

HAWESKO

HOLDING SE



**NO. 1 FOR
PREMIUM
WINES**

**QUARTERLY
COMMUNICATION AS AT
30 SEPTEMBER 2023**

2023

AT A GLANCE

HIGHLIGHTS

	01/01- 30/09/ 2023	01/01- 30/09/ 2022
HIGHLIGHTS OF OPERATIONS		
€ million		
Sales revenues	457,6	460,3
adjusted EBIT	18,6	20,6
Reported EBIT	9,6	22,5
IMPORTANT INDICATORS		
%		
Gross margin	44,0%	44,1%
EBIT margin (adjusted)	4,1%	4,5%
BALANCE-SHEET AND CASH FLOW DATA		
€ million		
Inventories	135,7	143,4
Trade receivables	33,7	34,0
Net liquidity / net debt owed	-61,1	-44,8
Working capital	47,1	49,9
Cash out-/inflow from operating activities	-16,7	-23,7
Free cash flow	-40,0	-36,5

COMPELLING FORMATS FOR DELIGHTED CUSTOMERS



Extensive range for wine connoisseurs



Jacques' occasions 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



Excellent wines for Sweden

ENOTECA
Enzo.de

Italian wines and lifestyle



International wine variety

GRAND CRU
SELECT

Wine individuality in the premium segment



Top wines from Italy

GLOBALwine

Premium portfolio for highest quality demands



Omnichannel premium retailer in the Czech Republic



Exquisite spirits portfolio

Selection

Selected Bestseller



A WORD FROM THE BOARD OF MANAGEMENT

Dear Shareholders,

Dear Friends of the Hawesko Group,

The Hawesko Group was able to conclude a difficult Q3 2023 (July to September) with sales of € 143 million and an operating result (adj. EBIT) of € 5.3 million. While sales declined by just under 3 percent, the operating result was maintained at the prior-year level. The trends in customer behaviour detected in the first half of the year continued in the third quarter: the retail units grew both like-for-like and thanks to new outlets, and the B2B units benefited from a positive development in the restaurant trade. By contrast, the e-commerce formats experienced another weak quarter in terms of sales, which declined by a further just under 7 percent compared with the previous year.

We observed this continuing downward trend in e-commerce across all sectors in the third quarter, with many businesses affected to an even greater degree. The Federal Association for E-Commerce and Mail Order (BEVH) estimates the overall fall in online sales at 14 percent, which would put the level of business below pre-Covid levels. Compared to industry-wide consumer confidence in online retailing, e-commerce sales for the Hawesko Group were not affected to quite such an extent and remain well above pre-Covid levels at around 35 percent; the development nevertheless weighs on consolidated sales and is hindering overall growth.

In line with the BEHV, we attribute the decline in e-commerce sales for the Hawesko Group to continuing weakness in consumer confidence and still-high levels of inflation. In many cases people effectively have less money available for consumer spending. However here at the Hawesko Group we are convinced of the high relevance and future growth potential of the online channel for wine trading; we nevertheless recognise the need to refine our customer messaging and range. Going forward, we aim to steer the conversation back to the product and its intrinsic value so that we can create a meaningful experience for the customer, thereby setting ourselves apart through our private brands and exclusive formats.

Our retail unit Jacques' demonstrates how successfully such experiential communication can be, for all the difficulties of the market environment; with an unchanged number of outlets it bucked the trend by growing in the third quarter. Jacques' has successfully rebranded over the past two years and has already adjusted its retail concepts and customer messaging to focus systematically on the product. Together with the retail part-

ners, the tastings that are its USP have been stepped up and a large number of events staged to give customers a memorable wine-related experience. Combined with the decline in consumption in e-commerce, this has led to a year-round rise in footfall at Jacques' shops and an increased average spend, as reflected generally in the positive sales and EBIT performance. All in all, sales revenues for the Retail segment for the third quarter went up by 3 percent to € 52.5 million. Operating EBIT simultaneously rose by 6 percent to € 3.5 million.

By contrast, at WEIN&CO the hit to consumer confidence described above, especially in e-commerce, combined with the pressure of costs meant the planned turnaround was not accomplished; the company faces ending 2023 with another loss in the range of € 1-2 million. We also expect the turnaround to come more slowly than planned over the next few years; for that reason that company's goodwill of € 8.2 million was written off in full in the third quarter. As an extraordinary expense item, the write-off was not shown in the operating result.

The B2B segment experienced a mixed quarter due to such factors as still-weak unit sales to food retailers and is 5.5 percent down on the level of Q3/2022. While sales to the restaurant trade continued to rise, sales to other specialist retailers or food retailers reflected the weak level of consumer confidence and more than offset growth. This is also reflected in an almost 25 percent fall in earnings to € 1.4 million in Q3/2023 in the B2B segment.

The Board of Management and directors responded to the sales performance by systematically implementing cost reductions in the marketing, logistics and administrative areas, and increased the gross margins wherever possible. As a result, the operating result was kept steady in the third quarter despite lower sales and the effect of inflation. Compared with the nine-month period of the previous year, sales came to € 458 million (previous year: € 460 million) and the operating result to € 18.6 million (previous year: € 20.6 million).

In the original plans for the 2023 financial year, the Board of Management and directors had worked on the assumption that a weak first quarter would be followed by a change of fortunes in Q2, then successive quarters of growth. These plans presupposed that inflation would come down (significantly) after the winter months, combined with a resurgence in consumer confidence. At the end of the third quarter, although inflation has come down compared to the previous months, Germany's economy is proving slow to recover from the pandemic and war and has slid into recession. Consumers continue to exercise restraint and consumption is falling short of expectations. Within the consumer segment, this is hitting the e-commerce formats especially hard.

Based on these observations and the results of the past two quarters, the Board of Management expects that sales and EBIT for the fourth quarter will equally be on a par with the previous year and no longer achieve the expected growth. The operating EBIT forecast for the year of € 37 million is consequently no longer achievable and has therefore been reduced to € 32-35 million. This was made public on 13 October in an ad hoc announcement.

The Board of Management

Thorsten Hermelink Alexander Borwitzky

INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The prospects for the global economy improved in the course of 2023 according to a forecast by the International Monetary Fund (IMF). For this year, the IMF expects global growth of only 3.0 percent – contrasting with growth of 3.5 percent for the previous year. Industrial nations in particular are experiencing slower growth than the average for global emerging markets. Germany is the only eurozone country where the IMF forecasts a fall in gross domestic product of 0.5 percent for 2023. Compared to other eurozone members (0.7 percent) and G20 countries, Germany is the poorest performer in terms of economic growth.

In October, inflation in the eurozone dipped provisionally to 2.9 percent. In Germany the keenly monitored core inflation figure, in other words inflation excluding energy and other products exposed to sharp fluctuations, is prospectively just above EU levels at 4.3 percent. The price index for food is also showing a downward trend but the October figure of 6.1 percent is still persistently high.

Consumer sentiment in Germany currently reveals a mixed picture. The general situation is that over-the-counter trade has been recovering throughout the year. In-person business leads the way with rising footfall, contrasting with declining customer numbers for online business. Falling inflation moreover means consumers enjoy the prospect of rising income but the uncertainty surrounding the energy market, tighter monetary policies, the ailing global economy and geopolitical risks are all undermining a rapid recovery for the German economy. Specifically the ongoing geopolitical conflict in the Middle East has led to increased price and volatility risks for the energy market, which could adversely impact consumers especially through higher fuel and heating oil prices.

The Federal Ministry for Economic Affairs believes the German economy has passed the nadir after a weak phase in the third quarter and expects a moderate recovery until the turn of 2023/2024. In the assessment of the Federal Ministry of Economic Affairs, economic growth should be stimulated especially by consumer spending.

NOTES ON BUSINESS DEVELOPMENT

FINANCIAL PERFORMANCE

Over the period from 1 January to 30 September 2023, the group posted sales of € 457.6 million, down 0.6 percent on the prior-year level. The Retail and B2B segments developed positively, while the e-commerce segment was down on the prior-year level. The growth of the B2B segment – of around 6 percent year on year – was largely attributable to the consolidation of Global Wines and Spirits, Czech Republic (M&A effect: € 11.2 million). The Retail segment recorded a 2.8 percent rise in sales revenues compared with the previous year and benefited from a positive trend in footfall plus the addition of new outlets. On the other hand sales revenues for e-commerce fell by nearly 9 percent mainly due to weak consumer demand. The e-commerce segment succeeded in limiting the decline in sales in the third quarter and expects to see sales stabilise in the fourth quarter.

All three segments saw a year-on-year increase in the average price per bottle, which had a positive effect on sales performance and gross profit. The realising of synergy potentials also produced a stable cost trend overall. However the noticeable drop in sales in e-commerce meant it was not possible to compensate fully for these effects.

The operating result (adj. EBIT) comes to € 18.6 million (previous year: € 20.6 million). The decline in EBIT was kept steady compared to the preceding two quarters, though sales were lower. This achievement is down to consistent cost savings despite the lower volume of sales. The difference compared with the previous year is mainly due to the first quarter, which in 2022 still featured elevated at-home consumption and a lower rate of inflation.

The decline in EBIT is attributable to various effects. First, the ailing market conditions especially in the home market Germany led to a slower recovery in consumer behaviour. Particularly in the e-commerce segment this had a negative impact on the sales performance, which went hand in hand with a high pressure of costs at the expense of profitability. Also, the Retail segment experienced increased IT costs, higher rental and leasing costs due to rental index adjustments and general increases in costs mirroring the rise in inflation.

The operating EBIT margin for the group is 4.1 percent (previous year: 4.5 percent).

The slower turnaround at WEIN&CO due to the economic backdrop and persistently high interest rates necessitated a goodwill write-off of up to € 8.2 million in the third quarter; this was adjusted within the operating result. At the start of the year the Board of Management also anticipated restructuring costs running into the low single-digit millions. € 0.8 million has been incurred to date. The fourth quarter is expected to bring an additional amount of up to € 1 million. Reported EBIT at 30 September 2023 amounts to € 9.6 million (previous year: € 22.5 million)

SALES, INCOME AND EXPENSES € '000	01/01- 30/092023	01/01- 30/092022	Change	
			abs.	rel.
Sales revenues	457.645	460.259	-2.614	-0,6 %
Cost of materials	256.207	257.296	-1.089	-0,4 %
GROSS PROFIT	201.438	202.963	-1.525	-0,8 %
Other operating income	14.257	13.061	1.196	9,2 %
Personnel expenses	56.669	54.723	1.946	3,6 %
Depreciation and amortisation	17.565	16.642	923	5,5 %
Advertising expenses	32.159	35.409	-3.250	-9,2 %
Expenses for commissions	31.750	30.672	1.078	3,5 %
Expenses for freight and logistics	27.984	28.987	-1.003	-3,5 %
Sundry other operating expenses	30.956	28.993	1.963	6,8 %
ADJUSTED OPERATING RESULT (ADJUSTED EBIT)	18.612	20.598	-1.986	-9,6 %

Gross profit amounts to around € 201 million and has therefore fallen in line with sales. All segments were able to improve their gross margins after implementing price increases, correspondingly cushioning the downturn in sales in the e-commerce segment. In a different approach, changes to the sales mix in the B2B segment had a compensating effect. The gross profit ratio is 44.0 percent (previous year: 44.1 percent).

Other operating income of € 14.3 million (previous year: € 13.1 million) mainly comprises rental and lease income of the Jacques' partners. The increase of 9 percent was mainly attributable to the sale of a facility to the municipality of Tornesch for around € 0.7 million that had led to expenditure in connection with the warehouse expansion but has now been compensated for. Personnel expenses rose by € 1.9 million to € 56.7 million compared with the prior-year period and represented 12.4 percent of sales (previous year: 11.9 percent). The first-time consolidation of Global Wines and Spirits played a part in this. After adjustment for the Global Wines and Spirits unit, personnel expenses were reduced by 1.4 percent.

The remaining expense items and sundry other operating expenses developed as follows compared with the prior-year period: significant savings were achieved within advertising expenses especially in e-commerce, which explains why this item is € 3.3 million down on the prior-year level. The advertising costs ratio therefore equally fell from 7.7 percent to 7.0 percent. Because of the high relevance of acquiring new customers for future business in e-commerce, advertising expenses were adjusted flexibly in line with consumer sentiment to achieve maximum advertising efficiency. For that reason, there were no fundamental or sweeping cuts to the budget.

Expenses for commissions rose by € 1.1 million, reflecting the higher sales shares of the Retail and B2B segments. On the other hand expenses for freight and logistics declined due to lower e-commerce sales. Increased efficiency for logistics as well as lower paper and diesel prices moreover aided the fall in logistics costs.

Other costs mainly comprise travel costs, IT costs and expenses for premises and tastings and went up year on year by 7 percent due to activity and inflation.

€ '000	01/01- 30/09/2023	01/01- 30/09/2022
RESULT FROM OPERATIONS (ADJUSTED EBIT)	18.612	20.598
Goodwill impairment	-8.197	0
Restructuring expenses	-818	0
Reversal of provision for litigation	0	2.063
Other adjustments	-37	-137
RESULT FROM OPERATIONS (REPORTED EBIT)	9.560	22.524

The financial result for the period under review of € -4.8 million is some € 7.2 million down on the previous year; it comprises mainly interest paid for borrowed capital (€ 1.4 million) and for the financing of leases (€ 3.4 million).

In the previous year, this item still included non-recurring income of € 4.5 million from Global Wines and Spirits, which was accounted for using the equity method until 30 June 2023. However the change in interest rates is the key driver of the poorer financial result.

The tax expense was € 1.5 million (previous year: € 7.9 million), representing an effective tax rate of 31.8 per cent.

The consolidated net income attributable to the shareholders of Hawesko Holding came to € 2.9 million (previous year: € 16.6 million). This accordingly produced earnings per share of € 0.32 (previous year: € 1.84). The calculation was based on the total of 8,983,403 shares (unchanged from previous year).

NET WORTH

ASSETS € '000	30/09/2023	30/09/2022	Changes	
			abs.	rel.
Cash in banking accounts and cash on hand	17.198	14.509	2.689	18,5 %
Trade receivables	33.685	33.966	-281	-0,8 %
Inventories and advance payments for inventories	148.699	156.492	-7.793	-5,0 %
Fixed assets	211.165	202.696	8.469	4,2 %
Other assets	28.198	22.840	5.358	23,5 %
TOTAL ASSETS	438.945	430.503	8.442	2,0 %

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

The balance sheet total at 30 September 2023 came to € 438.9 million and is therefore € 8.4 million or 2.0 percent up on the prior-year level.

Fixed assets climbed € 8.5 million. The increase in fixed assets is largely attributable to the expansion of the e-commerce logistics centre in Tornesch (€ +20.2 million). The contrary effect from the write-off of the goodwill of WEIN&CO in the amount of € 8.2 million led to a decline in intangible assets. While trade receivables remained largely unchanged from the previous year, cash in banking accounts and cash on hand (€ +2.7 million) as well as other assets (€ +5.4 million) were up on the previous year. On the other hand inventories went down € -7.8 million.

The fall in inventories was driven primarily by thorough stock management across all units. Greater flexibility in order management at suppliers also meant stock levels could be reduced.

CHANGES COMPARED WITH THE REPORTING DATE OF 31 DECEMBER 2022

The balance sheet total was € 2.6 million higher at the reporting date compared with the year-end reporting date of 31 December 2022 (€ 433.7 million). Inventories showed a rise of € 20.4 million. Trade receivables declined by € 15.2 million. Because of the highly seasonal nature of the business model, inventories normally reach their lowest level in December and trade receivables correspondingly their high point. Cash in banks declined especially due to the payment of the dividend in June 2023.

EQUITY AND LIABILITIES € '000	30/09/2023	30/09/2022	Changes	
			abs.	rel.
Financial liabilities	78.299	59.323	18.976	32 %
Lease liabilities	131.623	131.670	-47	0 %
Trade payables	53.164	48.908	4.256	9 %
Other liabilities	54.468	62.900	-8.432	-13 %
Equity	121.391	127.702	-6.311	-5 %
TOTAL EQUITY AND LIABILITIES	438.945	430.503	8.442	2 %

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

The financial debt mainly comprises loans raised and short-term credit facilities utilised. There is one long-term loan of approx. € 14 million (previous year: approx. € 0.5 million) for the new logistics centre as well as long and short-term loan liabilities totalling € 11 million (previous year: € 16.5 million) for past M&A activities. This meant the loan for the expansion of the e-commerce logistics centre in particular was drawn on further in the financial year in progress. Lease liabilities remained fairly steady compared with the previous year.

Trade payables showed a moderate rise compared to 30 September 2022.

Other liabilities consist comprise income tax and sales tax liabilities, contractual liabilities as well as provisions and liabilities to minority interests. The fall of € -8.4 million is attributable mainly to lower income taxes payable.

CHANGES COMPARED WITH THE REPORTING DATE OF 31 DECEMBER 2022

The balance sheet total of € 438.9 million as of 30 September 2023 is € 2.6 million above the year-end level at 31 December 2022. The € 54.3 million rise in financial debt due to the expansion of the e-commerce warehouse was offset by the decline in trade payables (€ -55.2 million) and the fall in contractual liabilities (€ -5.5 million). Liabilities typically peak each year on 31 December.

DEVELOPMENT IN WORKING CAPITAL

WORKING CAPITAL € '000	30/09/2023	30/09/2022	Changes	
			abs.	rel.
Inventories	135.686	143.406	-7.720	-5,4%
Trade receivables	33.685	33.966	-281	-0,8%
Other current receivables and advance payments	31.526	23.893	7.634	32,0%
Less trade and payables and contractual liabilities	74.748	70.742	4.006	5,7%
Less other current liabilities	25.955	33.432	-7.477	-22,4%
OPERATING WORKING CAPITAL	100.195	97.091	3.104	3,2%
Cash in banking accounts and cash on hand	17.198	14.509	2.688	18,5%
Less current financial and lease liabilities	70.280	61.736	8.545	13,8%
WORKING CAPITAL	47.112	49.865	-2.753	-5,5%

At 30 September 2023 the operating working capital came to € 100.2 million, an increase of € 3.1 million compared with the prior-year reporting date. The 32.0 percent rise in other current receivables and advance payments is matched in full by the 22.4 percent decline in other current liabilities. The changes are the result of reduced income tax liabilities as well as increased advance tax payments and sales tax assets which had been assessed on the basis of the healthier earnings situation and much higher volume of business in the years of the coronavirus pandemic.

The 5.4 percent fall in inventories was in turn counterbalanced by the 5.7 percent rise in trade payables and therefore resulted in only a minor increase in operating working capital at 30 September 2023 compared with the previous year.

Working capital was financed from higher bank balances year on year, with additional current loans of € 8.2 million raised at the third-quarter reporting date compared with the previous year. This amounts to a fall of € 2.8 million in working capital.

FINANCIAL POSITION

CONSOLIDATED CASH FLOW € '000	01/01- 30/092023	01/01- 30/092022	Changes	
			abs.	rel.
Cash flow from current operations	-16.689	-23.658	6.969	-29 %
Cash flow from investing activities	-18.590	-9.697	-8.893	92 %
Less balance of interest paid	-4.767	-3.100	-1.667	54 %
FREE CASH FLOW	-40.046	-36.455	-3.591	10 %

The cash flow from current operations for the Hawesko Group came to € -16.7 million for the third quarter (previous year: € -23.7 million) and is consequently above the cash flow for the reference period. This is despite the weaker result due especially to the lower rise (change from 31 December 2022 to 30 September 2023) in inventories and the milder fall (change from 31 December 2022 to 30 September 2023) in liabilities compared to the previous year's changes. Conversely the increased income tax payments had a negative impact on cash flow.

The cash flow from investing activities came to € -18.6 million at 30 September 2023 and mainly comprises capital investment in the warehouse expansion for the e-commerce logistics centre in Tornesch.

Overall, € 4.8 million was spent on interest in the first nine months. Of this total, € 1.4 million (previous year: € 460 thousand) went on the intrayear financing of working capital. The balance of € 3.4 million (previous year: € 2.6 million) was for the component of rental/lease payments for offices and retail outlets classified as interest according to IFRS 16. Applying IFRS 16, most tenancy agreements equate in accounting terms to purchase agreements with full credit financing.

The free cash flow came to € -40.0 million, compared to € -36.5 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. At 30 September 2023 the free cash flow, alongside the effect of the operating result, was therefore impacted substantially by the change in inventories, the investment in the e-commerce warehouse and the income tax payments. In historical terms, a negative free cash flow in the first nine months of the financial year fittingly reflects the Hawesko Group's business model because inventories are built up into the autumn in anticipation of Christmas business and sales are lower than in the final quarter of the year due to seasonal factors.

INVESTMENT ANALYSIS

The first nine months of the year show a cash flow from investing activities in the amount of € 18.6 million (previous year: € 9.7 million). Of this sum, there was capital expenditure of € 2.8 million on intangible assets (previous year: € 3.7 million). This spending was mainly for digitalisation projects and the development of the marketplace at Hawesko. In addition, approx. € 14.0 million was invested in the warehouse expansion in e-commerce and € 1.5 million (previous year: € 1.3 million) in the modernisation and expansion of retail outlets and shops. Conversely there were liquidity inflows amounting to € 0.2 million (previous year: € 5.0 million).

BUSINESS PERFORMANCE BY SEGMENT

DEVELOPMENT BY SEGMENT € '000	1st quarter		2nd quarter		3rd quarter		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
RETAIL SEGMENT								
External sales	50.615	48.491	55.237	54.616	52.476	51.019	158.328	154.126
Adjusted EBIT	3.147	2.726	4.418	4.948	3.543	3.346	11.108	11.020
Adjusted EBIT margin	6,2%	5,6%	8,0%	9,1%	6,8%	6,6%	7,0 %	7,1 %
B2B SEGMENT								
External sales	47.952	40.816	50.525	46.599	45.138	47.787	143.616	135.202
Adjusted EBIT	1.665	1.422	3.115	2.514	1.412	1.886	6.192	5.822
Adjusted EBIT margin	3,5%	3,5%	6,2%	5,4%	3,1%	3,9%	4,3 %	4,3 %
E-COMMERCE SEGMENT								
External sales	54.551	60.235	55.353	61.262	45.797	49.445	155.701	170.942
Adjusted EBIT	2.747	4.821	1.724	2.562	1.708	1.754	6.179	9.137
Adjusted EBIT margin	5,0%	8,0%	3,1%	4,2%	3,7%	3,5%	4,0 %	5,3 %

Sales in the Retail segment (Jacques' and WEIN&CO) for the period under review reached € 158.3 million, 2.7 percent up on the previous year (€ 154.1 million). Sales increased year on year in all quarters, thanks especially to higher traffic at the Jacques' retail outlets. WEIN&CO. generates a much higher proportion of its sales via e-commerce and is therefore suffering from the sector-wide decline in sales. Both units kept their adjusted EBIT at a steady level at the end of the third quarter compared with the previous year but the adjusted EBIT margin slipped from its second-quarter level.

The B2B segment is benefiting from the full consolidation of Global Wines and Spirits but the shift in market conditions meant it was unable to maintain sales and earnings at the levels of previous quarters. Including after adjustment for the acquisition, sales and earnings were down year on year.

In an ailing market, the e-commerce segment was unable to halt the negative trend in the third quarter and its sales remained 7 percent below the prior-year level. By adjusting marketing measures in line with consumer sentiment to realise substantial cost savings, the downturn in the EBIT margin was held in check in the third quarter and is therefore below the prior-year level.

OPPORTUNITIES AND RISKS REPORT

The risk profile of Hawesko Holding SE and its opportunities have not changed compared with the presentation in the Annual Report 2022.

REPORT ON EXPECTED DEVELOPMENTS

The forecast of the Hawesko Board of Management for financial year 2023 has changed from that presented in Annual Report 2022. The economic situation in Germany has not featured the expected recovery; consumer demand, which dictates the fortunes of the Hawesko Group, failed to recover due to persistently low consumer confidence. The Hawesko Board of Management concludes that the business performance up until 30 September 2023 is not in line with its expectations. The planned increases in sales and margins were not achieved.

The Board of Management of the Hawesko Group expects business for the fourth quarter of 2023 to be on a par with the previous year due to continuing inflation and still-muted consumer sentiment. Against this backdrop, the Board of Management is prompted to adjust its forecast to a development in sales of up to minus 3 percent for the group in financial year 2023 and an operating result after adjustment for restructuring costs of € 32 to € 35 million. The slight growth in B2B expected will not compensate fully for the expected downturn in the e-commerce segment. 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 range of € 9 to € 12 million for 2023, reflecting the influence of higher costs due to inflation and the costs for the expansion of the e-commerce warehouse. It moreover expects ROCE of 14 to 18 percent for 2023.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At the start of October 2023 the Hawesko Group announced the strategic partnership with the Dunker Group in the Baltics, in which connection it is acquiring 50 percent of the shares of Dunker Group OÜ. This extends the international activities of the Hawesko Group and signals its entry into the Baltic market.

Dunker Group OÜ and its subsidiaries, with sales approaching € 80 million, is one of the leading wine distributors in the Baltic States and has around 200 employees. Dunker has previously been led by the partnership of shareholders Andres Villomann and Arvo Kask (each 50 percent). The latter is selling his shares to the Hawesko Group and will step back from executive management.

Following the acquisition of the Czech business Global Wines & Spirits last year, the partnership with Dunker represents another important step for the Hawesko Group towards tapping the emerging Eastern European market.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

€ '000	01/01- 30/09/2023	01/01- 30/09/2022
SALES REVENUES FROM CONTRACTS WITH CUSTOMERS	457.645	460.259
Other production for own assets capitalised	35	134
Other operating income	14.237	14.990
Cost of purchased goods	-256.207	-257.296
Personnel expenses	-57.300	-54.723
Depreciation/amortisation and impairment	-25.761	-16.642
Other operating expenses and other taxes	-123.089	-124.198
Of which impairment losses from financial assets	0	5
RESULT FROM OPERATIONS (EBIT)	9.560	22.524
Financial result	-4.809	2.391
Interest income/expense	-4.729	-3.003
Other financial result	-80	4.571
Impairment of financial assets	0	0
Income from investments accounted for using the equity method	0	823
Earnings before taxes	4.751	24.915
Taxes on income and deferred tax	-1.511	-7.923
CONSOLIDATED NET INCOME	3.240	16.992
of which attributable	0	0
- to the shareholders of Hawesko Holding SE	2.890	16.559
- to non-controlling interests	350	433
Earnings per share (€, basic = diluted)	0,32	1,84
Average number of shares in circulation (thousand units, basic = diluted)	8.983	8.983

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2023

€ '000	30/09/2023	31/12/2022	30/09/2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	56.173	65.706	65.780
Property, plant and equipment (including lease assets)	154.992	142.505	136.916
Investments accounted for using the equity method	0	0	0
Inventories, advance payments for inventories	1.532	2.336	553
Receivables and other financial assets	4.626	4.696	4.607
Deferred tax	5.058	4.498	7.427
	222.381	219.741	215.283
CURRENT ASSETS			
Inventories, advance payments for inventories	147.167	125.903	155.939
Trade receivables	33.685	48.948	33.966
Receivables and other financial assets	1.886	3.464	1.825
Other non-financial assets	7.565	3.789	7.664
Accounts receivable from taxes on income	9.063	1.385	1.317
Cash in banking accounts and cash on hand	17.198	30.459	14.509
	216.564	213.948	215.220
	438.945	433.689	430.503

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2023

€ '000	30/09/2023	31/12/2022	30/09/2022
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital of Hawesko Holding SE	13.709	13.709	13.709
Capital reserve	10.061	10.061	10.061
Retained earnings	91.866	106.045	100.839
Other reserves	1.567	1.666	561
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING SE	117.203	131.481	125.170
Non-controlling interests	4.188	4.124	2.532
	121.391	135.605	127.702
LONG-TERM PROVISIONS AND LIABILITIES			
Provisions for pensions	756	756	1.056
Other long-term provisions	1.306	1.741	1.657
Borrowings	21.240	12.013	10.478
Lease liabilities	118.402	118.569	118.779
Contract liabilities	4.489	3.064	4.197
Other financial liabilities	1	9	1
Other non-financial liabilities	376	376	339
Deferred tax	4.490	4.761	4.582
	151.060	141.289	141.089
CURRENT LIABILITIES			
Borrowings	57.059	11.976	48.845
Lease liabilities	13.221	13.424	12.891
Trade payables	53.164	62.339	48.908
Contract liabilities	17.095	21.276	17.636
Income taxes payable	941	11.789	11.410
Other short-term provisions	0	200	200
Other financial liabilities	10.367	13.561	7.291
Other non-financial liabilities	14.647	22.230	14.531
	166.494	156.795	161.712
	438.945	433.689	430.503

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

€ '000	01/01/ 30/09/2023	01/01/ 30/09/2022
Earnings before taxes	4.751	24.915
Depreciation and amortisation of fixed assets	25.761	16.642
Other non-cash expenses and income	758	-4.765
Interest result	4.729	3.003
Result from the disposal of fixed assets	-112	-48
Result from companies reported using the equity method	0	-378
Dividend payouts received from companies reported using the equity method	0	444
Change in inventories	-20.419	-27.203
Change in receivables and other assets	12.238	9.347
Change in provisions	-360	11
Change in liabilities (excluding borrowings)	-23.046	-36.512
Interest received	119	128
Taxes on income paid out	-21.108	-9.242
NET CASH OUTFLOW/INFLOW FROM CURRENT OPERATIONS	-16.689	-23.658
Outpayments for property, plant and equipment and for intangible assets	-18.757	-8.306
Inpayments from the disposal of intangible and property, plant and equipment	167	80
Outpayments for additions to group of consolidated companies	0	-6.396
Inpayment for financial assets held as investments	0	4.925
NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES	-18.590	-9.697
Outpayments for dividend	-17.068	-22.459
Outpayments for distributions to non-controlling interests	-271	0
Outpayment to NCI Forwards	0	-576
Outpayments for the acquisition of non-controlling interests and settlement of the liability from a forward contract with non-controlling interests	0	-4.074
Outpayments for the redemption of lease liabilities	-10.216	-9.949
Outpayments for the redempriion of borrowings	-5.241	-16.142
Inpayments for the raising of borrowings	59.552	51.125
Interest paid	-4.767	-3.100
OUTFLOW OF NET FUNDS FROM FINANCING ACTIVITIES	21.989	-5.175
Effects of exchange rate changes on cash (up to 3 months to maturity)	29	178
NET DECREASE/INCREASE IN FUNDS	-13.261	-38.352
Funds at start of period	30.459	52.861
FUNDS AT END OF PERIOD	17.198	14.509

SEGMENT INFORMATION BY REPORTING SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

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.

01/01-30/09/2023 €'000	Retail	B2B	e-Commerce	Miscel- laneous	Total	Reconciliation/ consolidation	Group, consolidated
SALES REVENUES	158.488	148.465	156.461	2.005	465.419	-7.774	457.645
External sales	158.328	143.616	155.701	0	457.645	0	457.645
Internal sales	160	4.849	760	2.005	7.774	-7.774	0
EBITDA	22.205	7.606	9.592	-4.091	35.312	9	35.321
DEPRECIATION AND AMORTISATION	-19.294	-2.111	-3.586	-770	-25.761	0	-25.761
EBIT	2.911	5.495	6.006	-4.861	9.551	9	9.560
FINANCIAL RESULT							-4.809
INCOME TAXES							-1.511
CONSOLIDATED EARNINGS							3.240
SEGMENT ASSETS	173.157	138.807	120.297	243.098	675.359	-236.414	438.945
SEGMENT DEBTS	162.605	94.983	84.493	70.533	412.614	-95.060	317.554
INVESTMENT	3.215	425	15.007	110	18.757	0	18.757

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

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
CWD	Grand Cru Select Distributionsgesellschaft mbH (previous: CWD Champagne- und Wein- Distributionsgesellschaft m.b.H.)	Bonn	B2B
GEWH	Global Eastern Wine Holding GmbH	Bonn	B2B
GWS	Global Wines & Spirits s.r.o.	Prague (Czech Republic)	B2B
Dunker	Dunker Group OÜ	Tallin (Estonia)	B2B
Globalwine	Globalwine AG	Zurich (Switzerland)	B2B
HAWESKO	Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	e-commerce
Hawesko Holding	Hawesko Holding SE	Hamburg	Miscellaneous
Hawesko Group	Hawesko Holding SE Group	Hamburg	
IWL	IWL Internationale Wein Logistik GmbH	Tornesch	e-commerce
Jacques'	Jacques' Wein-Depot Wein-Einzelhandel GmbH	Düsseldorf	Retail
Tesdorf	Tesdorf GmbH	Lübeck	e-commerce
The Wine Company	The Wine Company Hawesko GmbH	Hamburg	e-commerce
Vinos	Wein & Vinos GmbH	Berlin	e-commerce
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	Gelsenheim	e-commerce
WineCom	WineCom International Holding GmbH	Hamburg	e-commerce
WineTech	WineTech Commerce GmbH	Hamburg	Miscellaneous
WirWinzer	WirWinzer GmbH	Munich	e-commerce
WSB	Wein Service Bonn GmbH	Bonn	B2B

CALENDAR

Early February 2024:

Preliminary figures for financial year 2023

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