Hawesko Holding AG
Hamburg

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Quarterly financial report to 31 March 2017

Hamburg, 11 May 2017

Highlights
in € (millions)

	1st quarter 1.1.–31.3. 2017	1.1.–31.3. 2016	+/–
Consolidated sales	**109.7**	**104.8**	**+4.7%**
– organic, excluding acquisitions			*+1.2%*
Result from operations (EBIT)	**4.9**	**4.8**	**+1.3%**
Consolidated net income excluding non-controlling interests	**3.1**	**3.0**	**+2.2%**

Dear shareholders,
Dear friends of the Hawesko Group,

This report reviews the company's performance during the first quarter of fiscal year 2017. And it is a good one, as we can announce a sales increase of 4.7%. Our new omnichannel strategy with high rates of online growth made an important contribution to this achievement. EBIT remained at the level of the previous year – despite the investment in digitalisation, the accelerated expansion of the Group and the Easter business falling in the second quarter of the fiscal calendar.

The sales of our distance-selling brands and thus those of the digital segment rose by 1.6% during the first quarter, whereby the contributions of *WirWinzer* and *Wein & Vinos* were especially positive. *Jacques' Wein-Depot* (omnichannel segment) maintained its sales in the quarter under review. The B2B segment did particularly well, increasing sales by 11.8% in the first quarter, with a substantial contribution from our new acquisitions *WeinArt* and *Grand Cru Select*, which have been consolidated since the beginning of the year. But even excluding their performance, the segment grew by 4.8%.

The B2B segment was also frontrunner with its result from operations, increasing its EBIT nearly five-fold. Our B2B specialist for Italian wines in Germany, *Weinland Ariane Abayan*, played a key role in this. The EBIT of *Jacques'* as well as that of the digital brands were below those of the previous year due to the investments in the accelerated expansion at *Jacques'* and in the digital transformation of the distance-selling brands.

A lot has changed over the past year and a half. During this period we completed the transition of the management board. The new management team has swiftly repositioned the Hawesko Group, focusing it on stronger, profitable growth. The holding company is now an active umbrella company that strategically manages, controls, monitors and finances the Group companies. This gives greater freedom to the proven brands that have developed over time to exercise their strengths, namely expertise in wine and individualised approach to their targeted customers. The new structures are improving the transfer of knowledge and best practices throughout the Group. We have not only established the basic structures for this, but have also begun to implement them in concrete projects. These include the ongoing development of the omnichannel strategy, the acceleration of the expansion at *Jacques'*, the advancement of the digital transformation process at *Hawesko.de* and the integration of *WirWinzer, WeinArt* and *Grand Cru Select*. We are also pushing ahead with the merging of additional back-office functions. Particularly in the areas of corporate finance/accounting and logistics, we are currently in the process of improving our coordination throughout the Group and developing high-performance platforms. In the medium term, this will increase our efficiency and give us advantages in scaling business models.

In addition to the ongoing development of our portfolio, particularly in the area of digital concepts, we believe the fields of growth for the Hawesko Group are in expansion to foreign countries (primarily in Austria and Switzerland), in the fine wine market segment and, selectively, spirits. Accordingly, we are reviewing our activities for their suitability in this regard. Where appropriate, we will also expand our portfolio with targeted acquisitions.

Finally, we'd like to take a brief look at the current fiscal year 2017: This year we expect consolidated sales growth of approximately 5%, to which the acquisitions of *WirWinzer* and *WeinArt* should make a noticeable contribution. We expect the consolidated EBIT to be on the order of just over € 30 million, which corresponds to an unchanged EBIT margin – unchanged because of the investments in IT and organic expansion that we are pursuing in order to fully utilise the Group's potential for growth. With regard to the other important financial indicators such as the net result, return on capital employed and free cash flow, we likewise expect figures at the respective levels of the previous year.

Dear shareholders, as you can see, we are even more enthusiastic, ready for action and future-oriented than ever. With our spirit and concepts focused on growth, we want to continue to delight and inspire customers, business partners and you!

Best regards,

Thorsten Hermelink	*Alexander Borwitzky*	*Raimund Hackenberger*	*Nikolas von Haugwitz*	*Bernd G. Siebdrat*

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

In the first quarter of 2017, the general economic conditions in Europe were still characterized by a climate of uncertainty due to the lack of clarity regarding the intentions of the new American administration, the triggering of Brexit by the UK and the outcome of the French presidential election. The International Monetary Fund revised its expectations for the growth of the global economy in 2017 slightly upwards overall in its latest update issued in April. An increase of about 2.0% is now anticipated in the developed countries. The forecast for Germany is also slightly higher than before, predicting growth of 1.6%. The expectations of the German federal government are on a similar order of magnitude, with a 1.5% rise in GDP projected for in 2017 in the spring forecast. Seasonally adjusted, GDP growth is thus expected to be only slightly weaker than in the previous year. According to the federal government, the sustained rise in employment with strong wage increases will play a key role here.

The consumer climate in Germany was inconsistent at the beginning of the year. The Gesellschaft für Konsumforschung (GfK) initially reported a decline in consumer expectations despite the bright start to the new year. In the meantime, the mood has changed, and economic expectations are noticeably improving. The increasing optimism accompanied by continuing low inflation has led to income expectations rising once again from an already high level, so that the propensity to make purchases is rising as well. In the opinion of the GfK, the moderate upswing will continue to stabilize over the course of 2017. The good situation in the employment market is expected to contribute to this, and the majority of economic researchers believe that it will continue to improve.

BUSINESS PERFORMANCE

Financial performance

First quarter

In the period from January to March 2017, consolidated sales rose by 4.7% from € 104.8 million to € 109.7 million. Excluding the acquisitions *WirWinzer, WeinArt* and *Grand Cru Select,* the Hawesko Group achieved sales growth of 1.2%. In the quarter under review, sales developed in the individual brand units (business segments) as follows: in the omnichannel brand unit (*Jacques' Wein-Depot*), sales were on the level of the previous year at € 31.9 million. In the B2B brand unit (wholesale), sales rose from € 36.4 million in the same quarter of the previous year to € 40.7 million in the quarter under review, and in the digital brand unit (distance selling), this figure increased from € 36.5 million to € 37.0 million. The consolidated operating result (EBIT) amounted to € 4.9 million in the first quarter of 2017 (previous year: € 4.8 million), again a very high figure in long-term comparison. The EBIT margin thereby declined slightly from 4.6% in the previous year to 4.4% in the quarter under review.

Sales of the omnichannel brand unit (*Jacques' Wein-Depot*) remained at the level of the previous year. The reasons for this include the weather-related weakness in January sales as well as the shift of the Easter business to the second quarter. At the reference date at the end of the quarter, *Jacques'* was operating 298 depots, all of them in Germany (previous year: 293). On a like-for-like basis, sales declined by 1.4% compared to the first quarter of 2016, while the average sales receipt and customer frequency remained stable and the number of active customers rose once again. Due to higher costs for expansion, the segment EBIT declined from € 2.8 million to € 2.5 million.

With a sales increase of 11.8%, the B2B brand unit had a very successful first quarter. More than half of this rise was due to the initial consolidation (as of 1 January 2017) of *WeinArt* and *Grand Cru Select*; organic growth was 4.8%. The primary growth driver here was the subsidiary *Weinland Ariane Abayan* with its range of premium Italian wines. Other domestic business was stable, while foreign operations (Switzerland and Austria) developed well. The EBIT of the B2B brand units amounted to € 1.3 million, nearly quintupling compared to the same quarter of the previous year (0.3 million). Here as well, *Weinland Ariane Abayan* made the strongest contribution to the result.

The digital brand unit achieved growth of 1.6% thanks to the initial consolidation of *WirWinzer* (from 1 October 2016). Excluding *WirWinzer*, sales declined by 1.3% from the same quarter in the previous year, due primarily to the Easter business falling in the second quarter and the effects of this on *Hawesko.de*. Our subsidiary *Wein & Vinos,* which focuses on Spanish wines, posted a sales increase of 12.2%, while sales at *The Wine Company,* which serves the Swedish market, again reached the level of the previous year. Quarterly sales at *Carl Tesdorpf – Weinhandel zu Lübeck* declined by 11.6%. As of 31 March 2017, the number of active customers in the distance-selling segment increased both including and excluding *WirWinzer*. In the first quarter of 2017, the share of sales made via the Internet increased by 15.0% (9.2% excluding *WirWinzer*) compared to the same quarter in the previous year, thus accounting for 55% (54% excluding *WirWinzer*) of segment sales (previous year: 49%). EBIT for the brand unit declined to € 2.2 million (same quarter in the previous year: € 3.0 million). This was due primarily to the initial consolidation of the online marketplace *WirWinzer* which, with its characteristically rapid growth in the start-up phase, is not yet profitable, as well as to special offers and changes in the advertising sequence for the other brands. *Wein & Vinos* is an exception to this.

Consolidated gross profit rose by € 1.2 million to € 46.1 million in the first quarter, corresponding to a margin of 42.0% (previous year: 42.9%). The reduction of the trading margin resulted primarily from the increased share of sales in the B2B brand unit. Other operating income of € 5.0 million (same quarter in the previous year: € 4.2 million) consisted for the most part of rental and leasing income at *Jacques'* as well advertising allowances. Personnel expenses increased by € 1.1 million to €13.6 million in the first quarter, – of which € 0.5 million was allocable to newly acquired subsidiaries – and accounted for 12.4% of sales (previous year: 11.9%).

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	31.3.2017	31.3.2016
Advertising	8.6	8.7
Commissions to partners	7.9	7.9
Delivery costs	5.0	4.8
Rental and leasing	3.1	2.9
Other	6.1	5.9
	30.7	30.2

Advertising expenses at € 8.6 million remained at the level of the previous year (€ 8.7 million), accounting for 7.9% of sales (previous year: 8.3%). Expenditures for commissions did likewise (€ 7.9 million in the same quarter of the previous year as well as in the quarter under review), accounting for 7.2% of sales (previous year: 7.6%). Expenses for delivery increased to € 5.0 million (previous year: € 4.8 million), accounting for 4.5% of sales (previous year: 4.6%). Overall, other operating expenses and other taxes amounted to € 30.7 million (previous year: € 30.2 million), thus accounting for 28.0% of sales in the quarter under review, down slightly from 28.8% in the same quarter of the previous year.

The consolidated operating result (EBIT) in the first quarter of 2017 was € 4.9 million (previous year: € 4.8 million), once again a high figure in a long-term comparison. The EBIT margin was 4.4%, compared to 4.6% in the previous year. Corporate costs of € 1.1 million (same quarter in the previous year: € 1.3 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 amounted to € –0.1 million (previous year: likewise € –0.1 million). The result before taxes on income amounted to € 4.8 million (€ 4.7 million). The tax result is € –1.5 million, as in the previous year. Consolidated net income allocable to the shareholders of Hawesko Holding AG amounted to € 3.1 million (previous year: € 3.0 million). Earnings per share amounted to € 0.34, up from € 0.33 the year before. 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	31.03.2017		31.12.2016		31.03.2016	
Long-term assets	77.5	*34%*	73.4	*32%*	61.4	*31%*
Short-term assets	151.6	*66%*	157.9	*68%*	138.3	*69%*
Balance sheet total	229.1	*100%*	231.3	*100%*	199.8	*100%*
Liabilities and shareholders' equity						
Shareholders' equity	89.4	*39%*	94.4	*41%*	82.8	*41%*
Long-term provisions and liabilities	26.7	*12%*	26.0	*11%*	22.1	*11%*
Short-term liabilities	113.1	*49%*	110.9	*48%*	94.9	*48%*
Balance sheet total	229.1	*100%*	231.3	*100%*	199.8	*100%*

Changes since the reference date on 31 December 2016

The balance sheet total at 31 March 2017 was € 229.1 million, down slightly from the total at 31 December 2016 (€ 231.3 million). The initial consolidation of *WeinArt* and *Grand Cru Select* overshadowed the usually larger reduction corresponding to the business cycle at the quarterly reference date compared to the year-end reference date. While total long-term assets rose slightly, short-term assets were reduced by € 6.3 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 € 94.4 million at 31 December 2016 to € 89.4 million, due primarily to the reclassification of the funds for the proposed dividends as miscellaneous liabilities. Long-term provision and liabilities amounted to € 26.7 million and rose by € 0.7 million. Short-term liabilities rose by € 2.2 million to € 113.1 million.

Changes from the previous year's reference date 31 March 2016

Compared to the previous year's reference date (31 March 2016), the balance sheet total increased from € 199.8 million to € 229.1 million. From this standpoint as well, the initial consolidation of *WeinArt* and *Grand Cru Select* was noticeable primarily in the increase in inventories (€ 102.6 million compared to € 91.7 million at the reference date in the previous year). With regard to liabilities, the change in the balance sheet was related primarily to the item "Short-term borrowings" (€ 27.3 million compared to € 15.5 million at the reference date in the previous year).

The working capital requirement at 31 March 2017 increased in comparison to the reference date in the previous year, due primarily to higher inventories after the initial consolidation of *WeinArt* und *Grand Cru Select*.

Financial performance

Liquidity analysis

The cash flow from current operations for the Hawesko Group in the three-month period amounted to € –3.3 million, compared to € –6.3 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 € 4.4 million in the first three months of 2017 (same period in the previous year: € 1.8 million).

Consolidated cash flow in € millions, rounding differences are possible	1.1.– 31.03.2017	1.1.– 31.03.2016
Cash flow from current operations	–3.3	–6.3
Cash flow from investment activity	–4.4	–1.8
Cash flow from financing activities	3.2	3.4

Free cash flow amounted to € –7.8 million in the first quarter of 2017, compared to € –8.1 million in the same period of the previous year. It was calculated from the net outflow of payments from current operations (€ –3.3 million), less funds employed for investment activities (€ –4.4 million) and interest received and paid out (€ –0.1 million). Free cash flow excluding investments in acquisitional growth amounted to € –4.5 million in the quarter under review (previous year: € –8.1 million).

Investment analysis

In addition to investments in the acquisition of subsidiaries, investments were divided into those in intangible assets (€ 0.6 million; previous year: € 1.0 million), which were related primarily to software in the digital unit (distance selling), and those in tangible assets of € 0.6 million (previous year: € 0.8 million). The latter were related primarily to the expansion and modernisation of the depots in the omnichannel unit (*Jacques'*) as well as the investments for expansion and replacement equipment in the digital and B2B 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 2016 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

There were no significant changes in the forecast for fiscal year 2017 of the Hawesko management board compared to the situation described in the 2016 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 2017 are within expectations.

The management board of Hawesko Holding AG will continue to pursue sustainable, long-term and profitable growth. For fiscal year 2017 consolidated sales growth of approximately 5% is expected, whereby the acquisitions of *WirWinzer, WeinArt* and *Grand Cru Select* are included in this target. Consolidated EBIT is planned to be on the order of just over € 30 million. Consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of € 19–20 million (2016: € 18.5 million). The management board expects free cash flow to be in the range of € 16–18 million, while the ROCE is expected to be on the order of 2016 (21%). The management board will continue as accustomed to communicate its expectations and the outlook for the future in a timely manner in quarterly reports and the six-month report.

Hawesko Holding AG

Profit and loss statement for the first three months of 2017 (as per IFRS)

(in € millions, unaudited, rounding differences possible)	1.1.–31.3. 2017	1.1.–31.3. 2016
Sales revenues	**109.7**	**104.8**
Increase in finished goods inventories	0.0	0.0
Other production for own assets capitalized	0.2	0.1
Other operating income	5.0	4.2
Cost of purchased goods	–63.6	–59.9
Personnel expenses	–13.6	–12.5
Depreciation and amortization	–2.1	–1.8
Other operating expenses and other taxes	–30.7	–30.2
Result from operations (EBIT)	**4.9**	**4.8**
Financial result		
Interest earnings/expenditures	–0.0	–0.1
Other financial result	–0.2	–0.1
Income from long-term equity investments	0.1	0.0
Result before taxes on income	4.8	4.7
Taxes on income and deferred tax expenses	–1.5	–1.5
Consolidated net income	**3.3**	**3.2**
of which		
– shareholders' equity in Hawesko Holding AG	3.1	3.0
– allocable to non-controlling interests	0.2	0.2
Earnings per share (in €, undiluted = diluted)	0.34	0.33
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. 2017	1.1.–31.3. 2016
Consolidated net income	**3.3**	**3.2**
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	0.1	–0.0
Other comprehensive income	**0.1**	**–0.0**
Total comprehensive income	**3.3**	**3.2**
of which		
– shareholders' equity in Hawesko Holding AG	3.2	3.0
– 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)	31.3.2017	31.12.2016	31.3.2016
Assets			
Long-term assets			
Intangible assets	41.4	39.0	32.3
Tangible assets	20.4	20.9	20.7
Investments accounted for using the equity method	3.5	3.3	0.5
Other financial assets	0.2	0.2	0.2
Advance payments on stocks	8.5	6.3	4.8
Receivables and other assets	1.1	1.2	1.1
Deferred tax liabilities	2.4	2.5	1.8
	77.5	73.4	61.4
Short-term assets			
Inventories	102.6	91.0	91.7
Trade receivables	31.5	46.5	29.1
Receivables and other assets	4.3	4.0	4.0
Receivables from taxes on income	4.2	2.8	3.7
Cash in banking accounts and cash on hand	9.1	13.6	9.9
	151.6	157.9	138.3
	229.1	**231.3**	**199.8**
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	55.7	64.1	52.9
Other reserves	–0.1	–0.2	–0.2
Shareholders' equity in Hawesko Holding AG	**79.3**	**87.7**	**76.5**
Non-controlling interests	10.0	6.7	6.3
	89.4	**94.4**	**82.8**
Long-term provisions and liabilities			
Provisions for pensions	1.1	1.1	1.1
Other long-term provisions	0.8	0.8	1.7
Borrowings	0.8	0.9	1.2
Advances received	3.8	3.9	2.8
Other liabilities	17.3	17.1	14.6
Deferred tax liabilities	2.9	2.3	0.7
	26.7	26.0	22.1
Short-term provisions and liabilities			
Non-controlling interests in the capital of unincorporated subsidiaries	0.1	0.2	0.1
Borrowings	27.3	11.1	15.5
Advances received	5.4	5.2	4.2
Trade accounts payable	47.0	58.3	47.3
Income taxes payable	1.4	1.5	0.6
Other liabilities	31.9	34.6	27.2
	113.1	110.9	94.9
	229.1	**231.3**	**199.8**

HAWESKO
HOLDING AG

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–31.3. 2017	1.1.–31.3. 2016
Result before taxes on income	4.8	4.7
Depreciation and amortization of intangible and tangible assets tangible and intangible assets	2.1	1.8
Interest result	0.2	0.2
Result from the disposal of intangible and tangible assets	–0.0	–0.0
Income from companies reported at equity	–0.1	–0.0
Dividend payments received from investments	0.3	0.1
Change in inventories	–6.5	–1.0
Change in borrowings and other assets	17.2	16.9
Change in provisions	0.5	–0.2
Change in liabilities (excluding borrowings)	–20.2	–26.8
Taxes on income paid out	–1.6	–1.9
Net outflow of payments from current operations	**–3.3**	**–6.3**
Acquisition of subsidiaries net of funds acquired	–3.4	—
Outpayments for tangible and intangible assets Other assets	–1.2	–1.8
Inpayments from the disposal of financial assets intangible and tangible assets	0.1	0.0
Inpayments from the disposal of financial assets	—	0.0
Net funds employed for investing activities	**–4.4**	**–1.8**
Outpayments for dividends	—	—
Outpayments to non-controlling interests	—	—
Payment of finance lease liabilities	–0.0	–0.1
Change in short-term borrowings	3.3	3.6
Repayment of medium- and long-term borrowings	—	—
Interest received	0.1	0.0
Interest paid out	–0.2	–0.1
Inflow of net funds from financing activities	**3.2**	**3.4**
Effects of changes in foreign exchange rates on funds (period of up to three months)	0.0	0.0
Net decrease of funds	**–4.5**	**–4.6**
Funds at start of period	13.6	14.5
Funds at end of period	**9.1**	**9.9**

Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Other reserves			Ownership of interest of Hawesko Holding AG shareholders	Non-controlling interests	Total
				Balancing items from currency translation	Revaluation components of pension obligations	Reserve for cash flow hedge			
Status at 1 January 2016	13.7	10.1	61.6	0.0	–0.1	–0.0	85.2	6.2	91.3
Dividends	—	—	–11.7	—	—	—	–11.7	—	–11.7
Consolidated net income	—	—	3.0	—	—	—	3.0	0.2	3.2
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 2016	13.7	10.1	52.9	0.0	–0.1	–0.1	76.5	6.3	82.8
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

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

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**

1.1.–31.3.2016	Specialist retail[2]	Wholesale[2]	Distance selling[2]	Miscellaneous/ Consolidation	Group
External sales	**31.9**	**36.4**	**36.5**	**0.0**	**104.8**
Operating result (EBIT)	**2.8**	**0.3**	**3.0**	**–1.3**	**4.8**

(1) New designation (from 2017)
(2) Previous designation (until 2016)

Notes to the quarterly financial report to 31 March 2017

General principles: This 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 2017 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 statements for 2016.

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: Compared to the consolidated financial statements for 2016, the consolidated group of Hawesko Holding AG was enlarged to include *Weinart Handelsgesellschaft mbH*, Geisenheim, and *Grand Cru Select Weinhandelsgesellschaft mbH*, Rüdesheim.

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 2016. (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 72 to 74 in the 2016 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 2016:* The proposal will be made to the annual general meeting of shareholders on 19 June 2017 that the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,572,260.86 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 € 893,836.96 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) The following changes have occurred in the *composition* of the management board and the supervisory board to the date of the writing of this report: With effect from 1 March 2017, Raimund Hackenberger was appointed to the management board. (5) No changes have occurred in the composition of the 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 2016 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. 2017	1.1.–31.3. 2016
Employees (average during the period)	960	912
of which in newly acquired companies:	26	

Calendar:

Annual shareholders' meeting 2017	19 June 2017
Six-month report to 30 June 2017	2 August 2017
Nine-month report to 30 September 2017	7 November 2017
Preliminary report on fiscal year 2017	Early February 2018

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