

# HAWESKO

HOLDING AG



NINE-MONTH REPORT

# 2022

# AT A GLANCE

## HIGHLIGHTS

<b>HIGHLIGHTS OF OPERATIONS</b>	01/01. - 09/30	01/01. - 09/30	01/01. - 09/30	01/01. - 09/30
€ millions	2022	2021	2020	2019
Sales revenues	460,3	470,3	415,3	374,4
EBIT	22,5	38,2	21,6	9,5
<b>IMPORTANT INDICATORS</b>				
%				
Gross margin	44,1 %	44,6 %	42,9 %	43,4 %
EBIT margin	4,9 %	8,1 %	5,2 %	2,5 %
<b>BALANCE-SHEET AND CASH FLOW DATA</b>				
€ million				
Inventories *	150,8	135,6	129,5	132,5
Trade receivables *	32,9	32,7	32,9	30,0
Net debt owed (previous year: net liquidity) *	-46,5	1,6	-14,6	-58,5
Working capital *	44,1	53,5	51,9	40,6
Cash inflow from operating activities	-23,7	10,4	29,1	-8,9
Free cash flow	-29,9	1,8	22,5	-18,2

\* For purposes of comparison the acquisition of *Global Wines & Spirits* has been eliminated from the balance sheet data at 30 September 2022 quoted here. This company has only been fully consolidated since July 2022.

# COMPELLING FORMATS FOR DELIGHTED CUSTOMERS



**HAWESKO**  
Hanseatisches Wein und Sekt Kontor

Extensive range for wine connoisseurs



Jacques' ocations and online offerings

**WEIN & CO**

Austria's leading specialist wine dealer



Das Beste aus Spanien!

The best wines from Spain

**WIRWINZER**

BESTE WEINE DIREKT AB HOF

German wines straight from the producer



Rare and top wines from all over the world

**TESDORPF**

FINE WINE. SINCE 1678.

Traditional fine wine trader



THE EASY WAY TO WINE

Excellent wines for Sweden



Italian wines and lifestyle



International wine variety

GRAND CRU  
SELECT

Wine individuality in the premium segment



WEINLAND

ARIANE  
ABAYAN  
GmbH

Top wines from Italy



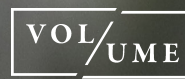
**GLOBALWINE**

Premium portfolio for highest quality demands



GLOBAL WINES & SPIRITS

Omnichannel premium retailer in the Czech Republic



SPIRITS EXPERIENCE

Exquisite spirits portfolio



Selected Bestseller



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# A WORD FROM THE BOARD OF MANAGEMENT

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Dear Shareholders,

Dear Friends of the Hawesko Group,

In a market environment suffering from high inflation and the aftermath of the coronavirus pandemic, combined with an all-time low in consumer confidence, the *Hawesko Group* held its own in the third quarter with sales on a par with the prior-year level (organic -1.7 percent, including the acquisition of *Global Wines & Spirits, CZ*, +2.0 percent). The -4.0 percent sales dip at the half-way mark of 2022 was consequently reduced to -2.1 percent. In the previous year, the lockdown in the first five months had meant the level of at-home consumption was still significantly higher. As expected, first-half sales for 2022 in the highly profitable B2C segments consequently showed a double-digit fall on the previous year. In the third quarter Retail – driven by *Jacques'* – showed mild growth once again and e-commerce was stable compared with the previous year. The nine-month operating result for the group (EBIT) of € € 22.5 million is well below the record result for the previous year of € 38.2 million, principally because of the shift in the mix from B2C to B2B and the return of costs that were absent or much lower during the pandemic. However when measured against pre-Covid years, the group's sales and earnings are at a much higher level overall, across every segment. Now that the non-recurring effects no longer apply, this development shows the *Hawesko Group* is emerging from the pandemic in a much stronger position than at its start two years ago. Despite a general decline in the propensity to consume, the typical customer of the *Hawesko Group* does not appear to be willing to forgo wine and is receptive to the offers that our subsidiaries have adapted to the new market situation.

In all three segments there is a trend that owes more to the effects of the pandemic in the previous year than to inflation-related consumer restraint.

For the first half, the e-commerce segment was down 13 percent on the previous year, continuing to reflect very strong at-home consumption during lockdown until mid-May. For the third quarter, sales for the segment were just -2.7 percent down on the previous year and in fact showed an improvement at individual subsidiaries. As expected, sharply reduced advertising efficiency resulted in fewer new customers acquired than in the lockdown-dominated previous year. The average shopping basket remained steady. Sales for the e-commerce segment for the first nine months of 2022 were 40 percent up on the same period of the pre-pandemic year 2019. The sales level for the third quarter demonstrates that many of the newly acquired customers remain loyal to the sales channel and provide a firm basis for future growth.

In the Retail segment, the positive trend compared to the previous year has firmed up despite the unsettling effect inflation is having on consumers. While sales for the first quarter were still -13 percent down on the pandemic-dominated previous year, and down -4 percent in the second quarter, the strong base of established customers lifted sales by 1.4 percent in the third quarter. Sales for the segment for the first nine months of 2022 were 12.9 percent up on the same period of the pre-pandemic year 2019.

In the B2B segment, the pandemic-related developments compared with the previous year present an entirely different picture. Satisfyingly strong growth in sales to the restaurant trade, which last year had been shut down until May, yielded 20 percent growth in the first half. This already included the expected drop in sales to grocery retailers, whose wine sales had advanced strongly during last year's lockdown. In the third quarter of last year, the reopening of the restaurant trade had delivered a strong catch-up effect that the segment was not quite able to match this year in Germany, with sales down -4.7 percent. Overall, sales for the segment increased by 15.4 percent to € 135.2 million over the first nine months (previous year: € 117.2 million). After stripping out the € 5.4 million sales of *Global Wines & Spirits*, which was acquired in July 2022, sales for the segment increased by 10.8 percent and were therefore 14.6 percent above the equivalent period of the pre-pandemic year 2019.

EBIT reported at 30 September 2022 of € 22.5 million was well down on the previous year (€ 38.2 million) but at a higher level than in the pre-Covid years (2019: 9.5 million). The pandemic-related effects that were detrimental to sales and the mix (around € 7.7 million) and an increase (of € 7.6 million) in costs that had been lower during the pandemic were expected and already built into our forecast. The effects of the war in Ukraine and of inflation were not foreseeable to the extent we have witnessed to date. The *Hawesko Group* has been noticing their impact since the second quarter. The effects of inflation are filtering through into the cost of shipping and paper, but also pushing up purchase prices for wine. To combat these cost effects we have increased prices and flat-rate shipping charges, but also taken steps to cut costs. These measures started to take effect in the third quarter. The result was an improved gross profit margin across all segments.

It is possible that potential consumer restraint due to the economic situation and cost increases due to inflation could present a greater challenge in the winter months. On the other hand previous crises have shown that consumers continue to drink wine even during difficult times. The *Hawesko Group* will suitably tailor its product range and make appropriate price adjustments while also presenting attractive offers in the Christmas period, when sales are traditionally high. Notwithstanding the difficult market environment in 2022, this will ensure we continue to enjoy steady sales and profits.

For 2022 overall, the Board of Management of the *Hawesko Group* continues to expect a slight fall in sales of between minus one and minus six percent compared to coronavirus-dominated 2021. With regard to earnings, the shift in the segment mix is expected to produce a slightly lower rate of return with an EBIT margin of between 6.0 and 7.0 percent. Taking inflation effects into account, earnings are currently most likely to come in at the lower end of the range.

*Hawesko* is consistently pursuing the strategic goal of becoming Europe's biggest and most profitable wine trading group in the premium segment. Everything our entire company does, every day, revolves around delighting our clientele. We are pleased that our customers have shown immense confidence in us and remain as eager as ever to enjoy top-class wines.

The Board of Management

Thorsten Hermelink

Alexander Borwitzky

Raimund Hackenberger

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# INTERIM MANAGEMENT REPORT

## GENERAL SITUATION

Russia's war of aggression in Ukraine, high inflation and the consequences of the coronavirus pandemic are weighing heavily on the global economy. The International Monetary Fund (IMF) has again downgraded its global growth forecast and now expects 2.7 percent growth in the coming year. As recently as last summer the IMF was forecasting 2.9 percent growth for the world economy for 2023. For the year in progress, the Washington-based financial institution stands by its global growth forecast of 3.2 percent. Energy-intensive sectors are deeply pessimistic about the outlook for the coming winter. Sentiment has deteriorated in almost every sector. In September the Ifo business climate index declined from 88.6 to 84.3 points, its lowest level since May 2020, according to the survey of around 9,000 senior managers by the Munich-based Ifo Institute.

The spending propensity of consumers in Germany has reached an all-time low due to weak economic expectations and rising energy costs. The Consumer Confidence Barometer of market researcher GfK indicated a figure of -42.5 points for October, down 5.7 points on September. Many households currently feel they need to set aside much more money for energy or to be able to meet soaring heating bills. That means they are having to trim spending in other areas, such as new purchases. This is the worst figure since the Consumer Confidence Barometer was first calculated for all of Germany in 1991.

## NOTES ON BUSINESS DEVELOPMENT

### FINANCIAL PERFORMANCE

Over the period 1 January to 30 September 2022 consolidated sales fell from € 470.3 million to € 460.3 million, a drop of -2.1 percent. In the Retail segment, sales slipped by -5.4 percent. The e-commerce segment showed a decline of -10.1 percent. In the first two quarters both segments were well down on the previous year, when at-home consumption had been high due to the lockdown. The 15.4 percent growth for B2B does not quite compensate for the sales downturn in B2C business.

Despite the comparatively low decrease in sales of € 10.0 million, EBIT fell from € 38.2 million in the prior-year period to € 22.5 million. This is attributable to three effects: around € 7 million of this stems from the decline in sales and from mix effects because the increased B2B sales attract a much lower profit margin than the lost B2C sales. In addition, costs that were not incurred or were much lower during the pandemic have returned to pre-pandemic levels and diminish EBIT by around € 6.0 million. Finally, since the second quarter cost increases that are down to inflation have placed an unexpected strain on earnings amounting to € 3.0 million.

The EBIT margin for the group is 4.9 percent (previous year: 8.1 percent; 2020: 5.2 percent, and before the pandemic in 2019: 2.5 percent).

SALES, INCOME AND EXPENSES € '000	01/01. - 09/30	01/01. - 09/30	Change	
	2022	2021	abs.	rel.
Sales revenues	460.259	470.257	-9.998	-2 %
Cost of materials	-257.296	-260.647	3.351	-1 %
<b>GROSS PROFIT</b>	<b>202.963</b>	<b>209.610</b>	<b>-6.647</b>	<b>-3 %</b>
Other operating income	15.124	11.821	3.303	28 %
Personnel expenses	-54.723	-51.420	-3.303	6 %
Depreciation and amortisation	-16.642	-16.354	-288	2 %
Advertising expenses	-35.409	-29.580	-5.829	20 %
Expenses for commissions	-30.672	-32.326	1.654	-5 %
Expenses for freight and logistics	-28.987	-29.297	310	-1 %
Sundry other operating expenses	-29.130	-24.269	-4.861	20 %
<b>OPERATING RESULT (EBIT)</b>	<b>22.524</b>	<b>38.185</b>	<b>-15.661</b>	<b>-41 %</b>

Consolidated gross profit was reduced by € -6.6 million to € 203.0 million by the increased share of the less profitable B2B segment in the first nine months of the year, producing a gross profit ratio of 44.1 percent (previous year: 44.6 percent). However the past three months have seen price rises affecting goods purchases more than covered by price increases and adjustments to the range in all segments.

Other operating income of € 15.1 million (previous year: € 11.8 million) reflects the positive effect of reversed provisions and also includes income from letting and leasing at *Jacques'*. Personnel expenses rose by € 3.3 million to € 54.7 million, equivalent to 11.9 percent of sales (previous year: 10.9 percent). The factors at work here include the short-time allowance payments received in the previous year's lockdown for B2B and *Wein & Co.*, but also the increase in variable remuneration for sales force employees as a result of strong sales growth to the restaurant/hotel trade in the B2B segment.

Advertising costs amounting to € 35.4 million are up on the previous year's level (€ 29.6 million) due to reduced advertising efficiency. The advertising costs ratio relative to sales climbed to 7.7 percent (previous year: 6.3 percent). The costs of acquiring new customers were again well above the historically low level during the pandemic.

Expenses for commissions declined slightly to € 30.7 million (previous year: € 32.3 million); the cost ratio relative to sales also came down to 6.7 percent (previous year: 6.9 percent). Expenses for freight and logistics were on a par with the previous year at € 29.0 million (previous year: € 29.3 million) and rose slightly to 6.3 percent of sales (previous year: 6.2 percent) due to increased costs for warehouse logistics. In total, sundry other operating expenses and other taxes came to € 29.1 million (previous year: € 24.3 million). They consequently amounted to 6.3 percent of sales in the period under review (previous year: 5.2 percent).

Group EBIT includes holding costs of € 5.1 million (previous year: € 6.1 million).

The financial result for the period under review increased by € 5.6 million compares with the previous year, to € 2.4 million. This development is substantially attributable to the measurement of the shares previously held in *Global Wines & Spirits* (€ 4.6 million) in connection with the full consolidation of the company in July 2022. The tax expense was € 7.9 million, equivalent to an effective tax rate of 31.8 percent (previous year: € 11.1 million). The consolidated net income attributable to the shareholders of *Hawesko Holding* came to € 17.0 million (previous year: € 23.5 million). This represented earnings per share of € 1.89, compared with € 2.62 in the previous year. The calculation was based on the total of 8,983,403 shares (unchanged from previous year).



## NET WORTH

ASSETS € '000	30.09.2022	30.09.2021	Changes	
			abs.	rel.
Cash in banking accounts and cash on hand	14.509	21.020	-6.511	-31 %
Trade receivables	33.966	32.714	1.252	4 %
Inventories	156.492	135.647	20.845	15 %
Fixed assets	202.696	184.118	18.578	10 %
Other assets	22.840	30.514	-7.674	-25 %
<b>TOTAL ASSETS</b>	<b>430.503</b>	<b>404.013</b>	<b>26.490</b>	<b>7 %</b>

## CHANGES COMPARED WITH THE PRIOR-YEAR REPORTING DATE OF 30 SEPTEMBER 2022

The balance sheet total at 30 September 2022 came to € 430.5 million and is consequently € 26.5 million or 6.6 percent higher than the level at 30 September 2021 (€ 404.0 million). A substantial portion of the increase stems from the first-time full consolidation of *Global Wines & Spirits* (around € 21 million) following the acquisition of the majority interest with effect from 1 July 2022. Cash in banking accounts and cash on hand declined sharply with the acquisition of the remaining shares in *WirWinzer* in the amount of € 4.1 million and the remaining *Vinos* shares for € 4.4 million. Inventories were increased temporarily in response to supply chain uncertainty and expected price increases, with the aim of gradually scaling them back again. In the interim report inventories had been nearly € 20 million up on the previous year. This inventory surplus for operational reasons was trimmed back by € 5 million in the third quarter. The first-time consolidation of *Global Wines & Spirits* added € 5.6 million to the balance sheet and also led to increases in fixed assets and trade receivables.

The decrease in other assets is attributable to the reversal of a financial asset held as an investment in the amount of € 4.9 million.

## CHANGES COMPARED WITH THE REPORTING DATE OF 31 DECEMBER 2021

The balance sheet total was € 8.4 million lower at the reporting date compared with the year-end reporting date of 31 December 2021 (€ 437.5 million). This includes a € 32.9 million increase in inventories (of which € 5.6 million attributable to the first-time consolidation of *Global Wines & Spirits*) and a € 12.3 million decrease in trade receivables. Because of the highly seasonal nature of the business model, inventories normally reach their highest level in September and their lowest level in December, with trade receivables correspondingly peaking in December. Cash in banks declined by € 38.4 million in particular due to the dividend paid out in June 2022 as well as the payment for the remaining shares in *WirWinzer*.

EQUITY AND LIABILITIES € '000	30.09.2022	30.09.2021	Changes	
			abs.	rel.
Financial liabilities	59.323	19.400	39.923	206 %
Lease liabilities	131.670	128.827	2.843	2 %
Trade payables	48.908	60.172	-11.264	-19 %
Other liabilities	62.900	73.570	-10.670	-15 %
Equity	127.702	122.044	5.658	5 %
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>430.503</b>	<b>404.013</b>	<b>26.490</b>	<b>7 %</b>

### CHANGES COMPARED WITH THE PRIOR-YEAR REPORTING DATE OF 30 SEPTEMBER 2021

The financial liabilities mainly comprise loans raised and short-term credit facilities. They were increased from € 19.4 million to € 59.3 million for the acquisitions of the remaining shares in *Vinos*, the *WirWinzer* put option and the shares in *Global Wines & Spirits*, along with the first instalment of the capital expenditure on a new warehouse and for financing the increased inventories. Lease liabilities increased slightly due to new lease agreements as well as extended agreements for retail outlets and an office building.

Trade payables were scaled back compared with the position at 30 September 2021 because the prompt buildup of inventories in 2022 meant a much lower level of goods was purchased in the third quarter, as is also reflected in the cash flow from operating activities.

Other liabilities consist mainly of income tax and sales tax liabilities as well as contractual liabilities and liabilities to minority interests. The decline stems principally from the acquisition of the remaining 10 percent of the shares in *Vinos* in January 2022 (€ 4.4 million) and from the acquisition of the remaining shares in *WirWinzer* in June 2022 (€ 4.1 million), which were reported under other liabilities until 31 December 2021.

### CHANGES COMPARED WITH THE REPORTING DATE OF 31 DECEMBER 2021

The balance sheet total of € 430.5 million at 30 September 2022 was € 8.4 million below the year-end figure of € 437.5 million at 31 December 2021. This was because trade payables and contractual liabilities in particular were lower, whereas they typically peak each year on 31 December.

**DEVELOPMENT IN WORKING CAPITAL**

WORKING CAPITAL € '000	30.09.2022	30.09.2021	Changes	
			abs.	rel.
Inventories and advance payments	156.492	135.647	20.845	15 %
Trade receivables	33.966	32.714	1.252	4 %
Other current receivables	10.806	15.076	-4.270	-28 %
Less trade and payables and contractual liabilities	70.741	81.116	-10.375	-13 %
Less other current liabilities	33.432	45.734	-12.302	-27 %
<b>OPERATING WORKING CAPITAL</b>	<b>97.091</b>	<b>56.587</b>	<b>40.504</b>	<b>72 %</b>
Cash in banking accounts and cash on hand	14.509	21.020	-6.511	-31 %
Less current financial and lease liabilities	61.736	24.151	37.585	156 %
<b>WORKING CAPITAL</b>	<b>49.864</b>	<b>53.456</b>	<b>-3.592</b>	<b>-7 %</b>

The operating working capital at 30 September 2022 came to € 97.1 million, an increase of € 40.5 million compared with the prior-year reporting date. The sharp increase is mainly attributable to the higher inventories, coupled with a decline in trade payables thanks to the lower purchasing volume in the third quarter. In addition one cash deposit of € 4.9 million was liquidated.

Inventories rose as a result of lower sales in e-commerce but the main reason for their increase was the prevailing uncertainty in supply chains. The first-time consolidation of *Global Wines & Spirits* also contributed € 5.6 million to inventories. Inventories will be reduced again by the end of the year by turning over the product ranges quickly.

The increase in operating working capital has been financed partly from available cash in banks and partly through additional short-term loans, leaving working capital € 3.6 million down on the previous year.

## FINANCIAL POSITION

CONSOLIDATED CASH FLOW € '000	01.01.- 30.09.2022	01.01.- 30.09.2021	Changes	
			abs.	rel.
Cash flow from current operations	-23.658	10.367	-34.025	-328 %
Cash flow from investing activities	-9.697	103	-9.800	-9515 %
Less balance of interest payments made and received	-2.972	-3.131	159	-5 %
Less change in consolidated companies	6.396	-5.510	11.906	-216 %
<b>FREE CASH FLOW</b>	<b>-29.931</b>	<b>1.829</b>	<b>-31.760</b>	<b>-1736 %</b>

The cash flow from current operations for the *Hawesko Group* comes to € -23.7 million for the nine-month period (previous year: € 10.4 million) and is consequently well down on the cash flow for the reference period. This is attributable to the weaker result and the increase in working capital outlined above. However the weaker development in cash flow is in line with the forecasts made in 2021 and corresponds to the usual business trend in pre-pandemic years.

The cash flow from investing activities came to € -9.7 million at 30 September 2022 and mainly comprises the acquisition of *Global Wines & Spirits*. It also includes capital expenditure of € 2.4 million for the first phase of the expansion of the warehouse in Tornesch near Hamburg.

€ -3.0 million overall was spent on interest in the first nine months of 2021, mainly as a result of the adoption of IFRS 16 for rented offices and retail outlets.

The free cash flow came to € -29.9 million, compared to € 1.8 million in the prior-year period. This item represents the net cash outflow for current operations less funds employed for investing activities, as well as the balance of interest received and paid and changes in consolidated companies. In the previous year, free cash flow was lifted especially by very high, profitable e-commerce sales during the lockdown and the associated drive to scale back inventories. Historically, our business model reveals a negative cash flow in the first nine months of the year because stocks are being built up until the autumn in anticipation of Christmas business. The dividend is also distributed in June (this year € 22.5 million, compared with € 18.0 million in the previous year).

## INVESTMENT ANALYSIS

The first nine months of the year saw capital expenditure total € 9.7 million. Of this sum, there was capital expenditure of € 3.7 million on intangible assets (previous year: € 2.6 million). This spending went mainly on digitalisation initiatives and the continuing development of the web shops. There was also capital expenditure of € 4.6 million on the modernisation and expansion of retail outlets and shops as well as on warehouse expansion for e-commerce (prior-year period: € 3.1 million). There was furthermore a payment of € 6.4 million for 47.50 percent of *Global Wines & Spirits*. By contrast, the previous year featured liquidity inflows in the amount of € 5.2 million from the sale of the companies *Ziegler* and *Vogel Vins* following their disposal in 2020.

**BUSINESS PERFORMANCE BY SEGMENT**

DEVELOPMENT BY SEGMENT € '000	3rd quarter		2nd quarter		1st quarter		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>RETAIL SEGMENT</b>								
External sales	50.984	50.276	54.616	56.924	48.491	55.660	154.091	162.860
EBIT	3.300	4.470	4.903	6.677	2.680	6.373	10.883	17.520
EBIT margin	6,5%	8,9%	9,0 %	11,7 %	5,5 %	11,4 %	7,1 %	10,8 %
<b>B2B SEGMENT (EXCL. GWS)</b>								
External sales	42.414	44.278	46.563	39.546	40.828	33.366	129.805	117.190
EBIT	1.692	731	2.514	2.237	3.360	1.112	7.566	4.080
EBIT margin	4,0%	1,7%	5,4 %	5,7 %	8,2 %	3,3 %	5,8 %	3,5 %
<b>B2B SEGMENT (INCL. GWS)</b>								
External sales	47.834	44.278	46.563	39.546	40.828	33.366	135.225	117.190
EBIT	2.011	731	2.514	2.237	3.360	1.112	7.885	4.080
EBIT margin	4,2%	1,7%	5,4 %	5,7 %	8,2 %	3,3 %	5,8 %	3,5 %
<b>E-COMMERCE SEGMENT</b>								
External sales	49.446	50.829	61.261	69.831	60.236	69.539	170.943	190.199
EBIT	1.754	3.375	2.562	9.729	4.821	9.688	9.137	22.792
EBIT margin	3,5%	6,6%	4,2 %	13,9 %	8,0 %	13,9 %	5,3 %	12,0 %

Sales in the Retail segment (*Jacques'* and *Wein & Co.*) came to € 154.1 million for the first three quarters, down 5.4 percent on the previous year (€ 162.9 million). In the third quarter, sales were up 1.4 percent on the prior-year period for the first time thanks to a strong established customer base and a steady stream of new customers. The re-emergence of expenses for tastings along with higher costs for shipping, paper and IT pushed the segment's EBIT for the period down from € 17.5 million to € 10.9 million, producing an EBIT margin of 7.1 percent (previous year: 10.8 percent and before the pandemic in 2019: 7.1 percent).

The e-commerce segment registered sales of € 170.9 million and was therefore € 19.3 million down on the very strong previous year (€ 190.2 million). This compares with a 13 percent drop in sales for the first half of 2022 compared with the prior-year period, against the backdrop of lockdown. In the third quarter, e-commerce only narrowly missed emulating the previous year's level and was down 2.7 percent at € 49.4 million. The result reflects inflation-related cost increases for logistics and a rebound in advertising costs coupled with the reduced efficiency of advertising spending compared to during the pandemic. The segment achieved EBIT of € 9.1 million for the first nine months (previous year: € 22.8 million) and an EBIT margin of 5.3 percent (previous year: 12.1 percent and before the pandemic in 2019: 3.1 percent).

In the B2B segment, sales up to 30 September 2022 were up 15.4 percent on the previous year at € 135.2 million (€ 117.2 million). After stripping out the € 5.4 million sales of *Global Wines & Spirits*, which was acquired in June 2022, sales increased by € 12.6 million or 10.8 percent. The prior-year sales performance was severely impacted by official restrictions, above all involving closures of restaurant and hotel establishments. The fact that restaurants could open in 2022 brought a 20 percent rise in sales in the first half. Regarding the third quarter, the reopening of the restaurant trade in the previous year had produced a strong catch-up effect with the result that this year sales were down by about 4 percent. Overall, the segment achieved EBIT of € 7.9 million (previous year: € 4.1 million) and an EBIT margin of 5.8 percent (previous year: 3.5 percent and before the pandemic in 2019: 1.9 percent). The year-on-year change in earnings also reflects three non-recurring effects: in 2022 provisions in the amount of € 1.9 million were reversed; conversely short-time allowances totalling € 0.8 million were received in the previous year; the 2022 figure in addition includes earnings of € 0.3 million for *Global Wines & Spirits*, acquired in June. € 1.4 million of the EBIT increase is consequently attributable to extraordinary effects and € 2.4 million to operational improvements.

## OPPORTUNITIES AND RISKS REPORT

The risk profile of Hawesko Holding AG and its opportunities have not changed compared with the presentation in the Annual Report 2021.

### REPORT ON EXPECTED DEVELOPMENTS

The forecast of the *Hawesko* Board of Management for financial year 2022 remains unchanged from that presented in Annual Report 2021. Although the underlying economic situation in Germany has deteriorated, it is still seen as satisfactory with regard to consumer demand, which is the key factor that affects the *Hawesko Group*. So far, the *Hawesko Group* has not registered any fundamental reluctance among its group of customers to spend money on wine and as matters stand it does not anticipate any material loss of sales during Christmas business. The *Hawesko* Board of Management considers that the business performance of the first nine months of 2022 tallies with its expectations.

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 despite, 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, the Board of Management anticipates a sales downturn of minus one to minus six 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 consolidated EBIT margin is expected to be in the range of 6.0 to 7.0 percent in 2022, though inflation means the most likely current scenario is earnings at the bottom end of the range. Profitability will also be impacted by the start-up costs for planned international growth initiatives.

The Board of Management anticipates free cash flow in the order of € 18 to € 22 million for 2022, in a reflection 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2022

€ '000	01.01.- 30.09.2022	01.01.- 30.09.2021
<b>SALES REVENUES FROM CONTRACTS WITH CUSTOMERS</b>	<b>460.259</b>	<b>470.257</b>
Other production for own assets capitalised	134	161
Other operating income	14.990	11.660
Cost of purchased goods	-257.296	-260.647
Personnel expenses	-54.723	-51.420
Depreciation/amortisation and impairment	-16.642	-16.354
Other operating expenses and other taxes	-124.198	-115.472
Of which impairment losses from financial assets	5	-196
<b>RESULT FROM OPERATIONS (EBIT)</b>	<b>22.524</b>	<b>38.185</b>
Financial result	2.391	-3.164
Interest income/expense	-3.003	-3.120
Other financial result	4.500	-413
Impairment of financial assets	0	-45
Income from investments	71	0
Income from investments accounted for using the equity method	823	414
<b>Earnings before taxes</b>	<b>24.915</b>	<b>35.021</b>
Taxes on income and deferred tax	-7.923	-11.133
<b>CONSOLIDATED NET INCOME</b>	<b>16.992</b>	<b>23.888</b>
of which attributable	0	0
- to the shareholders of Hawesko Holding AG	16.559	23.519
- to non-controlling interests	433	369
Earnings per share (€, basic = diluted)	1,84	2,62
Average number of shares in circulation (thousand units, basic = diluted)	8.983	8.983



## CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2022

€ '000	30.09.2022	31.12.2021	30.09.2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	65.780	51.345	52.403
Property, plant and equipment (including lease assets)	136.916	136.847	131.715
Investments accounted for using the equity method	0	4.058	3.499
Inventories and Advance payments for inventories	553	5.984	1.443
Receivables and other financial assets	4.607	4.275	4.236
Deferred tax	7.427	5.931	7.703
	<b>215.283</b>	<b>208.440</b>	<b>200.999</b>
<b>CURRENT ASSETS</b>			
Inventories	155.939	117.577	134.204
Trade receivables	33.966	46.443	32.714
Receivables and other financial assets	1.825	7.822	6.953
Other non-financial assets			
Accounts receivable from taxes on income	1.317	683	982
Cash in banking accounts and cash on hand	14.509	52.861	21.020
	<b>215.220</b>	<b>229.106</b>	<b>203.014</b>
	<b>430.503</b>	<b>437.546</b>	<b>404.013</b>

## CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2022

€ '000	30.09.2022	31.12.2021	30.09.2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Subscribed capital of Hawesko Holding AG	13.709	13.709	13.709
Capital reserve	10.061	10.061	10.061
Retained earnings	100.839	106.665	96.549
Other reserves	561	98	-178
<b>EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG</b>	<b>125.170</b>	<b>130.533</b>	<b>120.141</b>
Non-controlling interests	2.532	2.159	1.903
	<b>127.702</b>	<b>132.692</b>	<b>122.044</b>
<b>LONG-TERM PROVISIONS AND LIABILITIES</b>			
Provisions for pensions	1.056	1.056	1.097
Other long-term provisions	1.657	1.682	1.551
Borrowings	10.478	6.803	7.978
Lease liabilities	118.779	120.488	116.098
Contract liabilities	4.197	4.519	7.592
Other financial liabilities			
Other non-financial liabilities	339	278	202
Deferred tax	4.582	1.702	3.897
	<b>141.089</b>	<b>136.638</b>	<b>138.560</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	48.845	12.325	11.422
Lease liabilities	12.891	13.005	12.729
Trade payables	48.908	67.895	60.172
Contract liabilities	17.636	19.914	13.352
Income taxes payable	11.410	11.935	12.101
Other short term provisions			
Other financial liabilities			
Other non-financial liabilities	14.531	25.279	16.361
	<b>161.712</b>	<b>168.216</b>	<b>143.409</b>
	<b>430.503</b>	<b>437.546</b>	<b>404.013</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPT. 2022**

€ '000	01.01.- 30.09.2022	01.01.- 30.09.2021
Earnings before taxes	24.915	35.021
Depreciation and amortisation of fixed assets	16.642	16.354
Other non-cash expenses and income	-4.765	-224
Interest result	3.003	3.120
Result from the disposal of fixed assets	-48	13
Result from companies reported using the equity method	-378	-413
Dividend payouts received from companies reported using the equity method	444	1.131
Change in inventories	-27.203	-22.703
Change in receivables and other assets	9.347	10.550
Change in provisions	11	216
Change in liabilities (excluding borrowings)	-36.512	-25.975
Interest received	128	18
Taxes on income paid out	-9.242	-6.741
<b>NET CASH OUTFLOW FROM CURRENT OPERATIONS</b>	<b>-23.658</b>	<b>10.367</b>
Outpayments for acquisitions of subsidiaries minus net cash acquired	-6.396	0
Outpayments for property, plant and equipment and for intangible assets	-8.306	-5.686
Inpayments from the disposal of intangible and property, plant and equipment	80	279
Disposals of group companies / business units	0	5.510
Out- /Inpayments for financial assets held as investments	4.925	0
Inpayments from the disposal of investments	0	0
<b>NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES</b>	<b>-9.697</b>	<b>103</b>
Outpayments for dividend	-22.459	-17.967
Outpayments for distributions to non-controlling interests	0	-39
Outpayment to NCI Forwards	-576	-587
Outpayments for the acquisition of non-controlling interests	-4.074	-3.995
Outpayments for the redemption of lease liabilities	-9.949	-9.052
In-/Outpayments for the taking out (prior year: redempcion) of borrowings	34.983	-4.478
Interest paid	-3.100	-3.149
<b>INFLOW OF NET FUNDS FROM FINANCING ACTIVITIES</b>	<b>-5.175</b>	<b>-39.267</b>
Effects of exchange rate changes on cash (up to 3 months to maturity)	178	-1
<b>NET DECREASE/INCREASE IN FUNDS</b>	<b>-38.352</b>	<b>-28.798</b>
Funds at start of period	52.861	49.818
<b>FUNDS AT END OF PERIOD</b>	<b>14.509</b>	<b>21.020</b>

**SEGMENT INFORMATION BY REPORTING SEGMENT FOR THE PERIOD UNDER REVIEW FROM  
 1 JANUARY TO 30 SEPTEMBER 2022**

In accordance with the requirements of IFRS 8, individual data from the annual financial statements is classified by business segment. In agreement with the internal reporting arrangements of the *Hawesko Group*, the business segments are organised according to sales form and customer group.

01/01/-30/09/2022 €'000	Retail	B2B	e-Com- merce	Miscella- neous	Total	Reconcilia- tion/ consolidation	Group, consoli- dated
<b>SALES REVENUES</b>	<b>154.128</b>	<b>140.345</b>	<b>171.756</b>	<b>1.757</b>	<b>467.986</b>	<b>-7.727</b>	<b>460.259</b>
External sales	154.091	135.225	170.943	0	460.259	0	460.259
Internal sales	37	5.120	813	1.757	7.727	-7.727	0
<b>EBITDA</b>	<b>21.451</b>	<b>9.565</b>	<b>12.778</b>	<b>-4.494</b>	<b>39.300</b>	<b>-134</b>	<b>39.166</b>
<b>DEPRECIATION AND AMORTISATION</b>	<b>-10.568</b>	<b>-1.680</b>	<b>-3.641</b>	<b>-753</b>	<b>-16.642</b>	<b>0</b>	<b>-16.642</b>
<b>EBIT</b>	<b>10.883</b>	<b>7.885</b>	<b>9.137</b>	<b>-5.247</b>	<b>22.658</b>	<b>-134</b>	<b>22.524</b>
<b>FINANCIAL RESULT</b>							<b>2.391</b>
<b>INCOME TAXES</b>							<b>-7.923</b>
<b>CONSOLIDATED EARNINGS</b>							<b>16.992</b>
<b>SEGMENT ASSETS</b>	<b>182.136</b>	<b>146.781</b>	<b>110.022</b>	<b>231.909</b>	<b>670.848</b>	<b>-240.345</b>	<b>430.503</b>
<b>SEGMENT DEBTS</b>	<b>158.684</b>	<b>99.308</b>	<b>69.886</b>	<b>69.276</b>	<b>397.154</b>	<b>-94.353</b>	<b>302.801</b>
<b>INVESTMENT</b>	<b>3.589</b>	<b>791</b>	<b>3.633</b>	<b>293</b>	<b>8.306</b>	<b>0</b>	<b>8.306</b>

01/01/-30/09/2021 €'000	<b>Retail</b>	<b>B2B</b>	<b>e-Com- merce</b>	<b>Miscella- neous</b>	<b>Total</b>	<b>Reconcilia- tion/ consolidation</b>	<b>Group, consoli- dated</b>
<b>SALES REVENUES</b>	<b>162.870</b>	<b>123.524</b>	<b>191.251</b>	<b>1.301</b>	<b>478.946</b>	<b>-8.689</b>	<b>470.257</b>
External sales	162.860	117.198	190.199	0	470.257	-	470.257
Internal sales	10	6.326	1.052	1.301	8.689	-8.689	0
<b>EBITDA</b>	<b>27.900</b>	<b>5.470</b>	<b>26.754</b>	<b>-5.672</b>	<b>54.452</b>	<b>87</b>	<b>54.539</b>
<b>DEPRECIATION AND AMORTISATION</b>	<b>-10.380</b>	<b>-1.390</b>	<b>-3.962</b>	<b>-622</b>	<b>-16.354</b>	<b>0</b>	<b>-16.354</b>
<b>EBIT</b>	<b>17.520</b>	<b>4.080</b>	<b>22.792</b>	<b>-6.294</b>	<b>38.098</b>	<b>87</b>	<b>38.185</b>
<b>FINANCIAL RESULT</b>							<b>-3.164</b>
<b>INCOME TAXES</b>							<b>-11.133</b>
<b>CONSOLIDATED EARNINGS</b>							<b>23.888</b>
<b>SEGMENT ASSETS</b>	<b>179.043</b>	<b>106.982</b>	<b>93.074</b>	<b>189.691</b>	<b>568.790</b>	<b>-164.777</b>	<b>404.013</b>
<b>SEGMENT DEBTS</b>	<b>153.339</b>	<b>81.481</b>	<b>55.923</b>	<b>34.820</b>	<b>325.563</b>	<b>-43.594</b>	<b>281.969</b>
<b>INVESTMENT</b>	<b>2.802</b>	<b>900</b>	<b>1.271</b>	<b>713</b>	<b>5.686</b>	<b>0</b>	<b>5.686</b>

## LIST OF ABBREVIATIONS

For ease of reading, the company names are abbreviated as follows in this report:

ABBREVIATION	NAME OF COMPANY	REGISTERED OFFICE	SEGMENT
Abayan	Weinland Ariane Abayan GmbH	Hamburg	B2B
Globalwine	Globalwine AG	Zurich (Switzerland)	B2B
Global Wines & Spirits	Global Wines & Spirits s.r.o.	Prague (Czech Republic)	B2B
Grand Cru Select	Grand Cru Select Distributionsgesellschaft mbH (formerly: CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.)	Bonn	B2B
HAWESKO	Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	e-commerce
Hawesko Holding	Hawesko Holding AG	Hamburg	Miscellaneous
Hawesko-Konzern	Konzern Hawesko Holding AG	Hamburg	
IWL	IWL Internationale Wein Logistik GmbH	Tornesch	e-commerce
Jacques'	Jacques' Wein-Depot Wein-Einzelhandel GmbH	Düsseldorf	Retail
Tesdorpf	Carl Tesdorpf GmbH	Lübeck	e-commerce
The Wine Company	The Wine Company Hawesko GmbH	Hamburg	e-commerce
Vinos	Wein & Vinos GmbH	Berlin	e-commerce
Vogel Vins	Vogel Vins SA	Grandvaux (Switzerland)	B2B
Wein Wolf	Wein Wolf GmbH	Bonn	B2B
Wein & Co.	Wein & Co. Handelsges.m.b.H.	Vösendorf (Austria)	Retail
Wein Wolf Austria	Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	B2B
WeinArt	WeinArt Handelsgesellschaft mbH	Geisenheim	e-commerce
WineTech	WineTech Commerce GmbH	Hamburg	Miscellaneous
WirWinzer	WirWinzer GmbH	Munich	e-commerce
WSB	Wein Service Bonn GmbH	Bonn	B2B
Ziegler	Gebr. J. & M. Ziegler GmbH	Freudenberg	B2B

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## CALENDAR

**Early February 2023:**

Preliminary figures for financial year 2022

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