Hawesko Holding AG
Hamburg

ISIN DE0006042708
Reuters HAWG.DE, Bloomberg HAW GR

Quarterly financial report to 31 March 2018

Hamburg, 9 May 2018

Highlights in € (millions)	1st quarter 1.1.–31.3. 2018	 1.1.–31.3. 2017	 +/–
Consolidated sales	**112.2**	**109.7**	**+2.3%**
Result from operations (EBIT)	**5.0**	**4.9**	**+2.0%**
Consolidated net income excluding non-controlling interests	**3.1**	**3.1**	**+1.1%**

Dear shareholders,
Dear friends of the Hawesko Group,

We'll get straight to the point: overall, we are satisfied with the business performance during the first quarter of 2018. With sales growth of 2.3% and a 2.0% increase in EBIT, we have laid a stable foundation for achieving our goals for the full year 2018. The key choices we made in the past two and a half years have resulted in success: our omni-channel strategy with its high online growth rates is an important growth driver for the entire Hawesko Group, and despite sizeable investments in digital resources, income is rising.

Sales of our distance-selling brands, i.e. in the digital segment, rose during the quarter by a total of 0.5%. This apparently small increase resulted from a baseline effect: in the same quarter of the previous year, our specialist in Spanish wines *Vinos* posted very strong growth in sales due to special anniversary promotions, which naturally did not continue at that level in the quarter under review. In contrast, sales at our online marketplace *WirWinzer* rose by 44%, while the ultra-premium distance-selling unit *Carl Tesdorpf* likewise posted double-digit sales growth with a good 10%, and our traditional *HAWESKO* brand showed solid growth with a rise of 3%.

In the omni-channel segment (*Jacques' Wein-Depot*), digitalisation and enlargement of the branch network bore abundant fruit: quarterly sales rose by 9.0% (on a like-for-like basis: +7.4%). With a campaign entitled "Hereinprobiert" ("Come in and taste!"), *Jacques'* drew attention to its distinctive USP, thus further raising its own profile. The initial successes of the campaign are very encouraging!

The B2B segment (wholesale/distribution) had a subdued quarter overall, with a slight decline of 1.4% in sales. But here as well, special effects played a substantial role. In the first quarter of 2018, practically no subscription wines from the 2015 vintage were delivered due to weather conditions - in the previous year, the subscription business achieved sales of € 1.2 million. While the sales of our new acquisition *WeinArt* increased by nearly a third and *Deutschwein Classics* also posted double-digit percentual growth, our B2B specialist for Italian wines in Germany, *Weinland Ariane Abayan*, posted lower sales. Here again, there was a baseline effect due to high additional sales in the wake of the promotions in conjunction with the company anniversary in the previous year.

The operating results of the individual segments largely mirror the respective sales developments in the core businesses. This is especially true for the digital segment: here the lower quarterly sales due to the baseline effect of *Vinos* were also reflected in a correspondingly lower EBIT, while *Carl Tesdorpf* clearly returned to the profitable zone.

EBIT in the omni-channel segment (*Jacques' Wein-Depot*) rose by 7.9% despite the sustained investment in accelerated expansion, while the B2B segment (wholesale/distribution) increased its EBIT by about half. In particular, *Ariane Abayan*, *WeinArt* and the foreign operations distinguished themselves in this regard. *Weinland Ariane Abayan* proved its earning power with a 25% increase in EBIT, as the slightly lower sales were achieved with higher margins. *WeinArt*, which was acquired last year, benefited from higher margins as well as sales growth, while the foreign operations increased their profitability through growth and improved cost-effectiveness.

Dear shareholders,

There are two factors that were particularly significant in the first quarter of 2018. Our strategy of generating decentralised high growth via centralised platforms has been validated by its success. The design and implementation of these structures is not yet completed – it is a process that takes several years, particularly with regard to the development of a logistics system that efficiently utilises synergies and centralised data structures. Our investments will focus on this area in the future as well. At the same time, we are keeping an eye on the growth segments of the Hawesko Group, particularly in the area of digital retail concepts, including attractive and appropriate opportunities for acquisitions, which we will continue to keep an eye out for. *WirWinzer*, our online marketplace for German wines, is a good example of this. In addition to this acquisition, we are testing a new and uncomplicated concept for Italian wines known as *Enzo*, which is already looking very promising. These formats are currently still producing the typical start-up losses, but we are optimistic that they will develop successfully.

Finally, we'd like to take a brief look at the current fiscal year: for 2018, we expect organic growth of approximately 3% in consolidated sales, and assume that all three segments will be within this range. Consolidated EBIT is expected to be around € 32–33 million in 2018, corresponding to an EBIT margin of approximately 6.2%, and thus an increase of about 0.2 percentage points over 2017. Consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of € 19–20 million (after € 18.5 million in 2017), with free cash flow between € 16 million and € 18 million (previous year: € 2.8 million).

Best regards,

Thorsten Hermelink	*Alexander Borwitzky*	*Raimund Hackenberger*	*Nikolas von Haugwitz*

• • • • • • • • • • •

HAWESKO
HOLDING AG

INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The global economy will perform better in 2018 than originally assumed by the German Council of Economic Experts and others. Accordingly, the Council has just revised its forecast upwards. The global upswing is gaining momentum, particularly due to the concurrence of the developments: for the first time since the global financial crisis in 2007, economic performance is rising in most countries simultaneously. For Germany, the Council has even forecast an economic boom that will last beyond 2018, and sees more positive development for the rest of the euro zone as well.

The sustained robust consumption in the private sector is essential for the business performance of the Hawesko Group. Underpinned by record employment figures in Germany, including further growth until 2019, it will increase by 1.2% in 2018. The Gesellschaft für Konsumforschung (GfK) also predicts further increases in German consumption. After a strong start to the year and a minor setback in February, the economic and income expectations as well as the propensity to make purchases rose again in March, with an upward trend for the coming months. The indicator for economic expectations was at 45.9 points at the end of the first quarter of 2018. The increase of just under 28 points compared to the same month in the previous year documents the German citizens' sustained high level of optimism regarding the economy, according to the GfK.

BUSINESS PERFORMANCE

Financial performance

First quarter

In the period from January to March 2018, consolidated sales rose by 2.3% from € 109.7 million to € 112.2 million. In the quarter under review, sales developed in the individual brand units (segments) as follows: in the omni-channel brand unit (*Jacques' Wein-Depot*), sales rose from € 31.9 million in the same quarter of the previous year to € 34.8 million in the reporting quarter. In the B2B brand unit (wholesale), sales at € 40.2 million were slightly below the figure of € 40.7 million in the same quarter of the previous year. In the digital brand unit (distance selling), sales rose from € 37.0 million to € 37.2 million. The consolidated operating result (EBIT) amounted to € 5.0 million in the first quarter of 2018, once again a high figure in a long-term comparison. The EBIT margin was 4.4% in the quarter under review, and thus at the level of the previous year.

Sales at *Jacques' Wein-Depot* (the omni-channel brand unit) rose by 9.0%. This development was underpinned by the normalisation of January sales compared to weak sales in January of the previous year as well as by successful marketing campaigns in March. At the reference date at the end of the quarter, *Jacques'* was operating 308 depots, all of them in Germany (previous year: 298). On a like-for-like basis, sales rose by 7.4% compared to the first quarter of 2017. The average receipts, customer frequency and number of active customers in the all rose once again. In the segment overall, the EBIT increased from € 2.5 million to € 2.7 million.

After the strong quarter of the previous year - with an increase of 11.8% compared to the first quarter of 2016 - sales in the B2B brand unit remained at roughly the same level with a decline of 1.4% compared to the previous year, even though almost no subscription wines were delivered due to weather conditions (previous year: € 1.2 million). Domestic business was lacking the strong stimulus of the *Abayan* anniversary in the previous year; foreign operations (Switzerland and Austria) experienced positive development, particularly in Switzerland. The EBIT of the B2B brand units amounted to € 1.9 million, rising by 50% compared to the same quarter of the previous year (€ 1.3 million).

With growth of 0.5% in the quarter under review, the digital brand unit maintained the level of the previous year. Normalisation at *Vinos* after the anniversary promotions in the same quarter of the previous year and solid growth rates for the other brands in the digital segment balanced each other out. As of 31 March 2018, the number of active customers remained constant. In the first quarter of 2018, the share of sales made via the Internet remained stable compared to the same quarter in the previous year, thus accounting for 55% of segment sales (previous year: 55%). The segment EBIT in the brand unit declined to € 1.6 million (same quarter in the previous year: € 2.2 million). This was due primarily to the lower EBIT contribution due to sales at *Vinos.*

Consolidated gross profit rose by € 1.8 million to € 47.9 million in the first quarter, corresponding to a margin of 42.7% (previous year: 42.0%). The increase in the trading margin resulted primarily from the increased share of sales of the B2C segment. Other operating income of € 5.5 million (same quarter in the previous year: € 5.0 million) consisted for the most part of rental and leasing income at *Jacques'* as well advertising allowances. Personnel expenses increased by € 0.1 million to €13.7 million in the first quarter and accounted for 12.3% of sales (previous year: 12.4%).

Other operating expenses and other taxes compared to those in the same period of the previous year as follows (rounding differences are possible):

In € millions	31.03.2018	31.03.2017
Advertising	8.8	8.6
Commissions to partners	8.5	7.9
Delivery costs	5.3	5.0
Rental and leasing	3.3	3.1
Other	6.7	6.1
	32.7	30.7

Advertising expenses at € 8.8 million were slightly above the level of the previous year (€ 8.6 million), accounting for 7.9% of sales as in the previous year. Expenditures for commissions rose to € 8.5 million (previous year: € 7.9 million), accounting for 7.6% of sales (previous year: 7.2%). Expenses for delivery increased to € 5.3 million (previous year: € 5.0 million), accounting for 4.8% of sales (previous year: 4.5%). Overall, other operating expenses and other taxes amounted to € 32.7 million (previous year: € 30.7 million), thus accounting for 29.1% of sales in the quarter under review, compared to 28.0% in the same quarter of the previous year.

The consolidated operating result (EBIT) in the first quarter of 2018 was € 5.0 million (previous year: € 4.9 million), remaining at a high level in a long-term comparison. The EBIT margin was 4.4%, as in the same period of the previous year. Corporate costs of € 1.3 million (same quarter in the previous year: € 1.1 million) were deducted from the contributions of the brand units described above to the operating result and posted under "Miscellaneous/Consolidation" on page 12.

The financial result was balanced overall (previous year: € –0.1 million). The result before taxes on income amounted to € 5.0 million (€ 4.8 million). The tax result is calculated at € –1.7 million (previous year: € –1.5 million). As in the previous year, consolidated net income paid out to the shareholders of Hawesko Holding AG amounted to € 3.1 million. The result per share amounted to € 0.35, up from € 0.34 in the previous year. This was based on the figure of 8,983,403 shares in the reporting period (unchanged from the previous year).

Net worth

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

Assets	31.03.2018		31.12.2017		31.03.2017	
Long-term assets	75.9	*31%*	75.6	*29%*	77.5	*34%*
Short-term assets	166.5	*69%*	184.1	*71%*	151.6	*66%*
Balance sheet total	242.3	*100%*	259.7	*100%*	229.1	*100%*
Liabilities and shareholders' equity						
Shareholders' equity	96.5	*40%*	104.8	*40%*	89.4	*39%*
Long-term provisions and liabilities	15.0	*6%*	14.8	*6%*	26.7	*12%*
Short-term liabilities	130.9	*54%*	140.2	*54%*	113.1	*49%*
Balance sheet total	242.3	*100%*	259.7	*100%*	229.1	*100%*

Changes since the reference date on 31 December 2017

The balance sheet total at 31 March 2018 was € 242.3 million, down from the total at 31 December 2017 (€ 259.7 million). While total long-term assets remained practically unchanged, short-term assets were reduced by € 17.6 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 € 104.8 million at 31 December 2017 to € 96.5 million, due primarily to the reclassification of the funds for the proposed dividends as miscellaneous liabilities. Long-term provision and liabilities amounted to € 15.0 million (€ 14.8 million). Short-term liabilities declined by € 9.3 million to € 130.9 million. (Trade receivables typically reach their highest level at 31 December.)

Changes from the previous year's reference date 31 March 2017

Compared to the previous year's reference date (31 March 2017), the balance sheet total increased from € 229.1 million to € 242.3 million. From this standpoint, the increase in inventories was particularly noticeable (€ 113.8 million compared to € 102.6 million at the reference date in the previous year). Long-term provisions and liabilities amounted to € 15.0 million (previous year: € 26.7 million). These decreased due to a reclassification of the liability as of 31 December 2017, which could arise from the exercise of the option to sell by the former partners of *Wein & Vinos GmbH,* and are subsequently listed in the short-term liabilities in the quarter under review. Short-term liabilities rose by € 17.8 million to € 130.9 million - primarily as the consequence of the aforementioned reclassification of the long-term liability vis-à-vis the former partners of *Wein & Vinos GmbH*.

The working capital requirement at 31 March 2018 increased in comparison to the reference date in the previous year, due primarily to higher inventories.

Financial performance

Liquidity analysis

The cash flow from current operations for the Hawesko Group in the three-month period amounted to € –11.4 million, compared to –3.3 million in the same period of the previous year. Due to the seasonal nature of the business, cash flow from ongoing business activity is usually negative in the first quarter of the fiscal year. The funds employed for investment activities amounted to € 0.8 million in the first three months of 2017 (same period in the previous year: € 4.4 million).

Consolidated cash flow in € millions, rounding differences are possible	1.1.– 31.03.2018	1.1.– 31.03.2017
Cash flow from current operations	–11.4	–3.3
Cash flow from investment activity	–0.8	–4.4
Cash flow from financing activities	10.1	3.2

Free cash flow amounted to € –12.3 million in the first quarter of 2018, compared to € –7.8 million in the same period of the previous year. It was calculated from the net outflow of payments from current operations (€ –11.4 million), less funds of € 0.8 million employed for investment activities and interest received and paid out (€ –0.1 million). Free cash flow excluding investments in growth by acquisition had amounted to € –4.5 million in the previous year's quarter.

Investment analysis

Investments were divided into those in intangible assets (€ 0.2 million; previous year: € 0.6 million), which were related primarily to software in the digital brand unit (distance selling), and those in tangible assets of € 0.6 million (previous year: € 0.6 million). The latter were related to the expansion and modernisation of the depots in the omni-channel brand unit (*Jacques'*) as well as the investments for expansion and replacement equipment in the digital and B2B brand units. Cash flow from investment activity was influenced in the previous year by the acquisition of the majority interests in *WeinArt* and *Grand Cru Select*.

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 2017 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

There are no changes in the forecast for fiscal year 2018 of the Hawesko management board compared to the situation described in the 2017 annual report. The general economic and business conditions in Germany are still classified as good. The Hawesko management board notes that the financial figures for the first quarter of 2018 are within its expectations.

The management board of Hawesko Holding AG will continue to pursue sustainable, long-term and profitable growth. The following assessments do not take into account the potential acquisition of shares in subsidiaries. For fiscal year 2018, the board expects consolidated sales growth of approximately 3%. Consolidated EBIT is expected to be around € 32-33 million in 2018, corresponding to an EBIT margin of approximately 6.2% (2017: 6.0%). For the financial result, the management board expects a net expenditure of between € 0.2–0.5 million (2017: € 1.6 million). Profit due to non-controlling interests is expected to be between € 0.8–1.2 million (2017: € 0.7 million). Consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of € 19–20 million (2017: € 18.5 million). The management board expects free cash flow to be on the order of € 16–18 million (2017: € 2,8 million), while the ROCE is expected to be on the order of 20%, as in the previous year.

Hawesko Holding AG

Profit and loss statement for the first three months of 2018 (as per IFRS)

(in € millions, unaudited, rounding differences possible)	1.1.–31.3. 2018	1.1.–31.3. 2017
Sales revenues	**112.2**	**109.7**
Increase in finished goods inventories	0.0	0.0
Other production for own assets capitalised	0.1	0.2
Other operating income	5.5	5.0
Cost of purchased goods	–64.2	–63.6
Personnel expenses	–13.7	–13.6
Depreciation and amortisation	–2.1	–2.1
Other operating expenses and other taxes	–32.7	–30.7
Result from operations (EBIT)	**5.0**	**4.9**
Financial result		
Interest earnings/expenditures	–0.1	–0.0
Other financial result	0.1	–0.2
Income from long-term equity investments	–	0.1
Result before taxes on income	5.0	4.8
Taxes on income and deferred tax expenses	–1.7	–1.5
Consolidated net income	**3.3**	**3.3**
of which is		
– shareholders' equity in Hawesko Holding AG	3.1	3.1
– allocable to non-controlling interests	0.2	0.2
Earnings per share(in €, undiluted = diluted)	0.35	0.34
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983

Hawesko Holding AG

Consolidated comprehensive income statement *for the period from 1 January to 31 March*

(in €millions, unaudited, rounding differences are possible)	1.1.–31.3. 2018	1.1.–31.3. 2017
Consolidated net income	**3.3**	**3.3**
Amounts that may not be rebooked in the profit and loss statement in the future		
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	—	—
Amounts that may be rebooked in the profit and loss statement in the future		
Effective portion of losses from cash flow hedges including deferred tax liabilities	0.0	–0.0
Currency translation differences	–0.0	0.1
Other comprehensive income	**0.0**	**0.1**
Total comprehensive income	**3.3**	**3.3**
of which is		
– shareholders' equity in Hawesko Holding AG	3.1	3.2
– allocable to non-controlling interests	0.2	0.2

Hawesko Holding AG
Consolidated balance sheet (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	31.3.2018	31.12.2017	31.3.2017
Assets			
Long-term assets			
Intangible assets	41.0	41.9	41.4
Tangible assets	20.2	20.5	20.4
Investments accounted for using the equity method	3.4	3.4	3.5
Other financial assets	0.1	0.1	0.2
Advance payments on stocks	7.9	6.3	8.5
Receivables and other assets	0.8	1.2	1.1
Deferred tax liabilities	2.4	2.2	2.4
	75.9	75.6	77.5
Short-term assets			
Inventories	113.8	110.8	102.6
Trade receivables	33.0	52.0	31.5
Receivables and other assets	5.0	4.7	4.3
Receivables from taxes on income	6.1	6.0	4.2
Cash in banking accounts and cash on hand	8.6	10.7	9.1
	166.5	184.1	151.6
	242.3	**259.7**	**229.1**
Liabilities			
Shareholders' equity			
Subscribed capital of Hawesko Holding AG	13.7	13.7	13.7
Capital reserve	10.1	10.1	10.1
Retained earnings	62.6	71.2	55.7
Other reserves	–0.1	–0.1	–0.1
Shareholders' equity in Hawesko Holding AG	**86.3**	**94.8**	**79.3**
Non-controlling interests	10.2	9.9	10.0
	96.5	**104.8**	**89.4**
Long-term provisions and liabilities			
Provisions for pensions	1.1	1.1	1.1
Other long-term provisions	0.7	0.6	0.8
Borrowings	0.5	0.5	0.8
Advances received	5.3	4.7	3.8
Other liabilities	4.8	5.0	17.3
Deferred tax liabilities	2.7	2.7	2.9
	15.0	14.8	26.7
Short-term provisions and liabilities			
Non-controlling interests in the capital of unincorporated subsidiaries	0.2	0.2	0.1
Borrowings	30.3	20.1	27.3
Advances received	7.6	8.4	5.4
Trade accounts payable	48.7	64.4	47.0
Income taxes payable	1.6	2.6	1.4
Other liabilities	42,6	44.5	31.9
	130.9	140.2	113.1
	242.3	**259.7**	**229.1**

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–31.3. 2018	1.1.–31.3. 2017
Result before taxes on income	5.0	4.8
Depreciation and amortisation of intangible and tangible assets tangible and intangible assets	2.1	2.1
Other non-cash expenses and income	–0.1	–
Interest result	0.0	0.2
Result from the disposal of intangible and tangible assets	–0.0	–0.0
Income from companies reported at equity	–	–0.1
Dividend payments received from investments	–	0.3
Change in inventories	–4.7	–6.5
Change in borrowings and other assets	18.6	17.2
Change in provisions	0.0	0.5
Change in liabilities (excluding borrowings)	–29.7	–20.2
Taxes on income paid out	–2.6	-1.6
Net outflow of payments from current operations	**–11.4**	**–3.3**
Acquisition of subsidiaries net of funds acquired	–	–3.4
Outpayments for tangible and intangible assets Other assets	–0.9	–1.2
Inpayments from the disposal of financial assets intangible and tangible assets	0.0	0.1
Inpayments from the disposal of financial assets	=	=
Net funds employed for investing activities	**–0.8**	**–4.4**
Outpayments for dividends	—	—
Outpayments to non-controlling interests	—	—
Payment of finance lease liabilities	–0.0	–0.0
Change in short-term borrowings	10.2	3.3
Repayment of medium- and long-term borrowings	—	—
Interest received	0.1	0.1
Interest paid out	–0.1	–0.2
Inflow of net funds from financing activities	**10.1**	**3.2**
Effects of changes in foreign exchange rates on funds (period of up to three months)	–0.0	0.0
Net decrease of funds	**–2.1**	**–4.5**
Funds at start of period	10.7	13.6
Funds at end of period	**8.6**	**9.1**

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 2017	13.7	10.1	64.1	0.0	–0.2	–0.0	87.7	6.7	94.4
Change in the consolidation group	—	—	—	—	—	—	0.2	3.2	3.3
Dividends	—	—	–11.7	—	—	—	–11.7	—	–11.7
Consolidated net income	—	—	3.1	—	—	—	3.1	0.2	3.3
Other result	—	—	—	0.1	—	–0.0	0.1	0.0	0.0
Deferred tax on other result	—	—	—	—	—	–0.0	–0.0	—	–0.0
Status at 31 March 2017	13.7	10.1	55.5	0.1	–0.2	–0.0	79.3	10.0	89.4
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	—	–11.7
Consolidated net income	—	—	3.1	—	—	—	3.1	0.2	3.3
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 31 March 2018	13.7	10.1	62.6	0.1	–0.2	0.1	86.3	10.2	96.4

Segment results for the first quarter
(in € millions, unaudited, rounding differences possible)

1.1.–31.3.2018	Omni-channel[1]	B2B[1]	Digital[1]	Miscellaneous/ Consolidation	Group
External sales	**34.8**	**40.2**	**37.2**	**0.0**	**112.2**
Operating result (EBIT)	**2.7**	**1.9**	**1.6**	**–1.3**	**5.0**

1.1.–31.3.2017	Omni-channel[1]	B2B[1]	Digital[1]	Miscellaneous/ Consolidation	Group
External sales	**31.9**	**40.7**	**37.0**	**0.0**	**109.7**
Operating result (EBIT)	**2.5**	**1.3**	**2.2**	**–1.1**	**4.9**

(1) New designation (as of 2017; until 2016 omni-channel = specialist wine retail, B2B = wholesale, digital = distance selling)

Notes to the quarterly financial report to 31 March 2018

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 2018 have been applied to the interim financial statement.

The present quarterly 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 statement for 2017.

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 consolidation group of Hawesko Holding AG remains unchanged from that listed in the 2017 balance sheet.

Balance sheet and valuation principles: (1) The balance sheet and valuation methods used correspond as a rule to those applied in the last consolidated balance sheet at the end of the fiscal year. A detailed discussion of these methods was published in the annual report for 2017. (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 87 to 88 in the 2017 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. (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 2017:* The proposal will be made to the annual general meeting of shareholders on 11 June 2018 that the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,431,636.12 should be appropriated as follows: (a) Payout of a 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 € 753,212.22 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) No changes have occurred in the *composition* of the management board and the supervisory board to the date of the writing of this report. (6) *Business with closely associated persons:* As disclosed in the Notes to the financial statements for 2017 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 no shares and have no votes. (7) *Treasury shares:* Hawesko Holding AG holds no treasury shares as of the date of writing of this report.

Other information	1.1.–31.3. 2018	1.1.–31.3. 2017
Employees (average during the period)	925	960

Calendar:

Annual shareholders' meeting 2018	11 June 2018
Six-month report to 30 June 2018	2 August 2018
Nine-month report to 30 September 2018	8 November 2018
Preliminary report on fiscal year 2018	Early February 2019

Published by: Hawesko Holding AG
– Investor Relations –
Elbkaihaus
Grosse Elbstrasse 145d
22767 Hamburg

Phone +49 40 / 30 39 21 00
Fax +49 40 / 30 39 21 05
www.hawesko-holding.com