HAWESKO
HOLDING AG

Hawesko Holding AG
Hamburg

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Half-year financial report to 30 June 2019

Hamburg, 8 August 2019

Highlights in € (millions)	Six months (1.1.–30.6.)			Second quarter (1.4.–30.6.)		
	2019*	2018	+/–	2019*	2018	+/–
Consolidated sales	**255.8**	**237.8**	**+7.6%**	**136.2**	**125.7**	**+8.3%**
– *organic, excluding Wein & Co.*			*+0.4%*			*+1.2%*
Result from operations (EBIT)*	**8.2**	**10.7**	**–23.4%**	**4.7**	**5.7**	**–17.6%**
Consolidated net income excluding non-controlling interests*	**3.8**	**6.6**	**–42.7%**	**2.0**	**3.5**	**–43.7%**

* After the application of *IFRS 16 – Leases*, the 2019 figures for EBIT and consolidated net income are not comparable to the figures for the previous year. First-time application of IFRS 16 results in reported first-half EBIT 2019 higher by € 0.8 m, but reported consolidated net income lower by € 0.9 m than the accounting standards applied in the previous year.

Dear shareholders,
Dear friends of the Hawesko Group,

The operating business performance of the Hawesko Group developed in line with the expectations of the management board. In the first half-year, consolidated sales rose by 7.6%. EBIT declined by € 2.5 million compared to the same period in the previous year, as charges that were for the most part budgeted have led to a change in profit development within the course of fiscal year 2019. These charges are described in the comments on the quarterly development below.

Business development was good in the second quarter: including *Wein & Co.*, sales rose by 8.3% compared to the same quarter in the previous year. Organically, i.e. excluding the consolidation of our previous year's acquisition *Wein & Co.*, sales increased by 1.2%. We also made good progress with our medium-term projects – optimisation of the logistics structure, development of a group-wide digital commerce platform and a group-wide data warehouse.

In particular the end-consumer segments Retail and E-Commerce showed gratifying sales development in the second quarter, with increases of 29.1% (organic: +5.1%) and +2.3% under the new accounting standard IFRS 15, respectively. This is especially positive against the background of the increased advertising and pricing pressure from unprofitable online traders focused on gaining market share at all costs. For the B2B segment and consolidated EBIT we certainly could have wished for better performance. Due to the cautious purchasing behavior of some B2B customers, the B2B segment had to take a decline in sales of –3.0% vis-à-vis the same quarter in the previous year.

At € 4.7 million, consolidated EBIT in the second quarter was € 1.0 million below the same quarter of the previous year. This reflects the aforementioned charges, which totalled approximately € 1.9 million for the second quarter. The subsidiary *Wein & Co*., acquired at 1 October 2018, developed as expected in line with its restructuring plan. This resulted in a loss of approximately € 1 million in the first six months of the year, which based on the normal course of a business year will largely be compensated by profits in the strong fourth quarter. The relocation of the group's B2B warehouse from northern Germany to Worms during the period from May to July caused additional costs of approximately € 0.7 million in the first half of the year, but these should be balanced out by savings in transport costs in the second half of the year due to shorter delivery routes. The severance package for a management board member who has left the company is reflected in the June result but, as the position will not be refilled, this anticipates personnel costs which would have been incurred in the second half of the year. These effects have put pressure on the results of the quarter under review, but will have a positive impact on the cost side in the coming quarters.

We published these shifts in an ad-hoc announcement prior to this report, as we wanted to ensure that the financial market was aware of the changed timing of profit development vis-à-vis the previous year. The forward-looking transformation of the Hawesko Group generates additional costs in some periods which cannot always be precisely delimited in advance. But we are also making progress regularly in our transformation: for example, despite a decline in sales of the B2B segment in the second quarter of 2019, we were able to increase EBIT in this segment, which was the direct result of its restructuring in 2017/18.

Business performance in the first half of 2019 showed that we are on the right course. We are actively participating in the consolidation process of the wine trade via acquisitional growth. As the leading e-commerce provider, we are countering the intensifying competition with attractive offers, higher – and successfully implemented – advertising expenses for new customer acquisition (+12% more new customers in the end-customer segments) and investments in digital marketing resources. At the same time, we are working on improving our logistics structure to offer our customers even better service and in order to remain the cost leader.

As the market leader, we are acting strategically and crafting the transformation of our business model for the long term. The focus here is not on short-term success stories for a quarter or indeed a month. Our extensive investments of more than € 20 million in projects for the future over the next few years must be viewed against this background. Our strong cash flow in the Hawesko Group enables us to finance this program with our own funds and to continue our long-standing policy of paying continuous dividends. And there is also leeway for the attractive acquisitional growth of our market position.

With regard to the most important figures for the current fiscal year, we reaffirm our previous expectations. For 2019, we anticipate growth of approximately 7–9% in consolidated sales, and the consolidated EBIT margin is expected to be between 5.0–5.7% (2018: 5.3%). You will find all the details below in the "Outlook" section.

We want to expand our market position further as Europe's largest, most innovative and most profitable wine trading group in the premium segment. In doing so, we can rely on our enormous expertise in wine and the huge advantage of our decades of experience.

Your Management Board

Thorsten Hermelink Alexander Borwitzky Raimund Hackenberger

INTERIM MANAGEMENT REPORT

GENERAL SITUATION

According to the Deutsche Bundesbank, the basic economic trend at mid-year in 2019 is weak. This overall result is due to the sustained decline in export-dependent industries, while the upward forces in the domestically oriented economic sectors remain intact. Employment is still increasing, albeit more slowly, and increases in income are stimulating private consumption, according to the Bundesbank. However, with regard to a possible strengthening of the upward forces in the second half of the year, the risks predominate: the German Federal Ministry for Economic Affairs and Energy expects such a scenario only on the condition that the foreign trade environment calms down, citing the trade wars and geopolitical tensions as well as Brexit as significant downward risks.

The GfK consumption climate study for June 2019 reveal a very uneven picture with regard to the mood of German consumers: the propensity to consume is once again increasing, income expectations are significantly declining and economic expectations have stopped sliding, at least for the time being. Overall, the consumption climate index thus showed falling numbers for the second consecutive time, and is expected to decline further. Here as well, the global economic slowdown, the ongoing uncertainties relating to Brexit and the trade war with the United States all put pressure on consumers' economic expectations. The development of income expectations has set a warning signal: while previously exceedingly stable, they recently declined to the lowest level since March 2017 and thus in mid-2019 remained below the figure for the corresponding period of the previous year as well. Up to now, the income indicator had benefited from the excellent labour market situation in Germany. However, in the meantime, voices warning of an end to the employment boom are multiplying.

BUSINESS PERFORMANCE

Financial performance

Second quarter

In the period from April to June 2019, consolidated sales rose by 8.3% from € 125.7 million to € 136.2 million. Excluding sales at *Wein & Co.*, consolidated sales rose by 1.2% compared to the same quarter in the previous year. The consolidated operating result (EBIT) in the second quarter of 2019 amounted to € 4.7 million after the application of IFRS 16. This figure is based on a change in the reporting of the rental and leasing expenditures and is therefore not comparable to the previous year's figure. Prior to the application of IFRS, EBIT of € 4.3 million was achieved in the quarter under review; this figure was € 5.7 million in the previous year. The EBIT margin was 3.5% after IFRS 16 was applied; on a like-for-like basis prior to IFRS 16, it was 3.2% in the quarter under review (previous year: 4.6%).

Sales in the Retail brand unit (*Jacques' Wein-Depot* and *Wein & Co.*) amounted to € 48.4 million, an increase of 29.1% over the same quarter in the previous year (€ 37.5 million). Excluding the sales of *Wein & Co.*, which was acquired as of 1 October 2018, segment sales rose by 5.1%. Figures for May in particular were strong at *Jacques'* thanks to targeted marketing campaigns. At the end of the quarter there were 316 *Jacques'* outlets, all in Germany (previous year: 309), as well as 20 *Wein & Co.* outlets in Austria. On a like-for-like basis, sales at *Jacques' Wein Depots* rose by 4.6% compared to the second quarter of 2018. The average ticket value remained stable, while customer frequency and number of active customers both rose once again. Due to the acquisition of *Wein & Co.* and the new accounting standards relating to rental and leasing agreements to be applied as of 1 January 2019, the segment EBIT is not comparable with that of the previous year. On a comparable basis (i.e. excluding *Wein & Co.* and prior to IFRS 16), EBIT rose to € 4.0 million in the quarter under review and thus proportionately stronger against the figure for the previous year's quarter (€ 3.5 million). *Wein & Co.* is still in the planned restructuring phase and thus reduced the segment result by € 0.4 million to € 3.6 million in the quarter under review. Including *Wein & Co.* and after the application of IFRS 16, this figure was € 3.9 million.

The E-Commerce brand unit posted a sales increase of 2.3% over the same quarter of the previous year, so that sales rose markedly (from € 42.3 million to € 43.3 million). Business performance at the *HAWESKO* subsidiary continued to benefit from special offers relating to the company's 55th anniversary. *Vinos* focused even more intensely on new customer acquisition in the second quarter. *WirWinzer* once again posted significant growth of 42% on a comparable basis (i.e. prior to the application of IFRS 15). In the second quarter of 2019, the share of sales made via the Internet continued to rise compared to the same quarter in the previous year, accounting for 61% of segment sales (previous year: 54%). On a like-for-like basis prior to IFRS 16, EBIT in the e-commerce segment was € 1.2 million in the quarter under review. This figure declined from the previous year's quarterly figure of € 1.6 million due to higher logistics and marketing costs. After the application of IFRS 16, the figure in the reporting quarter amounted to € 1.2 million.

In the B2B brand unit (wholesale), sales at € 44.5 million were below the figure of € 45.8 million in the same quarter of the previous year. Sales development weakened towards the end of the quarter after the planned strong business performance in April and was 3.0% below the previous year's level. In contrast to this, *Ariane Abayan* and *Deutschwein Classics* both increased their sales. Figures for the foreign B2B operations (in Switzerland and Austria) were below those of the previous year overall, due to the high base level for comparison. The EBIT of the B2B subsidiaries increased to € 2.4 million compared to the same quarter in the previous year (€ 2.0 million; both figures prior to the application of IFRS 15) despite the decline in sales. EBIT after the application of IFRS 15 in the quarter under review was € 2.5 million.

Consolidated gross profit rose by € 6.9 million to € 58.6 million in the second quarter, corresponding to 43.0% of sales (previous year: 41.2%). The increase in the trading margin resulted primarily from the application of IFRS 15 as well as the increased share of sales of the B2C segment. The other operating income of € 5.3 million (same quarter of the previous year: € 5.6 million) consisted for the most part of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased by € 3.2 million to € 17.2 million in the second quarter and accounted for 12.6% of sales; adjusted for the dissolution of the management board member's contract, this figure was 12.1% (previous year: 11.1%).

Other operating expenses and other taxes compared to those in the same period of the previous year as follows:

in € (millions)	01.04.–30.06.2019 As per the application of IFRS 16	01.04.–30.06.2019 Before the application of IFRS 16	01.04.–30.06.2018 Before the application of IFRS 16
Advertising	11.2	11.2	10.1
Commissions to partners	9.9	9.9	9.4
Delivery costs	7.2	7.2	6.0
Rental and leasing	0.7	4.1	3.3
Other	7.8	7.8	6.7
	36.7	40.1	35.5

Advertising expenses at € 11.2 million were above the level of the previous year (€ 10.1 million), accounting for 8.2% of sales (previous year: 8.0%). Expenses for commissions rose to € 9.9 million (previous year: € 9.4 million), accounting for 7.3% of sales (previous year: 7.5%). Expenses for delivery increased to € 7.2 million (previous year: € 6.0 million) due to increases in the prices of the logistics service providers, accounting for 5.3% of sales (previous year: 4.8%). Expenditures for rental and leasing were heavily impacted by the IFRS 16 reporting and were reduced to € 0.7 million, compared to € 3.3 million in the previous year under the old reporting system prior to IFRS 16. At the same time, depreciation expense rose by € 3.3 million to € 5.4 million due to the application of IFRS 16. Overall, other operating expenses and other taxes amounted to € 36.7 million (previous year: € 35.5 million), thus accounting for 26.9% of sales in the quarter under review, compared to 28.3% in the same quarter of the previous year.

The consolidated operating result (EBIT) in the second quarter of 2019 was € 4.7 million (previous year: € 5.7 million). The EBIT margin was 3.5%, compared to 4.6% in the same quarter of the previous year. Headquarter and non-allocated costs of € 2.9 million (same quarter in the previous year: € 1.4 million) were deducted from the contributions of the brand units described above to the operating result and posted in the "Miscellaneous/Consolidation" column in the table on page 14. The increase occurred in conjunction with the severance payment for the dissolution of the management board contract and corporate project costs, which together amounted to € 1.1 million.

The financial result reported in accordance with IFRS 16 amounted to € –0.9 million in the quarter under review; this includes the financing share of the rental expenses in accordance with the new accounting standard. Prior to the application of IFRS 16, this figure amounted to € –0.2 million (previous year: € –0.1 million). The result before taxes on income as per IFRS 16 amounted to € 3.8 million; prior to the application of IFRS 16, it amounted to € 4.1 million (previous year, comparable: € 5.7 million) The tax result as per IFRS 16 was € –1.8 million; prior to the application of IFRS 16 it was € –1.4 million (previous year, comparable: € –1.9 million). Consolidated net income allocable to the shareholders of Hawesko Holding AG amounted to € 2.0 million as per IFRS 16. In the previous year, without the application of IFRS 16, this figure was € 3.5 million. The result per share calculated using this method was € 0.22, after € 0.39 in the previous year. This was based on the figure of 8,983,403 shares in the reporting period (unchanged from the previous year).

First six months

In the first six months of fiscal year 2019 (1 January to 30 June), sales rose by 7.6% from the previous year (€ 237.8 million) to € 255.8 million. Consolidated gross profit rose to 43.3% of sales (first six months in the previous year: 41.9%). Other income and expenses added up to 40.1% of sales as per the application of IFRS 16, so that the result from operations (EBIT) amounted to € 8.2 million, corresponding to 3.2% of sales. Prior to the application of this accounting standard, this figure was 40.4% (previous year: 37.4%) of sales, resulting in EBIT for the first half of the year of € 7.4 million and 2.9% of sales (previous year without the application of IFRS 16: € 10.7 million and 4.5% of sales).

The result before taxes on income for the first six months as per IFRS 16 amounted to € –1.8 million; prior to the application of IFRS 16, this figure was € –0.3 million (previous year: € –0.0 million). The result before taxes on income as per IFRS 16 amounted to € 6.4 million; prior to the application of IFRS 16, it amounted to € 7.1 million (previous year, comparable: € 10.7 million) Consolidated net income for the first six months after deductions for non-controlling interests as per IFRS 16 amounted to € 3.8 million and prior to the application of IFRS 16 to € 4.7 million; without the application of IFRS this figure was € 6.6 million in the same period of the previous year. The profit per share amounted to € 0.42 compared to € 0.74 for the first six months of the previous year. The number of shares in the reporting period was 8,983,403 as in the previous year.

Net worth

Structure of the consolidated balance sheet
in € millions, rounding differences are possible

	30.06.2019		31.12.2018		30.06.2018	
Assets	As per IFRS 16		prior to IFRS 16		prior to IFRS 16	
Long-term assets	178.3	*50%*	90.8	*31%*	74.9	*31%*
Short-term assets	181.2	*50%*	198.2	*69%*	169.4	*69%*
Balance sheet total	359.5	*100%*	289.0	*100%*	244.3	*100%*
Liabilities and shareholders' equity						
Shareholders’ equity	103.6	*29%*	112.5	*39%*	99.0	*41%*
Long-term provisions and liabilities	115.7	*32%*	30.5	*11%*	14.5	*6%*
Short-term liabilities	140.2	*39%*	146.0	*51%*	130.7	*54%*
Balance sheet total	359.5	*100%*	289.0	*100%*	244.3	*100%*

Changes since the reference date on 31 December 2018

The balance sheet total at 30 June 2019 after the first-time application of IFRS 16 was € 359.5 million, considerably above the total at 31 December 2018 (€ 289.0 million). In particular with regard to the reporting of the long-term assets, the figure rose due to the accounting for the rental locations required by IFRS 16. On the liabilities side, the corresponding counter-values were reported primarily under the category “Long-term provisions and liabilities” as required by IFRS 16. Typical for the seasonality of the business, short-term assets were reduced by € 17.0 million compared to the reference date at the end of the year. The primary reason for this was a reduction in trade receivables (trade receivables typically reach their highest level at 31 December.)

Total equity capital declined from € 112.5 million at 31 December 2018 to € 103.6 million at 30 June 2019 after payment of the dividend. Short-term liabilities declined by € 5.8 million to € 140.2 million (trade payables typically reach their highest level at 31 December).

Changes since the previous year's reference date on 30 June 2018

The first-time application of IFRS 16 resulted in similarly large changes compared to the reference date in the previous year (30 June 2018). The balance sheet total increased from € 244.3 million to € 359.5 million. The largest increases occurred from this viewpoint as well in the long-term assets and liabilities.

The working capital requirement at 30 June 2019 declined in comparison to the reference date in the previous year.

Financial performance

Liquidity analysis

The cash flow from current operations for the Hawesko Group in the six-month period amounted to € –14.6 million, compared to € –13.2 million in the same period of the previous year. Due to the seasonal nature of the business, cash flow from current operations is usually negative in the first half of the fiscal year. The funds employed for investment activities amounted to € 3.9 million in the first six months of 2019 (same period in the previous year: € 2.3 million).

Consolidated cash flow in € millions, rounding differences are possible	1.1.– 30.06.2019	1.1.– 30.6.2018
Cash flow from current operations	–14.6	–13.2
Cash flow from investment activity	–3.9	–2.3
Cash flow from financing activities	4.7	14.6

Free cash flow amounted to € –18.9 million in the first half of 2019, compared to € –15.7 million in the same period of the previous year. It was calculated from the net outflow of payments from current operations (€ –14.6 million), less funds employed for investment activities of € 3.9 million and net of interest received and paid out (€ –0.3 million).

Investment analysis

Investments were divided into those in intangible assets (€ 2.1 million; first half of the previous year: € 0.8 million), which were related primarily to customer relationship management software, and those in tangible assets of € 1.9 million (previous year: € 1.6 million). The latter were related to new point-of-sale terminals as well as to the expansion and modernisation in the Retail brand unit as well as the investments for expansion and replacement equipment in the E-Commerce and B2B brand units.

REPORT ON POST-BALANCE SHEET DATE EVENTS

Events of particular significance for the evaluation of the assets, finances and earnings of Hawesko Holding AG and the Group did not occur after the conclusion of the period under review.

REPORT ON OPPORTUNITIES AND RISK

There were no significant changes in the risks and opportunities of Hawesko Holding AG compared to the situation described in the 2018 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

There were no significant changes in the forecast for fiscal year 2019 of the Hawesko management board compared to the situation described in the 2018 annual report. The general economic and business conditions in Germany are still classified as good with respect to the Hawesko Group's key consumer demand for wine. The Hawesko management board notes that the financial figures for the first six months of 2019 are within its expectations.

The management board of Hawesko Holding AG will continue to pursue sustainable, long-term and profitable growth. For fiscal year 2019, the board expects consolidated sales growth of approximately 7–9%. The consolidated EBIT margin is expected to be in the range between 5.0–5.7% in 2019 (2018: 5.3%). Taking IFRS 16 into account, the management board expects a net expenditure in the magnitude of just under three million euros for the financial result for 2019. Profit due to non-controlling interests is expected to be between € 0.1–0.2 million. Consolidated earnings after deductions for taxes and non-controlling interests are currently estimated to be a net return on sales in the range of 3.0–3.6%. The management board expects free cash flow in 2019 to be in the range of € 12–16 million after € 20.2 million in 2018 (figures for both years exclude acquisitions). ROCE in 2019 is expected to be around 17%, as in the previous year.

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Consolidated profit and loss statement for the period from 1 January to 30 June 2019

(in € millions, unaudited, rounding differences possible)	1.1.–30.06. 2019 As per IFRS 16	1.1.–30.06. 2019 prior to IFRS 16	1.1.–30.06. 2018 prior to IFRS 16
Sales revenues from customer contracts	**255.8**	**255.8**	**237.8**
Increase in finished goods inventories	0.1	0.1	–0.0
Other production for own assets capitalised	0.3	0.3	0.1
Other operating income	10.4	10.4	11.1
Cost of purchased goods	-145.1	-145.1	–138.2
Personnel expenses	-33.3	-33.3	–27.7
Depreciation and amortisation	-10.8	-4.7	–4.2
Other operating expenses and other taxes	-69.2	-76.1	–68.2
Result from operations (EBIT)	**8.2**	**7.4**	**10.7**
Financial result			
Interest earnings/expenditures	-1.7	-0.3	–0.2
Other financial result	-0.1	-0.1	0.2
Income from companies reported at equity	–	–	–
Result before taxes on income	6.4	7.1	10.7
Taxes on income and deferred tax expenses	-2.6	-2.4	–3.6
Consolidated net income	**3.8**	**4.7**	**7.1**
of which is allocable to			
– shareholders of Hawesko Holding AG	3.8	4.7	6.6
– non-controlling interests	–0.0	–0.0	0.5
Earnings per share(in €, undiluted = diluted)	0.42	0.53	0.74
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983	8,983

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Consolidated profit and loss statement for the second quarter of 2019

(in € millions, unaudited, rounding differences possible)	1.4.–30.06. 2019 As per IFRS 16	1.4.–30.06. 2019 prior to IFRS 16	1.4.–30.06. 2018 prior to IFRS 16
Sales revenues from customer contracts	**136.2**	**136.2**	**125.7**
Increase in finished goods inventories	–0.0	–0.0	–0.0
Other production for own assets capitalised	0.1	0.1	0.0
Other operating income	5.3	5.3	5.6
Cost of purchased goods	–77.6	–77.6	–73.9
Personnel expenses	–17.2	–17.2	–13.9
Depreciation and amortisation	–5.4	–2.4	–2.1
Other operating expenses and other taxes	–36.7	–40.1	–35.5
Result from operations (EBIT)	**4.7**	**4.3**	**5.7**
Financial result			
Interest earnings/expenditures	–0.9	–0.2	–0.1
Other financial result	–0.0	–0.0	0.1
Income from companies reported at equity	–	–	–
Result before taxes on income	3.8	4.1	5.7
Taxes on income and deferred tax expenses	–1.8	–1.4	–1.9
Consolidated net income	**2.0**	**2.7**	**3.8**
of which is allocable to			
– shareholders of Hawesko Holding AG	2.0	2.7	3.5
– non-controlling interests	0.0	0.0	0.2
Earnings per share(in €, undiluted = diluted)	0.22	0.30	0.39
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983	8,983

Consolidated statement of comprehensive income for the period from 1 January to 30 June

(in € millions, unaudited, rounding differences possible)	01.01.–30.06. 2019 As per IFRS 16	01.01.–30.06. 2018 prior to IFRS 16
Consolidated net income	**3.8**	**7.1**
Amounts that cannot be recognised as profit or loss in the future	**-**	**-**
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	-	-
Amounts that may be recognised as profit or loss in the future	**0.0**	**0.0**
Effective portion of losses from cash flow hedges including deferred tax liabilities	0.0	0.0
Currency translation differences	0.0	0.0
Other comprehensive result	**0.0**	**0.0**
Total comprehensive income	**3.8**	**7.1**
of which is		
allocable to shareholders of Hawesko Holding AG	3.8	6.7
allocable to non-controlling interests	0.0	0.5

Consolidated statement of comprehensive income for the period from 1 April to 30 June

(in € millions, unaudited, rounding differences possible)	01.04.–30.06. 2019 As per IFRS 16	01.04.–30.06. 2018 prior to IFRS 16
Consolidated net income	**2.0**	**3.8**
Amounts that cannot be recognised as profit or loss in the future	**-**	**-**
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	-	-
Amounts that may be recognised as profit or loss in the future	**0.0**	**0.0**
Effective portion of losses from cash flow hedges including deferred tax liabilities	0.0	–0.0
Currency translation differences	0.0	0.0
Other comprehensive result	**0.0**	**0.0**
Total comprehensive income	**2.0**	**3.8**
of which is		
allocable to shareholders of Hawesko Holding AG	2.0	3.5
allocable to non-controlling interests	0.0	0.3

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Consolidated balance sheet

in € millions	As per IFRS 16 30.06.2019	prior to IFRS 16 30.06.2019	31.12.2018	30.06.2018
ASSETS				
Non-current assets				
Intangible assets	57.2	57.2	57.1	40.4
Tangible assets (including leasing assets)	112.6	20.7	21.2	20.1
Investments accounted for using the equity method	3.2	3.2	3.2	3.4
Other financial assets	0.3	0.3	0.1	0.1
Advance payments on stocks	0.6	0.6	4.7	7.6
Receivables and other assets	1.0	1.0	1.0	0.8
Deferred tax liabilities	3.4	3.2	3.3	2.5
	178.3	**86.2**	**90.8**	**74.9**
Current assets				
Inventories	125.6	125.6	111.9	112.6
Contractual assets	0.2	0.2	0.3	-
Trade receivables	31.0	31.0	48.4	35.4
Receivables and other assets	4.8	4.8	4.8	3.9
Receivables from taxes on income	8.4	8.6	7.6	7.5
Cash in banking accounts and cash on hand	11.2	11.2	25.1	9.9
	181.2	**181.4**	**198.2**	**169.4**
	359.5	**267.6**	**289.0**	**244.3**
EQUITY AND LIABILITIES				
Shareholders' equity				
Subscribed capital of Hawesko Holding AG	13.7	13.7	13.7	13.7
Capital reserve	10.1	10.1	10.1	10.1
Retained earnings	76.1	77.0	85.5	66.1
Other reserves	-0.2	-0.2	-0.2	-0.1
Equity of the shareholders of Hawesko Holding AG	**99.6**	**100.6**	**109.1**	**89.8**
Non-controlling interests	4.0	4.0	3.5	9.2
	103.6	**104.6**	**112.5**	**99.0**
Long-term provisions and liabilities				
Provisions for pensions	1.1	1.1	1.1	1.1
Other long-term provisions	1.7	1.7	1.7	0.7
Borrowings (including leasing liabilities)	101.2	18.9	14.1	0.4
Advances received	-	-	-	5.2
Contract liabilities	0.6	0.6	2.0	-
Other liabilities	4.5	4.5	4.5	0.0
Other financial liabilities	2.8	2.8	2.8	4.4
Deferred tax	3.9	3.9	4.5	2.7
	115.7	**33.4**	**30.5**	**14.5**
Short-term liabilities				
Non-controlling interests in the capital of unincorporated subsidiaries	0.2	0.2	0.3	0.2
Borrowings (including leasing liabilities)	53.5	43.3	24.7	48.0
Advances received	-	-	-	4.8
Trade accounts payable	52.8	52.8	65.6	45.8
Contract liabilities	10.5	10.5	18.5	–
Income taxes payable	3.4	3.2	3.5	–
Other liabilities	19.7	19.7	33.3	17.9
Other financial liabilities	–	–	0.1	14.1
	140.2	**129.7**	**146.0**	**130.7**
Rounding differences are possible	**359.5**	**267.6**	**289.0**	**244.3**

Consolidated Cash Flow Statement for the period from 1 January to 30 June

(in € millions, unaudited, rounding differences possible)	01.01.–30.06.2019	01.01.–30.06.2018
Result before taxes on income	6.4	10.7
Depreciation and amortisation of intangible and tangible assets (including leasing assets)	10.8	4.2
Other non-cash expenses and income	–0.3	–0.1
Interest result	1.8	0.0
Result from the disposal of fixed assets	–0.1	–0.1
Income from companies reported using the equity method	–	–
Dividend payments received from distributions by investments	–	–
Change in inventories	–9.5	–3.1
Change in receivables and other assets	17.5	17.8
Change in provisions	–0.0	0.0
Change in liabilities (excluding borrowings)	–37.9	–34.9
Interest received	0.0	0.0
Taxes on income paid out	–3.3	–7.7
Net outflow of payments from current operations	**–14.6**	**–13.2**
Acquisition of subsidiaries net of cash acquired	–0.2	–
Outpayments for tangible and intangible assets	–3.8	–2.3
Inpayments from the disposal of intangible and tangible assets	0.1	0.1
Inpayments from the disposal of financial assets	–	–
Net funds employed for investing activities	**–3.9**	**–2.3**
Outpayments for dividends	–11.7	–11.7
Outpayments to non-controlling interests	–1.1	–1.2
Repayment of leasing liabilities	–5.6	–0.2
Raising of short-term borrowings	16.6	27.9
Raising of medium- and long-term borrowings	8.8	—
Repayment of medium- and long-term borrowings	–2.1	—
Interest paid out	–0.3	–0.2
Inflow of net funds from financing activities	**4.7**	**14.6**
Effects of changes in foreign exchange rates on funds (period of up to three months)	0.1	0.0
Net decrease of funds	**–13.8**	**–0.8**
Funds at start of period	25.1	10.7
Funds at end of period	**11.2**	**9.9**

Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing items from currency translation	Other reserves: Revaluation components of pension obligations	Other reserves: Reserve for cash flow hedge	Ownership of interest of Hawesko Holding AG shareholders	Non-controlling interests	Total
Status at 1 January 2018	13.7	10.1	71.2	0.1	–0.2	0.0	94.8	9.9	104.8
Change in the consolidation group	—	—	—	—	—	—	—	—	—
Dividends	—	—	–11.7	—	—	—	–11.7	–1.2	–12.9
Consolidated net income	—	—	6.6	—	—	—	6.6	0.5	7.1
Other result	—	—	—	–0.0	—	0.0	0.0	0.0	0.1
Deferred tax on other result	—	—	—	—	—	–0.0	–0.0	—	–0.0
Status at 30 June 2018	13.7	10.1	66.1	0.1	–0.2	0.0	89.8	9.2	99.0
Status at 1 January 2019	13.7	10.1	85.5	0.1	–0.2	–0.1	109.1	3.5	112.5
Change in the consolidation group	—	—	–1.5	—	—	—	–1.5	1.6	0.0
Dividends	—	—	–11.7	—	—	—	–11.7	–1.1	–12.8
Consolidated net income	—	—	3.8	—	—	—	3.8	–0.0	3.8
Other result	—	—	—	0.0	—	0.0	0.0	0.0	0.0
Deferred tax on other result	—	—	—	—	—	0.0	0.0	—	0.0
Status at 30 June 2019	13.7	10.1	76.1	0.1	–0.2	–0.1	99.6	4.0	103.6

Segment results for the second quarter

(in € millions, unaudited, rounding differences possible)

01.04.–30.06.2019	Retail	B2B	E-commerce	Miscellaneous/Consolidation	Group
External sales	**48.4**	**44.5**	**43.3**	**0.0**	**136.2**
– Excluding *Wein & Co.*	39.4	44.5	43.3	0.0	127.2
Operating result (EBIT)					
– Including *Wein & Co.* as per IFRS 16*	3.9	2.5	1.2	–2.9	4.7
– Excluding *Wein & Co.* as per IFRS 16*	4.2	2.5	1.2	–2.9	5.0
– Comparable: Excluding *Wein & Co.* prior to IFRS 16	**4.0**	**2.4**	**1.2**	**–2.9**	**4.7**

01.04.–30.06.2018 prior to IFRS 16	Retail	B2B	E-commerce	Miscellaneous/Consolidation	Group
External sales	**37.5**	**45.8**	**42.3**	**0.0**	**125.7**
Operating result (EBIT)	**3.5**	**2.0**	**1.6**	**–1.4**	**5.7**

Segment results for the six-month period

(in € millions, unaudited, rounding differences possible)

01.01.–30.06.2019	Retail	B2B	E-commerce	Miscellaneous/Consolidation	Group
External sales	**92.1**	**81.4**	**82.4**	**0.0**	**255.8**
– Excluding *Wein & Co.*	75.1	81.4	82.4	0.0	238.8
Operating result (EBIT)					
– Including *Wein & Co.* as per IFRS 16*	6.5	3.1	3.1	–4.5	8.2
– Excluding *Wein & Co.* as per IFRS 16*	7.3	3.1	3.1	–4.5	9.0
– Comparable: Excluding *Wein & Co.* prior to IFRS 16	**6.8**	**3.1**	**3.0**	**–4.5**	**8.4**

01.01.–30.06.2018 prior to IFRS 16	Retail	B2B	E-commerce	Miscellaneous/Consolidation	Group
External sales	**72.3**	**86.0**	**79.6**	**0.0**	**237.8**
Operating result (EBIT)	**6.2**	**3.9**	**3.3**	**–2.6**	**10.7**

Notes to the Half-year financial report to 30 June 2019

General principles: This interim report was written in accordance with International Accounting Standard (IAS) 34 according to the requirements of the current guidelines of the International Accounting Standards Board (IASB), London and the German Accounting Standard (DRS) 16. The standards and interpretations valid from 1 January 2019 have been applied to the interim financial statement.

This half-year financial report does not contain all of the information and data required for a consolidated financial statement and is therefore to be read in conjunction with the consolidated financial statements for 2018.

The interim financial statement and interim management report have neither been audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Consolidation: The consolidated group of Hawesko Holding AG remains unchanged from that listed in the 2018 consolidated accounts.

Accounting and valuation principles: (1) The accounting and valuation methods used correspond as a rule to those applied in the last consolidated financial statement at the end of the fiscal year. A detailed discussion of these methods was published in the annual report for 2018. (2) With respect to the content regarding new standards and interpretations as well as changes in existing standards, please refer to the comments on pages 79ff. in the 2018 annual report. The application of the revised standards and interpretations has no significant influence on the net worth, financial situation, earnings or cash flow of the Hawesko Group beyond those effects described in this half-year report. (3) Cyclical events which occur during the year, insofar as they are important, are delimited based on corporate planning.

Other information: (1) *Events after the conclusion of the reporting period:* Events of particular significance for the evaluation of the assets, finances and earnings of Hawesko Holding AG and the Group - as defined in IAS 10 - did not occur after the conclusion of the period under review. (2) *Resolution for the appropriation of earnings for 2018:* The annual general meeting of shareholders on 17 June 2019 decided to appropriate the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,464,249.14 as follows: (a) payout of an ordinary dividend of € 1.30 per entitled share. With a total number of 8,983,403 shares entitled to dividends, this amounts to a total of € 11,678,423.90. b) The remaining amount of € 785,825.24 will be carried forward to new account. (3) *No unforeseen development costs* were incurred during the period under review. (4) *The order situation* remains satisfactory. (5) With regard to the *composition of the management board*, Nikolas von Haugwitz left the company on the best of terms and by mutual agreement with effect from 1 April 2019. (5) No changes have occurred in the composition of the supervisory board. (6) *Business with closely associated persons:* As disclosed in the Notes to the financial statements for 2018 under point 46, the management board and the supervisory board are considered to be closely associated persons in the sense of IAS 24.5. Material changes since the closing date of the annual accounts have not taken place. Important business transactions were not conducted with closely associated persons in the reporting period. The number of shares and/or the number of votes held by members of the supervisory board is 6,522,376, all of them held by the supervisory board chairman Detlev Meyer. The members of the management board hold a total of 1,000 shares, of which 500 are attributable to Thorsten Hermelink and 500 to Alexander Borwitzky. (7) *Treasury shares:* Hawesko Holding AG holds no treasury shares as of the date of writing of this report.

Other information	1.1.–30.6. 2019	1.1.–30.6. 2018
Employees (average during the period)	1,159	964
- excluding *Wein & Co.*	943	

Declaration of the legal representatives

To the best of our knowledge, we affirm that, in accordance with the applied principles of proper consolidated interim reporting, the consolidated interim financial statement conveys an overview of the actual earnings and financial situation of the Group, the consolidated interim management report accurately depicts the course of business including the net operating profit and situation of the Group and that the significant opportunities and risks of the anticipated development of the Group in the remaining fiscal year are described.

Hamburg, 6 August 2019

<s> Hermelink <s> Borwitzky <s> Hackenberger

HAWESKO
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Calendar:

Nine-month report to 30 September 2019	7 November 2019
Preliminary report on fiscal year 2019	Early February 2020

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