.3	31.1	17.5
–10.5	–15.4	–5.8	–5.1	–7.5	–25.4
6.2	21.3	19.7	13.1	22.7	11.1
–11.7	–11.7	–11.7	–11.7	–14.8	–14.8
75.6	73.4	60.3	60.3	64.7	65.9
184.1	157.9	159.5	156.9	169.5	170.0
93.1	82.7	79.6	79.4	77.3	74.9
35.8 %	35.8 %	36.2 %	36.6 %	33.0 %	31.8 %
259.7	231.3	219.8	217.2	234.3	235.8
154.9	139.5	137.3	137.5	140.8	140.3
11.6 %	13.1 %	9.2 %	8.9 %	9.6 %	11.3 %
19.6 %	21.2 %	14.7 %	14.6 %	16.0 %	18.3 %
2.06	2.06	1.36	1.65	1.80	2.51
1.30	1.30	1.30	1.30	1.65	1.65
–	–	–	–	–	–
1.30	1.30	1.30	1.30	1.65	1.65
8.983	8.983	8.983	8.983	8.983	8.983
51.0	43.3	41.5	41.5	38.3	40.1
458.2	389.0	372.6	372.9	343.6	359.9
954	940	933	925	925	835

FINANCIAL CALENDAR

04/02/2022	Press release on provisional trading figures for financial year 2021
21/04/2022	Publication of Annual Report; Annual Press Conference and Analyst Conference
11/05/2022	Quarterly Financial Report at 31 March 2022
14/06/2022	Annual General Meeting
10/08/2022	Interim Financial Report
10/11/2022	Quarterly Financial Report at 30 September 2022
EARLY FEBRUARY 2023	Provisional trading figures for financial year 2022

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

IMPRINT

PUBLISHED BY
Hawesko Holding AG
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This annual report is published in German and English. In case of discrepancies, the German version shall prevail.

CONCEPT AND DESIGN
H4 Agentur für Markenentwicklung & Markenkommunikation GmbH
Hamburg, Germany

PHOTOGRAPHY
All Illustrations by Kathryn Rathke (www.kathrynrathke.com) booked by DIE ILLUSTRATOREN CORINNA HEIN GMBH

Images used in the background of the illustrations:
AdobeStock: 16523521, 114584320, 2848715, 4185786, 23964379, 28432878, 44067000, 46423855, 57861179, 61714516, 71900842, 84451436, 84451478, 85854864, 87024470, 92419038, 97488799, 101903907, 121845644, 151549051, 158400006, 186505361, 188186459, 196982221, 221757610, 221858149, 226819752, 245367694, 256649991, 259383654, 270448728, 272753907, 279120308, 297310640, 299814117, 303089725, 306663384, 309285813, 346892851, 361628161, 385536122, 403822573, 464620306

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For the sake of the environment, this annual report is available only in digitised form.

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