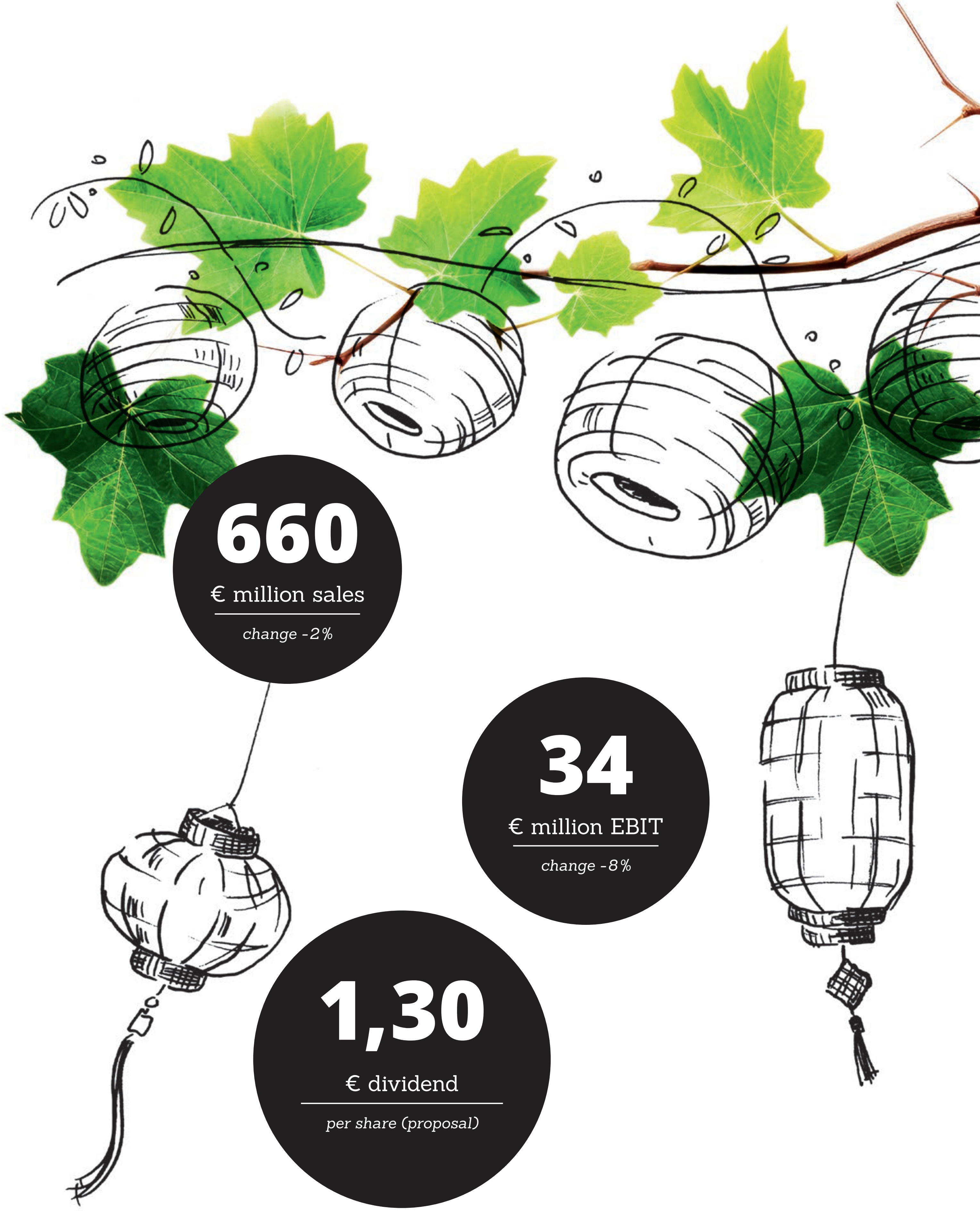
HAWESKO
HOLDING SE

ANNUAL REPORT 2023



660

€ million sales

change -2%

34

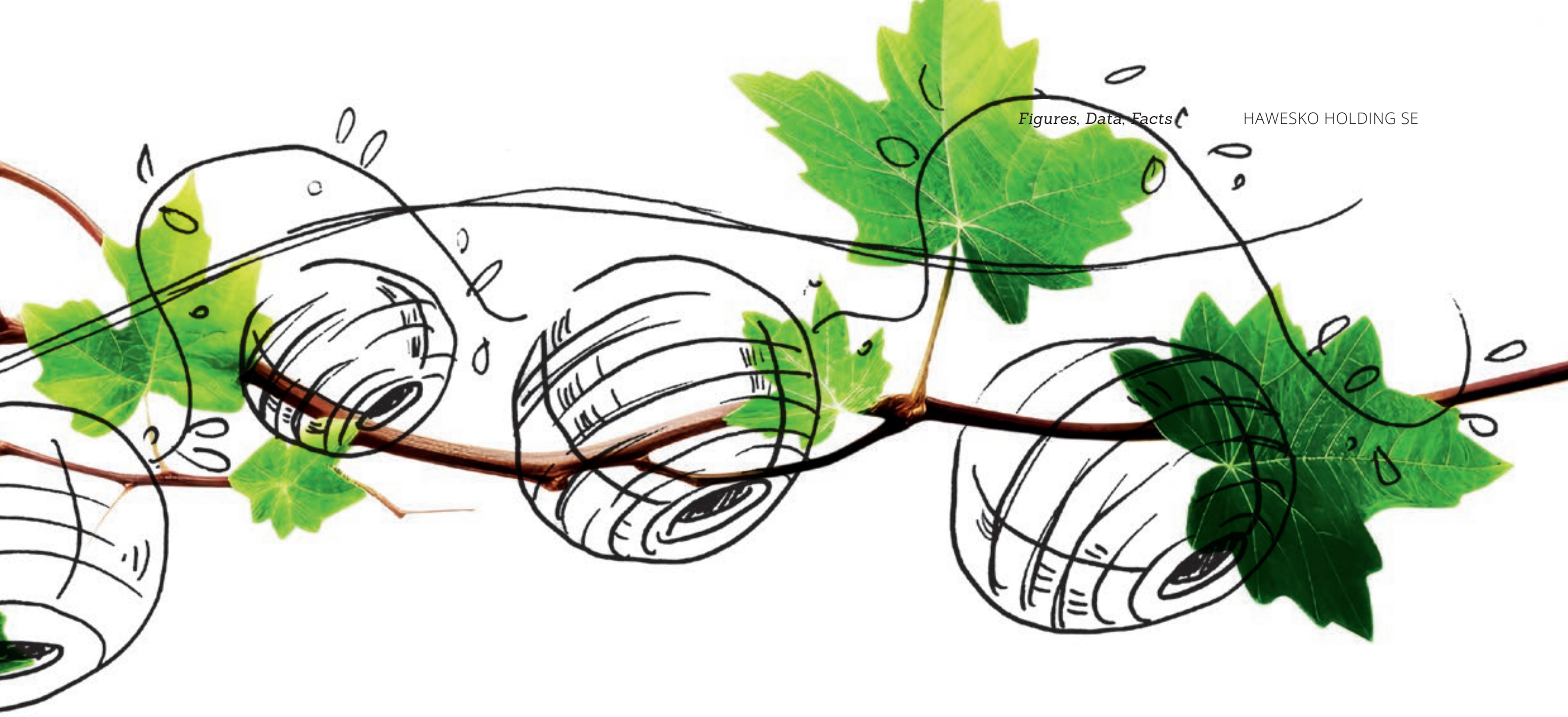
€ million EBIT

change -8%

1,30

€ dividend

per share (proposal)



AT A GLANCE

	E-COMMERCE	RETAIL	B2B
SALES (€ MILLION)	220	233	207
YEAR-ON-YEAR CHANGE	– 9 %	+ 2 %	+ 3 %
OPERATING RESULT (€ MILLION)	11	20	10

Riesling

TYPICAL AROMAS

peach • apricot • pineapple • citrus fruits • mineral tones • bunches of herbs

CONTENTS

We explicitly address everyone, regardless of which gender the person identifies with. For reasons of easier readability and simplification, we refrain from mentioning more than one gender in the following.

REVIEW & OUTLOOK – A WORD FROM THE BOARD OF MANAGEMENT

Dear Shareholders,
Dear Friends of the *Hawesko Group*,

We were able to impress our customers with our notable wine expertise and strong performance as a premium wine trader in the past financial year of 2023, despite the still-challenging market conditions. The *Hawesko Group* maintained sales at a very high level, underscoring our ambition to play a defining role in the European wine trade thanks to our critical mass.

The uncertainty in the global economy and above all high domestic inflation had already undermined economic development and consumer spending in Germany in the previous year. Sadly there were no signs of a much-needed trend reversal throughout the entire course of 2023. The German Wine Institute thus reported a year-on-year downturn in per capita wine consumption. Ultimately thanks to our ample portfolio of diverse business models across different segments, we are pleased to report that the *Hawesko Group* performed better than the market. While sales in the e-commerce segment declined slightly, the Retail and B2B areas both enjoyed sales growth, which consequently enabled the *Hawesko Group* to outstrip the performance of the market as a whole. A key factor is that we attach huge importance to fulfilling the wishes of our customers by listening to them and keeping our finger on the pulse of the world of wine. As a result we continue to be perceived as a highly attractive place to shop, with an exceptional range and outstanding service. That ultimately lets the customer wholeheartedly enjoy the extensive range of wines supplied by the *Hawesko Group*, whether at home, with friends or when dining out.

Our strong positioning is founded on the twin pillars of innovation and continuing development, irrespective of whether these processes are driven by our own initiatives or in close cooperation with the winemakers. We develop trends – or pick up on them – and collaborate with the winemakers in implementing them for new or established private label wines and exclusive products. We also identify what our customers prefer and want, and put our heart and soul into meeting those wishes. We then find contemporary, inspiring ways to present these concepts in our wide range of shops. Specifically our in-store tastings with expert advice, for instance at *Jacques'* with its explicit invitation to "Come in and taste" or our appearances at various events, prove effective at engaging our customers.

Our counterpart approach in e-commerce with the very extensive range – *HAWESKO* carries over 6,000 wines, for example – highlights our remarkable expertise in wine. Artificial intelligence enables us to provide personalised advice for our customers and propose suitable products. Both approaches to how we support the decision-making process, whether in-store or online, create high loyalty and help people identify with the *Hawesko Group*. Every day we are motivated by the ambition to create special moments to savour.

Amid all this, we *Hawesko Group* and our winemakers have had to adjust to further cost increases in almost every area of sourcing products and services. Even if this development had broadly been expected and could be built into our plans, it demanded a huge effort on the part of management to resist the pressure of costs and develop and implement ways of cushioning or compensating for it. We have exercised strict cost discipline, but also sought to increase internal productivity or ensure that price rises do not inhibit customer purchases and have therefore gone some way towards offsetting these effects. Huge commitment and a willingness to question the status quo and implement change have made possible these vital steps towards creating leaner processes in the future. Our systematic price adjustments, which have included restructuring the range, can be considered a success given that our customers display high price sensitivity.

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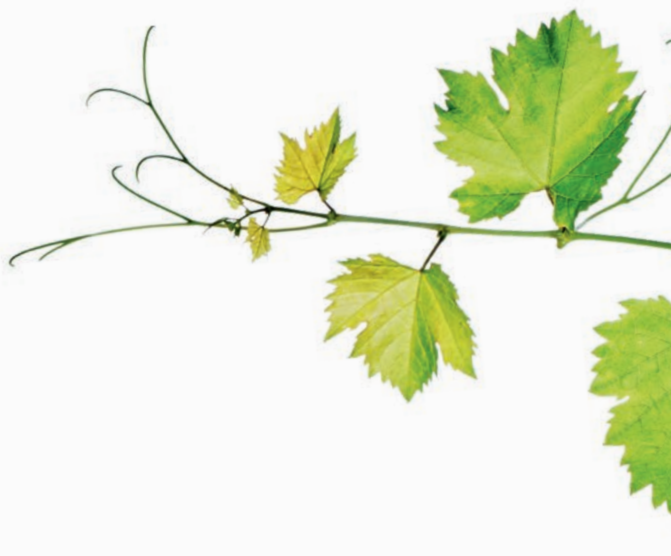
For 2024, we are not expecting any fundamental turnaround in the market conditions; we do not expect consumers of wine to show an increased inclination to buy, nor will the cost situation ease. At the same time, we nevertheless anticipate growth in sales and earnings. We are in a position to adjust readily to the prevailing economic situation and to let the passage of time work in our favour. To that end, we have drawn up and implemented measures for practically every area, from purchasing to sales. As well as paying particular care to how we select and present products, we are adopting leaner processes, making use of AI, increasing automation and steadily refining how we present the offering along every channel.

We also aim to build on our existing concepts and expand our market position. That encompasses everything from opening additional Retail outlets to stepping up our successful e-commerce activities. The launch of the *WirWinzer* concept as part of our expansion into further European countries now gives local winemakers the chance to offer their products in the countries in which we are already established. This has added a fresh dimension to our wide range of options for e-commerce. And 2024 will bring another highlight: campaigns at *Jacques'* and *HAWESKO* to mark their 50th and 60th anniversaries respectively are bound to delight our customers and lend extra momentum to our business development.

Amid all this, it is clear to us that our group of companies can only succeed if it operates in tandem with its various partners in a way that brings added value – starting with our customers and the winemakers. Above all, we acknowledge our employees as our most precious asset. With their immense passion, deep commitment, unique expertise and sheer professionalism, they are able to serve the wider interests of people, the natural world and the environment in our sphere of influence and activity, and do so with responsibility. Ultimately that is the only way we will meet our own expectations and achieve the standards of sustainability and long-term orientation that serve as our benchmark. Going forward, we therefore want to remain an approachable group of companies that is relatable for our customers and partners, nurtures a culture of personal contact and offers excellent wine expertise. We will continue to actively shape the premium wine trade in Europe and be a leading player. Further potential corporate acquisitions will also bolster our market position. In 2023, we for example acquired a 50 percent stake in the Eastern European *Dunker Group* in Estonia, Lithuania and Latvia. Major capital expenditure on the expansion and modernisation of our e-commerce logistics will also give us an edge, going forward.

Even in these exceptional times we want you, our shareholders, to participate suitably in our corporate success. At the same time we are focusing on creating the best possible basis for our company to operate just as effectively in the market. We and the Supervisory Board therefore propose a dividend of €1.30 per share. This reduction in the dividend compared with the previous year reflects the economic situation and gives us future scope to remain a self-sufficient market operator that is ahead of the curve.



We would like to thank you, our employees, and also our agency partners for demonstrating their commitment to *Jacques'* and their clientele on a daily basis in all their personal interactions. Thank you to all the winemakers who have continued to entrust their exclusive products to us, and to all partners who have provided us with their valued services. Last but not least, we should thank our many loyal customers.

We look forward to shaping the future development of the *Hawesko Group* with you at our side, and to extending our leading market position.

The Board of Management

Thorsten Hermelink, Alexander Borwitzky,
Hendrik Schneider

Chardonnay

TYPICAL AROMAS

pineapple • grapefruit • vanilla • hazelnut • roast aromas • gooseberry
caramel • apple • papaya • lemon • star fruit

HAWESKO HOLDING SE – NO. 1 IN EUROPE FOR PREMIUM WINES

The *Hawesko Group* is Germany's biggest trading company for high-quality wines and champagnes and one of the world's leading wine suppliers. We bring together enterprising premium formats, each of which has its own clear profile and an established market position.

We bring together a network of independent companies as a group under the three segments e-commerce, Retail and B2B, enabling us to offer a single portfolio that covers all sales channels. We consequently always have a presence precisely where our customers are minded to look for the right wines to enjoy at life's special moments – with a local, customer-focused emphasis. That is something all the companies of the *Hawesko Group* achieve to an admirable degree; in doing so they play a crucial role in making us Germany's premium and luxury-segment market leader with around a 25 percent share of the market – and Europe's No. 1 premium wine trader.

Putting the customer at the heart of all our decisions and actions – that is the fundamental principle of the *Hawesko Group*. Whether operating out of a garage in Hamburg in 1964 or from a rough-and-ready shop in Düsseldorf in 1974, we have always remained true to this idea. It still remains the very basis of our success today. With our deep roots in the world of wines, we offer exceptional expertise at every level. The closeness and sense of partnership with the winemakers that has been built up over many years puts us at a unique advantage. As indeed do our teams of wine experts, who spot trends sooner than others and come up with the perfect response. Last but not least, our group benefits from decades of experience and data-based knowledge of what our customers want.

All these factors help us achieve our overriding goal: to carve out a competitive advantage by offering exclusive products and targeting customers in a differentiated manner. Our reward? Commercial success and a high level of satisfaction among our clientele.

With this business model, we have become Europe's No. 1 trader of premium wine and continue to build on this position with our relish for innovation.

E-COMMERCE

The trend towards a convenient shopping experience from home continues, including in the wine sector: around 40 percent* of all premium-end wines are already bought online.

We are excellently positioned online with our e-commerce companies, and as Germany's biggest online retailer with sales of €220 million we have very good coverage of the relevant markets and customer segments. It helps that we know the individual requirements and demands of our customers, in conjunction with our taste algorithm, our powerful, scalable digital commerce platform and our carefully targeted marketing campaigns. The use of AI technologies enables us to handle processes more efficiently and with better outcomes for the customer. So however impersonal e-commerce may seem, we are actually very close to our clientele, who we can impress with an extraordinarily diverse product range of over 50,000 different wines, an excellent knowledge of wine and a delightful succession of new wines that taste sensationally good.

Our six companies in this segment operate under a variety of formats and are the embodiment of choice and quality in the world of wine. Each of our formats has its own unique strategy and emphasis, and each one is a dependable supplier of premium wines in its specific market. In combination, they represent a strong unit that is able to serve a broad spectrum of around one million customers. Whether connoisseurs, bons vivants or novices, people who appreciate wine will find precisely the right products here. This diversification ensures everyone can make the most of their own personal wine experience.

Thanks to our companies' passion and expertise, wine lovers can easily discover their favourite wines and order them conveniently online. *HAWESKO* was among the first in the wine market to create an app to make the mobile shopping experience even more efficient. We offer our customers exclusive products and attractive deals and events for an enhanced shopping experience. Just a few months ago, *HAWESKO* specifically expanded its range with a marketplace concept. To date, 1,000 carefully selected wines have been added to the range. The goal for 2024 is to put another 5,000 top products on the marketplace. In the future, people looking for wine online will increasingly find we – and in some cases only we – have what they want. That will increase our visibility in search engines and secure our market lead. As well as online and through in-app purchasing of wine, our customers are enthusiastically taking up the option to consult our wine experts by phone for advice. High logistical requirements and steady growth in orders and shipments prompted us to invest in a new logistics centre. We are now able to deliver over 3,000,000 consignments punctually and damage-free to the designated recipient.

We are proud of our reputation as a leading e-commerce vendor and of our consistently superb quality and excellent service. They inspire people to trust our formats when shopping for wine – because they know they will not only receive top-class products, but also be served by experts who share their passion for premium wines.

COMPANIES IN THE SEGMENT

HAWESKO
TESDORPF
THE WINE COMPANY
WEINART
WEIN & VINOS
WIRWINZER

**Hawesko Group estimate*

Cabernet Sauvignon

TYPICAL AROMAS

blackcurrant • woodiness • coffee beans • eucalyptus • blackberry
black cherry • mint • graphite • dark chocolate

Pinot Gris

TYPICAL AROMAS

ripe honeydew melon • salad burnet • vanilla • almond • hazelnut • apple • pear • citrus fruits

RETAIL

For very many of our customers, buying wine in-person is a special experience.

Our Retail formats *Jacques'* and *Wein & Co.* are the leading wine-shop retailers in Germany and Austria. They serve up a unique shopping experience that appeals to all the senses. Our employees and retail partners are renowned for their remarkable wine expertise. At the 338 outlets run by independent agency partners in Germany and the 23 independently managed shops in Austria, they are on hand to provide individual advice, propose a tasting and help people choose their perfect favourite wines from our carefully curated range. *Jacques'* is also pioneering new standards in specialist wine retailing and has been putting the outlets forward for the sustainability mark FAIR'N GREEN since 2022.

Our local omnichannel retailing includes a professional web presence for information and orders, as well as events that enable our customers to delve deeper into the fascinating world of wine, complete with the back story of the winemakers. As well as stimulating the sense of taste, regular events, tastings and wine samplings offer an intriguing insight into how the wines are made and the stories behind them. We held over 4,300 events in 2023; the inviting atmosphere gave our customers a first-hand opportunity to be inspired by the winemakers' passion and expertise. Through our events, we aim to delight people and give them an entirely new perspective on the product wine – because there is much more to it than taste alone! This concept enables us not only to offer a shopping experience, but also to create lasting memories and establish an emotional bond.

We run wine bars at five of our *Wein & Co.* shops. Guests there can choose from Austria's biggest walk-in wine list, simply pick the wine of their choice from the shelves and enjoy it at the bar for a small corkage fee. Accompanied by snacks, this wine experience is a tremendous way to spend the evening in good company. Once a year *Wein & Co.* customers can attend the "MondoVino" in Vienna, one of the biggest in-house events for wine producers.

We also cultivate ties with our customers using targeted customer loyalty measures based on our customer cards "Mein Jacques'" and "Vinocard". Card holders receive attractive benefits from their very first purchase. The scheme gives us detailed knowledge of our customers and creates a strong sense of loyalty among them thanks to our deep understanding of their requirements. With more than one million customer cards issued, we know what they are looking for and can therefore adjust our range and communications accordingly. This precise understanding of our clientele also enables us to assess very accurately where to open new shops. Based on comprehensive analyses and data, we can then identify potential locations that will appeal to prospective customers and reflect their shopping patterns. Our continuing expansion is therefore based on sound knowledge.

COMPANIES IN THE SEGMENT

JACQUES'
WEIN & CO.

B2B

As a leading wholesaler of wines, champagnes and spirits nationally and internationally, we enjoy the profound trust of our winemakers. We are proud to be the exclusive partner to restaurants and retailers for some of the best products in the world.

We are the exclusive distributor for around 260 of the world's top wine producers. Our long-standing partners include renowned brands such as Antinori, Lafite Rothschild, Taittinger, Torres, Louis Jadot, Gérard Bertrand, Bollinger, Cantina Terlan and Penfolds. By working together closely with these world-class winemakers, we are the first port of call for business customers who would like to carry these brands. The combination of exclusive distribution rights and an extensive range of some 4,500 wines and spirits unlocks access to over 10,000 top addresses spanning the restaurant and hotel trades, as well as wine and food retailers. We have more than 40 years of experience to offer our clients in the restaurant and hotel sectors, specialist retailing and high-end food retailing. As well as having a strong presence in Germany, we have been operating in Switzerland, Austria and the Czech Republic for many years and in October 2023 we established a partnership venture in the Baltic countries Estonia, Latvia and Lithuania. The strategic partnership with *Dunker Group OÜ*, one of the leading wine distributors in the Baltic States, gives us an ideal opportunity to access the market in those countries. The investment in the *Dunker Group* represents another important step as we unlock the emerging Eastern European wine market.

Our wines are to be found on the wine lists of top restaurants, in-store and online specialist wine dealers just love selling our wines to their customers, and the high-end food trade appreciates our expert range. Our goal is to make our winemakers' wines and champagnes available to customers in the right place. High-quality, target-group-specific distribution with an expert sales team in the premium and super premium segment is our core skill. We supply an extensive range of exclusive wines, from exquisite wines for restaurant diners and choice products for hotel guests to high-calibre bottles to drink at home. Our sales team comprises around 180 wine experts whose mission is to advise customers in person and share their wide-ranging expertise so that customers can select precisely the articles in our extensive range that perfectly meet their needs. Our comprehensive service also includes product training, consultations, wine list compilation, staging wine events and a logistics service that is specifically designed for same and next-day delivery. Our logistics partner trades everything from single bottles and cases of wine to entire pallets – always tailored to the individual requirements of our clientele. Thanks to our high market penetration we can proudly state that consumers of premium wines in Germany will, in most cases, be enjoying products from our range.

COMPANIES IN THE SEGMENT

ABAYAN
GLOBALWINE
GLOBAL WINES & SPIRITS
GRAND CRU SELECT
WEIN WOLF
WEIN WOLF AUSTRIA

Pinot Noir

TYPICAL AROMAS

raspberry • sour cherry • autumn leaves • blackcurrant • blackberry • blueberry • dog rose

Malbec

TYPICAL AROMAS

prune • black cherry • dark chocolate • violet • smoke/tobacco • elderberry • blueberry

SOUND REASONS FOR THESE SHARES

Hawesko shares enable our shareholders to participate in the success of Europe's largest wine trading group in the premium segment. *Hawesko* shares have enjoyed the reputation of a dividend stock ever since the IPO in 1998.

LARGEST PREMIUM WINE TRADER IN EUROPE

We have been the market leader for premium wines in Germany and Austria for many years. We now also have operations in Switzerland, Sweden, the Czech Republic and the Baltics. We know what makes the wine market tick. Far from simply revelling in our leading position, we now aim to reach new customers, unlock new markets and explore new sales channels.

GROWTH STRATEGY

We achieve growth through internally developed and acquired distribution concepts that fit in with our overall strategy, enhance our profitability and are conducive to extending our market lead. Our focus here is on the European wine market.

FINANCIAL CLOUT

Our passion is for wine. The business model of the *Hawesko Group* is based on economic good sense. The result? High net cash inflows that give us ample financial clout for acquisitions both in Germany and internationally. This is how the *Hawesko Group* manages to continue growing in a contracting market.

OUTSTANDING POSITION

We are the market leader in each of our three segments and are steadily increasing our shares. Our good connections and excellent internal setup provide the perfect springboard for further international expansion. As Europe's No. 1 online wine trader, we could not be better placed to conduct multi-channel business with a modern, forward-looking approach.

ATTRACTIVE DIVIDEND

Thanks to our profitable business model with high cash flows, our shareholders participate in a convincing stock market performance and enjoy an appropriate share of the company's profit. We have managed to maintain our attractive distribution policy over many years and pay out a steady dividend.

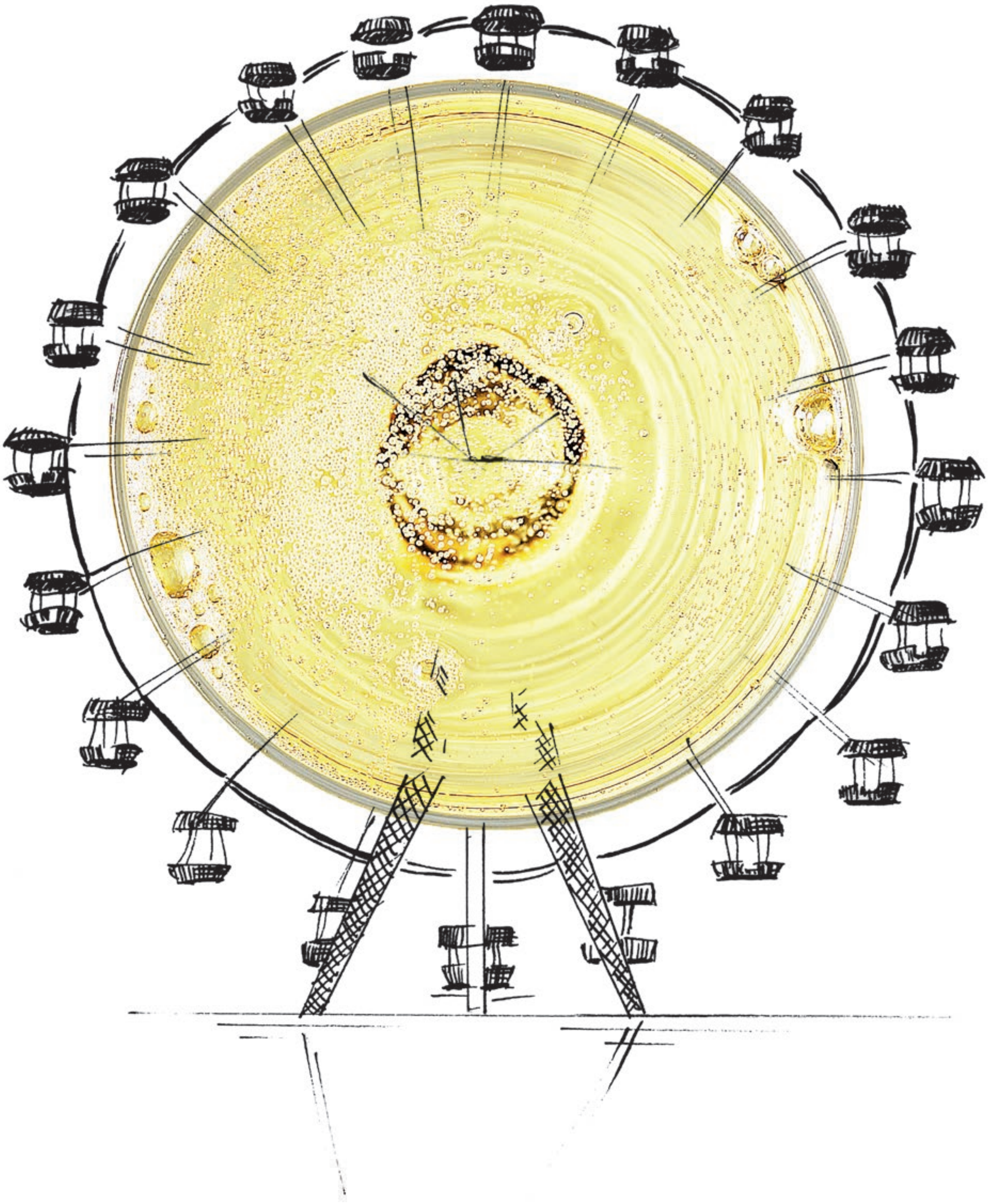
Sauvignon Blanc

TYPICAL AROMAS

passion fruit • elderberry • physalis • mint • nettle • green asparagus • hay
cut grass • gooseberry

FINANCIAL INFORMATION

of Hawesko Holding SE (formerly Hawesko Holding Aktiengesellschaft) for the 2023 financial year



COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

of Hawesko Holding SE for the 2023 financial year

BASIC PROFILE OF THE GROUP

STRUCTURE OF THE GROUP

The *Hawesko Group* is an internationally active trading group for premium and luxury wines. With sales of € 660.3 million and an average of 1,283 employees in the 2023 financial year, it is among the largest wine traders in the premium and luxury segment in Europe. The group comprises *Hawesko Holding SE* and its subsidiaries.

The *Hawesko Group* categorises its activities under three operating units (segments).

The *e-commerce segment* concentrates on online retailing to consumers and comprises both its own trading business and marketplace concepts. The strategic emphasis is on operating its own trading business and also on operating a marketplace on which for example winemakers can sell their wines directly to consumers. The e-commerce segment's formats are each distinct in terms of theme and the ranges offered. *HAWESKO*, Germany's largest premium online wine trader, belongs in this segment, as does the online Spanish wine specialist *Vinos*. *WirWinzer* is the leading marketplace model for winemakers. At the ultra-premium end of the segment are *Tesdorpf*, one of the oldest and biggest fine wine traders in Germany, and *WeinArt*, which represents the absolute pinnacle of the wine sector as a trader of exceptionally rare wines.

The *Retail segment* comprises multi-channel trading concepts primarily in the form of consumer-facing wineshop retailers. *Jacques'*, the largest chain of specialist wine retailers in Germany, and the premium format *Wein & Co.* in Austria provide a unique shopping experience for those who love wine. In total, 361 physical shops in Germany and Austria enable customers to discover the world of wine in authentic style. At the 338 *Jacques'* wine shops (previous year: 332), the focus is on personal advice, tastings and a carefully curated product range. Customers of the 23 *Wein & Co.* shops and bars (previous year: 22) in Austria's main population centres will experience top-notch wines from all over the world, as well as moments to savour.

The *B2B segment* brackets together various distribution companies in Germany, Switzerland, Austria and the Czech Republic, as well as a joint venture in the Baltics that was established this year. All companies specialise in the distribution of premium wines, champagnes and spirits to restaurants and hotels, specialist wine shops and food retailers. Many of the world's best winemakers choose our companies as their exclusive distributor for various countries. We can count brands such as Antinori from Italy, Torres, Faustino and Vega Sicilia from Spain, Lafite-Rothschild, Taittinger, Bollinger, Louis Jadot and Gérard Bertrand from France, Montes from Chile, Catena from Argentina, Penfolds from Australia and many more among our long-standing partners in this segment.

In total, the *Hawesko Group* has 14 operational trading companies and one joint venture in the Baltics. For ease of reading, the company names are abbreviated in the following report. Please refer to the overview on page 117 of the notes to the consolidated financial statements for further details.

e-commerce	**Retail**	**B2B**
HAWESKO	Jacques'	Abayan
Tesdorpf	Wein & Co.	Balmerk (joint venture)
The Wine Company		Globalwine
Vinos		Global Wines & Spirits
WeinArt		Grand Cru Select
WirWinzer		Wein Wolf
		Wein Wolf Austria

GROUP STRATEGY

In value terms, the premium to luxury wine market that we target in Germany and other European countries reflects the top 20 to 25 percent slice of the entire wine market. With regard to product sources, the premium wine market is regional and in some cases local in nature, with a very large number of winemakers and a huge breadth of products. Premium-end wines are overwhelmingly not mass products. Rather, they are artisan products made with loving care and limited in quantity by nature and specific location. Conversely the fine-wine or luxury segment is an international market with worldwide demand for certain winemakers and products. Customers in our segment of the market are passionate, hungry for knowledge and always on the look-out for a new special wine. They have high expectations of dealers and are prepared to enter into a relationship of trust with them. The premium and luxury wine market is predominantly a polypoly with its industry-specific rules, characterised by diverse, long-established, trust-based business relationships, which mean the barriers to entry are high.

Enjoying good wine makes a moment special. It is an expression of true zest for life and our entire passion. That passion is something we seek to share with our customers every day.

With sales of € 660.3 million, the *Hawesko Group* is already among the largest wine traders in the premium segment in Europe. In a reflection of the fragmented, local market structures that dictate the value-adding relationships with customers and winemakers, the group has a predominantly non-central form of organisation but does not neglect potential for synergy and economies of scale in back-office areas.

Since 2015 the group's strategic goal has remained unchanged: "to be Europe's largest, most innovative and most profitable wine trading group at the premium end of the market". The overarching entrepreneurial principle within the group is always to achieve profitable growth. Overall, the group strategy comprises five elements:

Markets, growth

In the 2023 financial year the *Hawesko Group* achieved the bulk of its sales – 82 percent – in Germany and 18 percent in other European countries, mainly Austria, Switzerland, Sweden and the Czech Republic.

Our goal is to continue building on an already very good European market position for the group. We will do so through acquisitions and the targeted expansion of formats that are already established. The overriding goal within this is to use our high marketing expertise to gain targeted access to new customer groups through a range of retail business models, thus realising further economies of scale in both internal processes and external supplier relationships.

In Germany, the *Hawesko Group* already has a premium market share of more than 20 percent overall and in every segment. Our strategic goal is to grow faster than the market every year. In a contracting market environment that is seeing lower per capita consumption and declining customer reach (DIW, Nielsen), we again increased our market share slightly in 2023. Future growth will be generated substantially through continuing organic expansion in the segments. For example, further expansion of *Jacques'* retail space to up to 500 outlets is planned over the coming years.

In 2023 the *Hawesko Group* entered into a strategic partnership with the *Dunker Group*, in which connection it acquired 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* ("*Dunker*") and its subsidiaries, with sales approaching € 77 million, is one of the leading wine distributors in the Baltic States and has around 160 employees. *Dunker* has previously been led by the partnership of shareholders Andres Villomann and Arvo Kask (each 50 percent). The latter sold his shares to the *Hawesko Group* and is stepping back from executive management.

Digitalisation

Our goal is to transform the *Hawesko Group* into a digitally proficient organisation with best-in-class e-commerce business by drawing on its very thorough understanding of customers as a growth driver. We also use digitalisation to enhance our internal efficiency long-term. Digitalisation offers huge synergy potential in the group, in the form of pooled capital expenditure and the sharing of best practices by the individual group companies. We plan to use AI to support all these areas. Driving this synergy process constitutes an overarching, important management task that is handled across the group by the Board of Management and directors in order to capitalise on the group's scale.

Operational excellence

The group's non-central structure based on clearly defined customer segments facilitates optimal specialisation of the range, while keeping the organisation compact. Our approach focuses all resources on providing a perfect customer experience while gradually improving internal processes. It is the ambition of every group company to be seen by the wine trade as the benchmark for its individual business model.

Sustainability

We are convinced that value and values are two sides of the same coin. Wine is one of the most sustainable products around: with no other food product might there be such a big gap in time between production and consumption. A long-term, sustainable outlook is therefore part of our DNA – something that is as evident in our relationships with our suppliers and partners as it is in those with our customers and employees. To give that DNA a firm anchor, in 2021 we approved a comprehensive sustainability strategy that establishes a shared system of values across all long-established activities and practices at our companies as well as incorporating our social and governance goals.

People, talents, leadership

The *Hawesko Group* sees itself as an employer with cultural values based on trust and clear, respectful leadership principles. We want to have an enthusiastic, enquiring, engaged and diverse workforce. Our goal is to train up managers ourselves at every level. In recent years we have thus been able to fill 67 percent of senior positions in the group internally. A centrally coordinated HR function for People & Culture handles management development and recruitment across all companies and consciously encourages secondments between the companies by promoting transparency and the intragroup deployment of colleagues.

MANAGEMENT SYSTEM, PRINCIPLES AND FINANCIAL TARGETS

We follow a group-wide management system for the setting and attainment of our strategic goals. We apply specific performance indicators in order to obtain a dependable and transparent measure of our success. The internal management systems of *Hawesko Holding SE* and its subsidiaries support the Board of Management and executive management with managing and overseeing the group, the segments and the individual subsidiaries. The systems comprise planning, actual and forecast calculations and are based on the group's annually updated multi-year plan. They take account of market developments, trends, investments and their effect on the *Hawesko Group* as well as the group's financial leeway.

The purpose of corporate management is to develop the *Hawesko Group* and its subsidiaries continuously and sustainably.

Group reporting comprises monthly profit and loss accounting as well as quarterly reports prepared in accordance with the International Financial Reporting Standards (IFRS) that cover all consolidated subsidiaries, and presents the net worth, financial position and financial performance of the group and its operating units. Financial reporting is supplemented by further detailed information that is needed to assess and manage business operations.

Another component of the management systems involves reports prepared annually on the material risks that the company faces, supplemented as necessary with ad hoc announcements.

The above reports are discussed at Board of Management and Supervisory Board meetings and serve as key documents for the group's assessments and decisions.

The combined management report and the financial statements of the *Hawesko Group* are prepared in accordance with the applicable accounting standards. In addition to the required disclosures and key figures, the *Hawesko Group* publishes alternative performance measures (APM) that are not subject to the above regulations and for which there is no generally accepted reporting standard. The *Hawesko Group* calculates the alternative performance measures with the aim of facilitating a comparison of its performance over time or with industry benchmarks. It does so by making certain adjustments to the balance sheet or statement of income items prepared in accordance with the applicable accounting standards. These adjustments may be attributable to differing accounting policies, heterogeneous business activities and non-recurring effects that impact the validity of these items. The performance measures thus obtained apply across all periods and are used both internally for business management purposes and externally to enable analysts and investors to assess the company's performance. The *Hawesko Group* calculates the following performance measures:

- *Sales growth (nominal)*: the *Hawesko Group* targets consistently higher growth in sales revenues than for the market as a whole. Even if the overall market is not expanding, the group aims to increase sales revenues. The goal is to steadily increase the market share of the *Hawesko Group*.
- *Operating EBIT and operating EBIT margin*: the company's profitability is gauged from operating EBIT (operating result before interest and taxes) and the operating EBIT margin, in other words operating EBIT relative to sales. The adjustments strip out non-recurring, non-operating aspects from the key figure EBIT and therefore permit a clearer picture of the company's operating performance. Aspects that justify an adjustment are specifically listed. They include gains or losses on disposals, extraordinary write-ups/write-downs and, as corrections, personnel-related restructuring costs and non-operating, extraordinary costs from legal proceedings and corporate transactions. The switch to an adjusted EBIT figure announced in the previous year's report was made to facilitate comparisons with the reporting of other businesses in the industry and to increase transparency on non-sustainable profitability elements. The calculation of this key figure involves increasing EBIT by exceptional expenses and reducing it by exceptional income. The target for the operating EBIT margin is a minimum return of 5 percent. With sales revenues currently at > € 650 million, that represents a minimum

level of € 34 million. The strategic long-term goal is to achieve an operating EBIT margin of 7 percent.

- *Operating ROCE*: this is the operating return on capital employed. The reference value with which ROCE is compared is the weighted average cost of capital (WACC) in the form of the return that internal and external providers of equity would expect. If ROCE exceeds WACC, the expected return has been exceeded and value has therefore been created. The *Hawesko Group* has set itself the objective of achieving a ROCE of at least 14.0 percent.
- *Free cash flow*: a liquidity surplus (free cash flow) should be generated from business operations so that adequate financial resources are available above all for capital expenditure and for paying appropriate dividends.

The overriding goal of economic management within the *Hawesko Group* is to generate profitable growth in both sales revenues and operating EBIT or the operating EBIT margin. Free cash flow and the operating return on investment are measured exclusively at group level in view of the overarching nature of financing and investment structures.

No key non-financial performance indicators are used in the management of the group.

Hawesko Holding SE also uses other key figures from the balance sheet (asset items and financial debt) as well as selected key performance indicators (KPIs) for the individual segments.

RESEARCH AND INVESTMENT

The *Hawesko Group* develops central software components of its sales platforms itself, in cooperation with its strategic service providers. The development aspect refers to a software development process that involves adding new functionalities and/or improving the existing system environment with key system functionalities along the entire value and process chain. This ensures that the technology infrastructure of the *Hawesko Group* supports the corporate strategy and is harmonised with the operational processes and systems.

Development activities and overarching initiatives in e-commerce, especially involving testing possible applications for generative artificial intelligence, are handled by two units of the e-commerce segment on behalf of the entire group.

ECONOMIC REPORT

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

Based on the measure of gross domestic product (GDP), the German economy slid into recession in 2023 and contracted by a price-adjusted 0.3 percent. This brought to a halt the general economic recovery that had followed the slump triggered by COVID-19. Compared to the years before COVID-19, gross domestic product in 2023 was still 0.7 percent above the figure for 2019. The experts at the Federal Statistical Office put this development down to continuing high prices at all stages of the economic process, low domestic and export demand as well as unfavourable financing conditions.

Inflation in 2023 was less acute than in the previous year, rising by 5.9 percent (+6.9 percent in 2022), but was high for a second successive year. Food in particular was again affected especially by inflation rates and cost on average 12.4 percent more. Core inflation (the inflation rate excluding the particularly volatile categories food and energy) reached 5.1 percent in 2023 and therefore exceeded the level of 2022 (+3.8 percent). This key measure highlights how the inflation rate also remained high in all other categories of goods and extended across all sectors.

The consumer confidence index for Germany remained at the very low level of -27.6 in December. This indicates that consumer confidence was not quite as low as at the end of 2022, when the index was impacted especially by the leap in energy costs. There were no signs of a turnaround in 2023, with the figure in fact deteriorating again at the start of 2024. The GfK researchers attribute the poor consumer confidence to the unsettlingly high cost of living and other ongoing crises.

German wine market

The German Wine Institute provides detailed information on the German wine market in its statistics on the past wine year (1 August 2022 – 31 July 2023). The figures show that for the period ending 31 July 2023 the German population again bought significantly less wine per capita, or 19.2 litres, compared with 19.9 litres in the prior-year period. Consumption of sparkling wine remained constant, however, at 3.2 litres. The customer reach of households in Germany who buy wine declined again and is now 10 percent below the level of 2019. The wine market in Germany thus finds itself in a situation where high supply collides with a continuing decline in demand. The development of falling demand at a time when supply is on the rise is affecting the entire European wine market, which is why the EU is supporting winemakers by providing grants for the processing of surplus wine into industrial alcohol.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT ON 2023 BUSINESS PERFORMANCE

The years 2020 and 2021, with the official restrictions imposed in response to the COVID-19 pandemic, saw a temporary marked shift in consumer behaviour as well as a special boom for the e-commerce and Retail segments. Russia's invasion of Ukraine in 2022 triggered a sharp rise in inflation; this had, and is still having, a negative impact on consumer behaviour and on all margin and cost positions.

In its forecast for 2023, the Board of Management initially anticipated a subdued first quarter followed by inflation returning to normal levels and an improvement in consumer confidence. It expected this development to turn the tide for sales by the e-commerce units and generate slight growth in all other segments. Looking back, this expectation was not fulfilled.

While the Retail segment managed growth of just under two percent thanks mainly to *Jacques'*, sales revenues in e-commerce declined again by nine percent. The B2B segment benefited from the continuing effects in the first half of the newly consolidated *Global Wines & Spirits s.r.o.* and therefore grew by three percent. If that effect is disregarded, its sales revenues were down by just under one percent. Consolidated sales overall came to € 660 million, 1.7 percent below the prior-year figure and therefore within the corridor of the most recent forecast in October 2023.

Operating EBIT of € 34 million declined by nine percent compared with the previous year due to the lower sales; it finished within the forecast range updated in the third quarter (€ 32 – 35 million). The original forecast in Annual Report 2022 was € 37 – 42 million and was not achieved mainly due to the absence of a turnaround in e-commerce. Reported EBIT is € 24 million, significantly below the prior-year level of € 39 million. This is substantially attributable to the amortisation of goodwill for *Wein & Co.* in the amount of € 8.2 million along with restructuring expenses totalling € 1.6 million. The figure for the previous year moreover included income of almost € 2 million as a result of winning a legal dispute.

Considering the market situation the Board of Management considers the overall sales performance to be satisfactory to good, except in e-commerce. All segments were affected by the lower inclination to spend due to falling disposable incomes, but by and large compensated for this effect by developing their positioning and product ranges. Profitability as a whole is not satisfactory. More costly purchasing terms with winemakers were balanced out by improved product control and structure. Meanwhile the logistics and shipping costs in particular are in need of optimising in all units, and existing cost structures need to be reviewed.

DEVELOPMENT OF THE PERFORMANCE INDICATORS

CONDENSED CONSOLIDATED STATEMENT OF INCOME

€ '000	2023	*as % of sales*	2022	*as % of sales*	*Change*
Sales revenues	660.280		671.482		
Cost of materials	-369.934		-377.831		
GROSS PROFIT	**290.346**	**44,0 %**	**293.651**	**43,7 %**	**0,2 %P**
Personnel expenses	-77.781	-11,8 %	-75.907	-11,3 %	-0,5 %P
Advertising expense	-45.365	-6,9 %	-49.328	-7,3 %	0,5 %P
Commissions to partners	-46.558	-7,1 %	-45.743	-6,8 %	-0,2 %P
Freight and logistics costs	-39.869	-6,0 %	-41.031	-6,1 %	0,1 %P
Other costs	-43.032	-6,5 %	-41.521	-6,2 %	-0,3 %P
Other income	19.963	3,0 %	20.013	3,0 %	0,0 %P
OPERATING RESULT BEFORE DEPRECIATION AND AMORTISATION (OPERATING EBITDA)	**57.705**	**8,7 %**	**60.134**	**9,0 %**	**-0,2 %P**
Depreciation and amortisation	-23.701	-3,6 %	-22.738	-3,4 %	-0,2 %P
RESULT FROM OPERATIONS (OPERATING EBIT)	**34.004**	**5,1 %**	**37.396**	**5,6 %**	**-0,4 %P**

In Annual Report 2022 we expressed our expectations for the financial performance indicators in our management system that are the most relevant to us. The following tables provide an overview of the development and the results actually achieved in 2023.

The operating result comes to € 34.0 million and was adjusted by non-operating effects amounting to € 9.8 million. The following table shows the adjustments made:

TRANSITION OPERATIVE EBIT

€ '000	2023	2022
OPERATING EBIT (RESULT FROM OPERATIONS)	**34.004**	37.396
Goodwill impairment (depreciation and amortisation)	-8.197	0
Restructuring expenses (personnel expenses)	-1.557	-245
Restructuring expenses (other operating expenses)	-79	-136
Reversal of a provision for litigation (other operating income)	0	2.063
RESULT FROM OPERATIONS (REPORTED EBIT)	**24.171**	39.078

The key performance indicators developed as follows in the period under review:

DEVELOPMENT OF KEY PERFORMANCE INDICATORS

€ '000	Definition	**2023**	**2022**
Sales	Sales revenues	660,3	671,5
Sales growth	Percentage growth in sales revenues	-1,7 %	-1,3%
Operating EBIT	Result from operations	34,0	37,4
Reported EBIT	Operating result	24,2	39,1
Operating ROCE	Operating EBIT as percentage of capital employed, see section "PROFITABILITY"	12,4%	15,4%
Free cash flow	Total of cash flow from operating activities, investing activities and interest paid	-4,3	16,6

The free cash flow is defined as the total of cash flow from current operations and investing activities (excluding the acquisition and disposal of subsidiaries and participating interests as well as excluding inpayments and outpayments for financial assets held as investments) as well as interest paid.

COMPARISON OF KEY PERFORMANCE INDICATORS TO PROGNOSIS

	Objective	**2023**	Attained
Sales performance	+2 % to -3 %	-1,7 %	Yes
Operating EBIT (€ million)	Revised € 32 - 35 Million	34,0	Yes
Operating ROCE	14 to 18 %	12,4 %	No
Free cash flow (€ million)	€ 18 to 22 Million	-4,3	No

FINANCIAL PERFORMANCE OF THE GROUP

The *Hawesko Group* achieved sales of € 660.3 million in 2023 and therefore fell just short of the prior-year level of € 671.5 million, but sales were well up on the pre-pandemic level (2019: € 556.0 million).

REVENUES BY SEGMENT

€ '000	2023	2022	Absolute	*Change in percent*
Retail	232.766	228.486	4.280	1,9 %
B2B	207.182	200.598	6.584	3,3 %
e-Commerce	220.332	242.398	-22.066	-9,1 %
Consolidation/ Miscellaneous	-1	0	-1	0,0 %
TOTAL, GROUP	**660.280**	**671.482**	**-11.202**	**-1,7 %**

The Retail segment improved on the previous year in a contracting market environment, with *Jacques'* the main driver. Over and above the effect of newly opened branches and outlets it achieved like-for-like growth. The online channels of both units moved in the opposite direction, mirroring the e-commerce segment. In the first half the B2B segment was still benefiting from initial consolidation effects following the majority stake acquired on 1 July 2022 in *Global Wines and Spirits, Czech Republic* (€ 11 million), and recorded a slight fall in sales with this effect stripped out. While sales to the restaurant and hotel trades were increased, there was a fall in sales to specialist retailers and good retailers.

After strong growth stimuli in 2020 and 2021, for the second year in a row the e-commerce segment experienced a drop in sales of around nine percent. The user metrics for the online shops were nevertheless at a satisfactory level. The conversion rate and average shopping baskets were lower than in the previous year. Across all segments, unit sales fell more sharply than the general sales performance; price increases and a high-price product range compensated for this to some extent.

GEOGRAPHICAL DISTRIBUTION OF REVENUES

in T€	2023	2022
Germany	543.552	560.111
Austria	53.354	52.399
Czech Republic	27.225	15.056
Switzerland	19.782	21.425
Sweden	8.680	11.184
Others	7.687	11.307
	660.280	**671.482**

In 2023 the proportion of sales revenues achieved by the group in Germany declined to 82 percent (previous year: 83 percent). The change is due to the contraction of e-commerce business, the customer base for which is largely in Germany. Meanwhile sales to the wholesale trade and to restaurants in Austria and Switzerland continued to rise, and also increased in the Czech Republic following the full consolidation of *Global Wines & Spirits*.

The gross profit margin, which represents gross profit relative to sales revenues, improved slightly to 44.0 percent in the year under review (previous year: 43.7 percent). This is attributable to the price increases implemented and the adjustments to the product range and mix of offers, with more exclusive brands and winemaker private labels now featured. The disproportionate decline in the highly profitable e-commerce segment compared with B2B business, where margins are smaller, holds back the rise in the margin across the group as a whole. Thanks to the price increases applied, gross profit margins were kept steady or raised in all segments despite higher purchasing and inbound logistics costs.

Personnel expenses rose by 2.5 percent in the financial year to € 77.8 million (previous year: € 75.9 million). The increase stems mainly from the full consolidation of *Global Wines & Spirits* and the inflationary adjustment payments made to some of the workforce.

The employee total rose by 22 to 1,283 in 2023. Most of this increase is attributable to the full-year effect of the first-time consolidation of *Global Wines & Spirits*, *Czech Republic*, in the second half of 2022, which added 29 employees in the second half of the year (average of 58 employees in 2022). Conversely, the total number of employees in the Retail and e-commerce segments was reduced slightly.

GROUP EMPLOYEES

	2023	**2022**	Absolute	*Change in percent*
Retail	319	323	-4	-1,2 %
B2B	290	257	33	12,8 %
e-Commerce	648	653	-5	-0,8 %
Miscellaneous	26	28	-2	-7,1 %
TOTAL, GROUP	**1.283**	**1.261**	**22**	**1,7%**

(Calculation based on average employees over the year; rounding differences possible)

The geographical distribution of employees was as follows:

GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES

	2023	**2022**	Absolute	*Change in percent*
Germany	963	960	3	0,3 %
Austria	238	249	-11	-4,4 %
Czech Republic	60	29	31	n/a
Switzerland	22	23	-1	-4,3 %
TOTAL, GROUP	**1.283**	**1.261**	**22**	**1,7%**

The advertising expenses include outlay for the acquisition of new customers and the reactivation of inactive customers. They are designed to broaden the business basis of the group year by year, and to compensate for lost sales due to inactive customers. Advertising expenses in 2023 declined from € 49.3 million to € 45.4 million as a result of budget cutbacks that reflected productivity gains. The new customer figures for 2023 were correspondingly slightly down on the previous year, as expected.

The commissions to partners comprise the expenses for the sales agents in the B2B segment and also commissions to the operators of *Jacques'* stores, and rose by 1.8 percent to € 46.6 million in the financial year. The higher sales revenues in the Retail segment were the main factor here. Conversely there were slightly lower commissions as a result of falling sales revenues for the B2B segment in Germany.

There was a slight drop in freight and logistics costs for the group from € 41.0 million to € 39.9 million as a result of the weaker volume-related sales performance in e-commerce. The cost ratio equally came down slightly to 6.0 percent (previous year: 6.1 percent). While the freight costs component of the cost ratio also declined thanks to a temporary fall in the price of diesel, logistics costs in absolute terms and in the quotient were higher. The main reason is that overproportional pay increases at service providers were passed on.

Other costs climbed by € 1.5 million to € 43.0 million in the financial year. This is largely due to the stepping-up of events and travel in the B2B segment, as well as to tastings at *Jacques'*.

Consolidated operating EBIT in the 2023 financial year came to € 34.0 million, representing a fall of € 3.4 million. Operating EBIT for the Retail segment rose and flatlined at the previous year's level in the B2B segment – both developments were driven by *Jacques'* and *Global Wines and Spirits* – whereas EBIT for the e-commerce segment declined by just under 30 percent.

OPERATING EBIT BY SEGMENT

€ '000	**2023**	**2022**	Absolute	*Change in percent*
Retail	19.575	18.848	727	3,9 %
B2B	9.827	9.838	-11	-0,1 %
e-commerce	11.049	15.737	-4.689	-29,8 %
Miscellaneous	-6.456	-7.153	697	9,7 %
Consolidation	9	125	-116	n/a
TOTAL, GROUP	**34.004**	**37.396**	**-3.393**	**-9,1%**

The financial result shows an expense of € 8.5 million (previous year: net income of € 0.2 million), which was substantially attributable to interest expense for financing and lease agreements and the measurement of put options for minority interest (interest expense 2023: € 6.8 million, previous year: € 4.4 million). The 2023 figure furthermore includes impairment of loans extended in the amount of € 1.4 million. The prior-year result includes income from the measurement of the shares in *Global Wines & Spirits* which the group previously owned, in the amount of € 4.5 million at the time prior to full consolidation.

NET WORTH OF THE GROUP

CONSOLIDATED BALANCE SHEET (CONDENSED)

€ '000	**31/12/2023**	*%*	**31/12/2022**	*%*
ASSETS				
Cash in banking accounts and cash on hand	17.139	3,9 %	30.459	7,0 %
Inventories and advance payments for inventories	133.886	30,1 %	128.239	29,6 %
Trade receivables	49.919	11,2 %	48.948	11,3 %
Intangible assets	55.517	12,5 %	65.706	15,2 %
Property, plant and equipment, and rights of use	159.713	35,9 %	142.505	32,9 %
Investments accounted for using the equity method	7.447	1,7 %	0	0,0 %
Deferred tax assets	4.867	1,1 %	4.498	1,0 %
Other assets	16.153	3,6 %	13.334	3,1 %
TOTAL ASSETS	**444.641**	**100,0 %**	**433.689**	**100,0 %**
EQUITY AND LIABILITIES				
Short-term and long-term borrowings	53.450	12,0 %	23.989	5,5 %
Trade payables	65.057	14,6 %	62.339	14,4 %
Contract liabilities	22.909	5,2 %	24.340	5,6 %
Lease liabilities	132.582	29,8 %	131.993	30,4 %
Provisions for pensions and other personnel obligations	2.761	0,6 %	2.337	0,5 %
Deferred tax liabilities	3.626	0,8 %	4.761	1,1 %
Other equity and liabilities	38.139	8,6 %	48.326	11,1 %
Equity	126.117	28,4 %	135.605	31,3 %
TOTAL ASSETS	**444.641**	**100,0 %**	**433.689**	**100,0 %**

Banking accounts and cash on hand declined by € 13.3 million year on year to € 17.1 million. This decrease – coinciding with a rise in borrowings – in the financial year was mainly driven by the capital expenditure of nearly € 19 million on the expansion of the e-commerce logistics centre and the acquisition of 50 percent of the shares in *Dunker Group OÜ* at a cost of € 7.1 million.

Inventories and advance payments climbed by € 5.6 million to € 133.9 million. Advance payments actually fell by € 1.3 million following the delivery of the much sought-after 2020 subscription vintage, while merchandise levels grew by € 6.8 million. This increase was driven substantially by the B2B units, with inventories in the Retail and e-commerce units unchanged from the previous year. It arose partly due to slightly weaker end-of-year business and partly from deliveries of champagne arriving earlier than in the previous year.

Trade receivables amounted to € 49.9 million at 31 December 2023, a rise of € 1.0 million. The increase occurred in the Retail segment and is attributable to the increased use of credit cards by customers, meaning that cash inflows are delayed by one month.

The B2B segment accounts for around two-thirds of the trade receivables of the *Hawesko Group*. Major German food retailers in particular are generally granted much longer payment deadlines, resulting in the high receivables total. Customers in the restaurant and hotel trades are normally granted much shorter payment deadlines or must pay up front. In the B2B segment, credit default insurance is moreover taken out for most customers in the restaurant and hotel sectors to reduce the risk of non-payment. In the B2C segments Retail and e-commerce, because of the high proportion of credit card or debit card payments and the fairly small proportion of purchases on account, there is a lower level of receivables outstanding relative to sales. The *Hawesko Group* employs loan asset sales only in rare cases.

Intangible assets fell by € -10.2 million to € 55.5 million. The change is principally due to goodwill impairment for *Wein & Co.* in the amount of € 8.2 million. Also, for the first time after several years of high capital expenditure on the digital infrastructure depreciation was applied to the new investments; this equally resulted in a planned decrease.

The property, plant and equipment and rights of use rose by € 17.2 million in the financial year. The increase comes mainly from sums invested in the expansion of the e-commerce logistics centre in Tornesch. The rights of use from capitalised lease agreements remained flat and came to € 121.0 million at 31 December 2023. For the most part the rights of use apply to rented retail space at *Jacques'* and *Wein & Co.*, as well as to office buildings.

Other assets mainly include participating interests not fully consolidated, loans extended and other financial and non-financial assets. In the financial year under review this item contains investments accounted for using the equity method amounting to € 7.4 million, arising from the acquisition of *Dunker Group OÜ* and its subsequent measurement at the end of the year. This, along with higher tax receivables, produced a rise of around € 10.3 million.

The higher inventories produced a slight year-on-year increase in trade payables of € 2.7 million.

The contract liabilities are mainly in respect of points balances promised to consumers under bonus/loyalty programmes, subscription payments collected for wines not yet delivered and refunds promised to customers in the B2B segment, and fell slightly in line with advance payments.

Lease liabilities are in respect of future payments recognised as a liability from the tenancy and lease agreements concluded, and remained virtually constant compared with the previous year.

The decline in other liabilities is mainly attributable to lower provisions for income tax payments. Based on the tax returns submitted for the exceptionally profitable years 2020 and 2021, the tax set aside for both those years was paid in the financial year. The lower income for the years 2022 and 2023 means the amounts earmarked in the provisions are much lower than in the previous year.

The equity ratio declined to 28 percent in the financial year.

FINANCIAL POSITION OF THE GROUP AND PROFITABILITY

Principles and aims of financial management

The principles and aims of financial management are explained in the section "Management system, principles and financial targets".

Capital structure

CALCULATION OF NEW DEBT OWED

€ '000	31/12/2023	31/12/2022	Absolute	*Change in percent*
Loan liabilities	41.697	17.913	23.784	132,8 %
Other borrowings (including credit facility)	11.753	6.075	5.678	93,5 %
BORROWINGS	**53.450**	**23.989**	**29.461**	**122,8 %**
Less cash in banking accounts and cash on hand	-17.139	-30.459	13.320	-43,7 %
NEW BORROWINGS FOR OPERATIONS	**36.311**	**-6.470**	**42.781**	**-661,2 %**
Provisions for pensions	1.127	756	371	49,1 %
Lease liabilities	132.582	131.993	590	0,4 %
NET DEBT OWED	**170.020**	**126.278**	**43.742**	**34,6 %**

The capital requirements of the *Hawesko Group* comprise the capital expenditure on fixed assets and the financing of operating activities as well as the acquisition of further group companies for non-organic growth. For these purposes, the group finances itself largely through bank loans, lease agreements and the cash flow from current operations. Within time-unlimited credit lines for the financing of current business operations (working capital), there exist short-term credit facilities with an increased volume amounting to € 95.0 million (previous year € 70.0 million). At the reporting date these credit facilities were drawn to a level of 12.4 percent (previous year: 5.8 percent). At 31 December 2023 borrowings exceeded banking accounts by € 36.3 million.

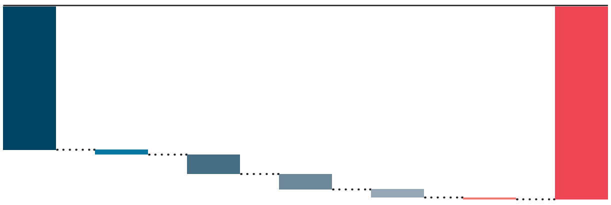
The long-term and short-term financial liabilities consist predominantly of bank loans arranged with German banks on the basis of credit agreements, and lease liabilities according to IFRS 16. The contractual repayment obligations of *Hawesko Holding SE* under the credit agreements have been consistently met. There were no contractually agreed covenants. The existing credit facilities moreover assured adequate cash levels at all times during the year under review.

Long-term borrowings include € 18 million in KfW financing agreed in 2022 for the expansion of the logistics hall in Tornesch near Hamburg; this sum was drawn in full at the end of the financial year and will be repaid as an annuity with equal instalments payable until 2032. To finance the logistics expansion, additional financing for € 8 million was taken out in the financial year with repayment in instalments by 2030. Furthermore, the acquisition of the *Dunker Group OÜ* shares was financed through the raising of loans in the amount of € 7.1 million maturing in 2028.

The short-term loans mainly consist of rolling borrowings denominated in euros and Swiss francs, in each case with a maturity of between one and three months. For the terms of the borrowings and details of the lease liabilities, please refer to the section "Notes to the cash flow statement" in the notes to the consolidated financial statements.

At 31 December 2023 there was net debt of € 170.0 million (previous year: € 126.3 million).

NET DEBT OWED
€ million



NET DEBT OWED 31/12/2022	–126,3
Free cash flow	–4,3
Dividend	–17,1
Outpayment lease liabilities	–13,6
Acquisition of the shares in Dunker Group OÜ	–7,1
Other	–1,6
NET DEBT OWED 31/12/2023	**–170,0**

CALCULATION OF FREE CASH FLOW

CONSOLIDATED CASH FLOW

€ million	**2023**	**2022**
Cash flow from current operations	27,0	36,8
Cash flow from investing activities	-31,6	-17,3
Cash flow from financing activities	-8,7	-42,0
Free cash flow	-4,3	16,6

CALCULATION OF FREE CASH FLOW

€ miilion	2023	2022
Cash flow from current operations	27,0	36,8
Less outpayments for the acquisition of intangible assets and property, plant and equipment	-24,9	-16,0
Plus inpayments from the disposal of intangible assets and property, plant and equipment	0,3	0,1
Less interest paid	-6,7	-4,3
TOTAL:	**-4,3**	**16,6**

Free cash flow declined year on year by € 20.9 million to € -4.3 million, in a reflection of the high investment volume. Excluding the capital expenditure on the e-commerce warehouse financed through long-term loans, it came to € 14.7 million in 2023 (previous year: € 23.8 million). Another factor behind the fall in free cash flow was the development in cash flow from current operations and in taxes paid.

The cash flow from current operations fell from € 36.8 million in the previous year to € 27.0 million in the year under review. There were substantially three factors at work here: EBITDA is almost € 5.7 million down on the prior-year level. Also, inventories amounting to € 6.5 million were built up in the financial year while operating liabilities stayed virtually flat. In the previous year the level of liabilities had been scaled back significantly, eroding the operating cash flow. Furthermore, taxes for the exceptionally profitable years 2020 and 2021 were paid in 2023, leading to an additional tax payment of € 11.5 million.

A major component of the cash flow from investing activities is the capital expenditure of € 19.0 million (previous year: € 7.2 million) on the expansion of the e-commerce logistics centre in Tornesch. Further capital expenditure mainly relates to the conversion and new construction of *Jacques'*, *Wein & Co.* and *Vinos* branches and amounts to € 2.2 million (previous year: € 3.0 million). There was also capital expenditure on intangible assets totalling € 3.1 million (previous year: € 5.0 million). It mainly comprised investment spending on the modernisation of the IT structure in the Retail segment.

The cash flow from investing activities also includes the investment of € 7.1 million in *Dunker Group OÜ*, which is accounted for using the equity method. No dividends were distributed by *Dunker Group OÜ* to the Hawesko Group in 2023.

The cash flow from financing activities includes payment of the dividend to our shareholders (€ 17.1 million, previous year incl. special dividend: € 22.5 million) as well as the redemption of credit and outpayments for lease liabilities and inpayments from the raising of borrowings in the amount of € 30.3 million. In the previous year it also included the acquisition of the remaining minority interest in *WirWinzer* and *Vinos*.

Overall free cash flow fell sharply to € -4.3 million (previous year: € 16.6 million) and was therefore below the forecast range of € 18 to € 22 million.

PROFITABILITY

Alongside operating EBIT, the development in assets has a major influence on operating ROCE. The indicator operating ROCE is calculated as follows in the *Hawesko Group*: operating EBIT (€ 34.0 million) divided by the average capital employed of € 273.7 million (capital employed at 1 January 2023 plus capital employed at 2023/2 balance sheet date).

The interest-free liabilities comprise all liabilities less lease liabilities, loans and retirement benefit obligations.

GROUP IFRS

€ '000	01.01.-31.12.2023	01.01.-31.12.2022
OPERATING EBIT (RESULT FROM OPERATIONS)	**34.004**	37.396
Total assets	444.642	433.689
Less		0
- cash	17.139	30.459
- deferred tax assets	4.851	4.498
- interest-free liabilities	132.291	141.346
CAPITAL EMPLOYED (REPORTING DATE: CURRENT YEAR)	**290.361**	**257.386**
Average capital employed (over the year)	273.713	242.106
OPERATING ROCE	**12,4%**	15,4%

BUSINESS PERFORMANCE OF THE OPERATING SEGMENTS

CONDENSED STATEMENT OF INCOME FOR RETAIL SEGMENT

€ '000	2023	*As % of sales*	2022	*As % of sales*	*Change*
SALES REVENUES	**232.766**		228.486		
Internal sales between segments	227		533		
Cost of materials	-118.071		-117.307		
GROSS PROFIT	**114.922**	49,4 %	111.712	48,9 %	0,5 %P
Personnel expenses	-18.825	-8,1 %	-18.036	-7,9 %	-0,2 %P
Advertising expense	-14.023	-6,0 %	-14.517	-6,4 %	0,3 %P
Commissions to partners	-40.978	-17,6 %	-39.977	-17,5 %	-0,1 %P
Freight and logistics costs	-3.892	-1,7 %	-4.088	-1,8 %	0,1 %P
Other costs	-17.531	-7,5 %	-16.168	-7,1 %	-0,5 %P
Other income	14.780	6,3 %	14.274	6,2 %	0,1 %P
RESULT FOR SEGMENT BEFORE DEPRECIATION/AMORTISATION (OPERATING EBITDA)	**34.452**	14,8 %	33.200	14,5 %	0,3 %P
Depreciation and amortisation	-14.878	-6,4 %	-14.352	-6,3 %	-0,1 %P
RESULT FOR SEGMENT (OPERATING EBIT)	**19.575**	8,4 %	18.848	8,2 %	0,2 %P

The Retail segment bucked the market trend to achieve sales growth approaching two percent. *Jacques'* in particular succeeded in generating growth both like-for-like and through newly opened premises. Conversely the online sales channels, including of *Jacques'* and *Wein & Co.*, failed to match the previous year's level and performed similarly to the e-commerce segment.

Both *Jacques'* and *Wein & Co.* improved their gross margin year on year as a result of price increases but in particular by shifting the product ranges towards private labels and exclusive brands. Rental and ancillary cost increases as well as pay increases awarded pushed up the total cost ratio by around 0.5 of a percentage point.

The operating EBIT for the segment came to € 19.6 million in total, up approx. € 700 thousand on the previous year's level. However *Jacques'* was the sole factor behind the positive development in EBIT. *Wein & Co.* failed to achieve a turnaround and closed the financial year with a loss of a similar magnitude to the previous year. In response to the slower turnaround and also the higher interest level, the goodwill of *Wein & Co.* amounting to € 8.2 million was written off in full in the financial year. This write-off was eliminated from the operating result for the sake of comparability and is therefore not included in the table shown above.

CONDENSED STATEMENT OF INCOME FOR B2B SEGMENT

€ '000	**2023**	*As % of sales*	**2022**	*As % of sales*	*Change*
SALES REVENUES	**207.182**		200.598		
Internal sales between segments	7.683		7.318		
Cost of materials	-148.667		-145.905		
GROSS PROFIT	**66.198**	32,0 %	62.011	30,9 %	1,0 %P
Personnel expenses	-23.141	-11,2 %	-21.526	-10,7 %	-0,4 %P
Advertising expense	-4.507	-2,2 %	-3.932	-2,0 %	-0,2 %P
Commissions of partners	-5.419	-2,6 %	-5.662	-2,8 %	0,2 %P
Freight and logistics costs	-15.110	-7,3 %	-13.760	-6,9 %	-0,4 %P
Other costs	-8.528	-4,1 %	-7.991	-4,0 %	-0,1 %P
Other income	3.229	1,6 %	3.098	1,5 %	0,0 %P
RESULT FOR SEGMENT BEFORE DEPRECIATION/AMORTISATION (OPERATING EBITDA)	**12.723**	6,1 %	12.238	6,1 %	0,0 %P
Depreciation and amortisation	-2.896	-1,4 %	-2.400	-1,2 %	-0,2 %P
RESULT FOR SEGMENT (OPERATING EBIT)	**9.827**	4,7 %	9.838	4,9 %	-0,2 %P

The B2B segment experienced a mixed year in 2023 in terms of sales performance. While sales to the restaurant and hotel sectors were increased, sales to food retailers and specialist retailers were below the previous year's level and fell short of expectations. The B2B segment, like the Retail and e-commerce units, had to adjust to occasionally steep product price increases by producers, but in view of its role as an intermediary it has less scope than the two B2B segments to switch out the products or move to private labels.

The statement of income for the B2B segment in the first half of 2023 still showed the effect of the initial consolidation of *Global Wines & Spirits*, following on from its initial full consolidation at 1 July 2022. That company generated sales revenues of € 11 million and EBIT of € 1 million in the first half. Disregarding this effect, like-for-like sales revenues and operating EBIT would have been down on the previous year.

Overall, the B2B segment achieved an operating result of € 9.8 million and therefore a rate of return of 4.7 percent. To restore the minimum required rate of return to above 5 percent, structural cost-cutting measures were already taken in the financial year, especially in the administrative areas. These measures necessitated expenses amounting to € 0.7 million, for which the operating result was adjusted accordingly.

CONDENSED STATEMENT OF INCOME FOR E-COMMERCE SEGMENT

€ '000	2023	*As % of sales*	2022	*As % of sales*	*Change*
SALES REVENUES	**220.331**		242.397		
Internal sales between segments	1.185		1.244		
Cost of materials	-111.907		-123.443		
GROSS PROFIT	**109.609**	49,7 %	120.198	49,6 %	0,2 %P
Personnel expenses	-31.920	-14,5 %	-31.592	-13,0 %	-1,5 %P
Advertising expense	-26.838	-12,2 %	-30.877	-12,7 %	0,6 %P
Freight and logistics costs	-21.170	-9,6 %	-23.500	-9,7 %	0,1 %P
Other costs	-16.452	-7,5 %	-15.513	-6,4 %	-1,1 %P
Other income	2.696	1,2 %	1.980	0,8 %	0,4 %P
RESULT FOR SEGMENT BEFORE DEPRECIATION/AMORTISATION (OPERATING EBITDA)	**15.925**	7,2 %	20.696	8,5 %	-1,3 %P
Depreciation and amortisation	-4.877	-2,2 %	-4.959	-2,0 %	-0,2 %P
RESULT FOR SEGMENT (OPERATING EBIT)	**11.049**	5,0 %	15.737	6,5 %	-1,5 %P

The units of the e-commerce segment broadly faced a challenging financial year 2023, in which the hoped-for turnaround in sales revenues did not yet come. Sales fell by 9.1 percent to € 220.3 million. This level is still well above the pre-COVID level (2019: € 178.6 million) but fell for the second successive year. Within the segment, particularly the fine wine units *Tesdorpf* and *WeinArt* experienced a more marked downturn. By contrast, *WirWinzer* and *Vinos* by and large maintained sales at a steady level.

While gross profit was increased slightly despite producer-end price increases, personnel costs went up by a disproportionately high 1.5 percentage points due to inflationary adjustment payments awarded in lower salary groups and in logistics. Conversely advertising expenses were lower: such activities were scaled back to reflect the market situation.

The lower sales led to a € 4.6 million fall in the operating result, with the rate of return down 1.5 percentage points. Continuing high logistics costs and rising IT costs coupled with higher personnel expenses mean profitability has deteriorated, necessitating adjustments to processes and costs in 2024.

COMBINED NON-FINANCIAL DECLARATION

For financial year 2023, *Hawesko Holding SE* publishes a combined non-financial declaration in accordance with Sections 315b and 315c in conjunction with Sections 289b to 289e of the German Commercial Code (HGB). *Hawesko Holding SE* presents a non-financial declaration for the group parent as well as a non-financial group declaration in the joint form of a combined non-financial declaration. The combined non-financial declaration is an unaudited section of the combined management report.

Particulars of the business model

The *Hawesko Group* is a wine trading group with operations primarily in Germany and Austria. The business model and the structure of the group are described in detail in the combined management report from page 24.

Sustainability as a corporate goal

It is our declared aim to align our entrepreneurial actions with the need to protect our environment. We do so by integrating ecological aspects into the corporate strategy, and thus carry the sustainable work done by winemakers in the vineyard right the way through to the consumer.

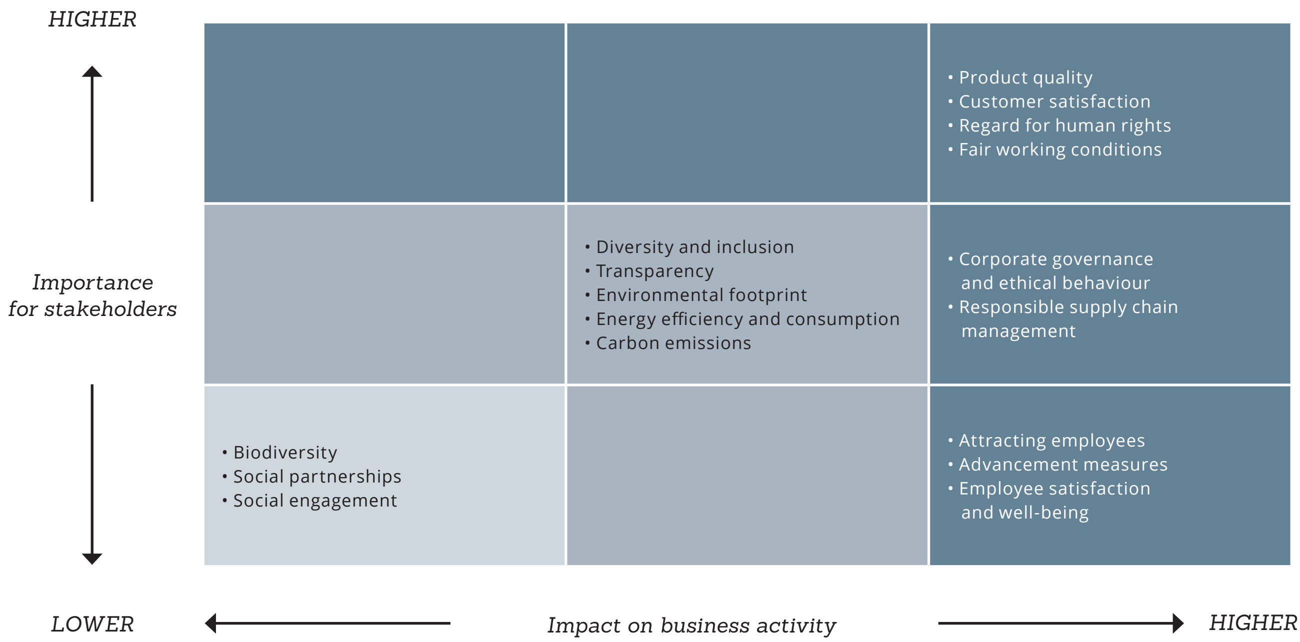
The *Hawesko Group* is committed to managing and overseeing the group and its formats sustainably, with the aim of increasing their value. By making its corporate principles transparent and allowing scrutiny of how they are evolving, it seeks to inspire, maintain and strengthen lasting confidence in the company among customers, business partners and shareholders.

As a trading company, the *Hawesko Group* is aware that responsibility for environmental, employee and social matters is not limited merely to the group, even if that is the only domain that we can influence directly.

The *Hawesko Group* consistently uses its influence in order to manage the supply chain sustainably. For that reason, procurement standards and the group-wide suppliers code are constantly being updated. Our suppliers give assurance that they comply with the principles presented in this code.

Risk management identifies, evaluates and reviews potential risk to business development semi-annually. The review also covers social and environmental risks.

MATERIALITY MATRIX



Currently none of the topics addressed in this section represents a material risk to the business activity of the group. An overall picture of the risks that the *Hawesko Group* faces is presented in the remarks in the Risk Report from page 66.

The group's corporate social responsibility (CSR) comes organisationally under the portfolio of the Chief Financial Officer. He collects and monitors CSR-related data, and reports on this to the full Board of Management and Supervisory Board.

Applicability of the EU Taxonomy Regulation

The EU Taxonomy Regulation represents a regulatory classification system for green economic activity and is divided into the following six environmental objectives:

1.) Climate change mitigation
2.) Climate change adaptation
3.) Sustainable use and protection of water and marine resources
4.) Transition to a circular economy
5.) Waste avoidance and recycling
6.) Protection and restoration of biodiversity and ecosystems

Pursuant to the provisions of the EU Taxonomy, economic activities are "environmentally sustainable" if they:

- make a material contribution to attainment of one or more of the six environmental objectives
- do not significantly harm attainment of the five other EU environmental objectives
- meet the minimum protection requirements for occupational safety and human rights.

The classification of economic activities according to how far they make a material contribution and avoid harming other environmental goals is to be based on technical screening criteria. Economic activities are taxonomy-eligible if they can be matched with the description of an activity from the corresponding annexes of the delegated legal acts of the EU Taxonomy Regulation for the individual environmental objectives, and taxonomy-conforming if they meet the technical screening criteria for that activity.

In November 2022 the criteria for the four last environmental objectives as well as for new activities of the environmental objectives 1.) climate change mitigation and 2.) climate change adaptation were published in the Official Journal of the European Union. For the 2023 financial year it is now mandatory to report on all six environmental objectives. However there remain relief possibilities for the newly published environmental objectives and activities; it is therefore merely necessary to report on the taxonomy eligibility of those activities in this financial year.

We initially matched the economic activities of the Hawesko Group to the relevant taxonomy activities, and identified exclusively those activities that come under the environmental objectives 1.) climate change mitigation and 2.) climate change adaptation in equal measure. These environmental objectives include e.g. the energy operations and selected manufacturing, transport and building sectors. Trading activities, and therefore the core business of the Hawesko Group, are still not yet covered by the EU Taxonomy Regulation in the year under review, including under the new environmental goals and activities. Activities in the value chain that do not generate sales but result in assets are equally included in the taxonomy and are reported as capital expenditures (CapEx). In light of this, only the acquisition and leasing of buildings such as office buildings and retail spaces are identified as a material taxonomy-eligible economic activity within the Hawesko Group (economic activity 7.7 in the annexes to the environmental objectives 1.) climate change mitigation and 2.) climate change adaptation).

The three reportable key performance indicators (KPIs) comprise the sales KPI, the CapEx KPI and the OpEx KPI. The provisions of the EU Taxonomy refer to the net sales revenues (€ 660 million – see section 8 in the notes to the consolidated financial for its calculation). Because the taxonomy does not currently cover any sales-generating activities of the *Hawesko Group*, no taxonomy-eligible or taxonomy-conforming sales revenues or related capital expenditures (CapEx) or operational expenditures (OpEx) can be reported. For the activity 7.7 "Acquisition and ownership of buildings" we made taxonomy-eligible capital expenditures (CapEx) in connection with the additions to property, plant and equipment in the amount of € 24.2 million. These taxonomy-eligible capital expenditures (CapEx) comprise previous capital expenditure on the expansion of the e-commerce logistics centre as well as capitalised lease agreements for retail spaces for *Jacques'*, *Wein & Co.* and *Vinos*, and office buildings. The total capital expenditure of the *Hawesko Group* comprises all additions from capital expenditure or additions from rights of use in accordance with the definition of the denominator for capital expenditure, and came to € 31.3 in the year under review. The taxonomy-eligible capital expenditures (CapEx) therefore represent just under 80 percent of total capital expenditure. Beyond that, we did not identify any further material capital expenditures (CapEx). To avoid double counting and in light of the very specific requirements of objective 2.) climate change adaptation, we allocate our taxonomy-eligible CapEx to objective 1.) climate change mitigation. The operational expenditures (OpEx) according to the EU Taxonomy comprise direct, non-capitalised costs in connection with research and development, building renovation measures, short-term leases, maintenance and repair as well as other direct expenditure on the day-to-day maintenance of items of property, plant and equipment, and amount to approx. € 1.0 million (previous year: approx. € 1.3 million). There were no operational expenditures (OpEx) in connection with taxonomy-eligible activities.

To establish the taxonomy conformity of the identified taxonomy-eligible activity 7.7 "Acquisition and ownership of buildings" with environmental objective 1.) climate change mitigation, it is necessary to examine disclosures on a building's energy efficiency. To obtain this information, the *Hawesko Group* as lessee is dependent on documentation from third parties (lessors) because the assessment in the EU Taxonomy refers exclusively to the acquisition of buildings. We are in discussion with our contractual partners to obtain evidence that can be used to determine taxonomy conformity. In spite of our efforts we are not currently in possession of any evidence that would allow assessment of the taxonomy conformity of capital expenditures; we therefore do not report any taxonomy-conforming capital expenditures for financial year 2023. No material contributions to environmental objective 2.) climate change adaptation could be identified in the absence of any taxonomy-eligible sales or operational expenditures. Moreover, we likewise report no taxonomy-conforming sales or operational expenditures.

Outlook on future reporting

The *Hawesko Group* expects that further sectors that could be relevant for the core business of the *Hawesko Group* might be included in the taxonomy over the course of the next few years. The scope of reporting would therefore change accordingly. Until then, a fresh examination of taxonomy eligibility and conformity to reflect business expansion and capital expenditures will be conducted annually.

Tables pursuant to Annex II of the Delegated Legal Act on Article 8 of the Taxonomy Regulation:

SHARE OF SALES FROM GOODS OR SERVICES THAT ARE ASSOCIATED WITH TAXONOMY-CONFORMING ECONOMIC ACTIVITIES – DISCLOSURE FOR THE YEAR 2023

				Criteria for a material contribution					
Economic activities	**Code (s)**	**Abso-lute sales**	**Sales share**	**Climate change mitiga-tion**	**climate change adapta-tion**	**Water and marine re-sources**	**Circular econ-omy**	**Pollu-tion**	**Biodi-versity and ecosys-tems**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		€ million	%						
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-conforming)									
Sales from environmentally sustainable activities (taxonomy-conforming) (A.1.)									
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-conforming activities)									
Sales from taxonomy-eligible but non-environmentally sustainable activities (A.2.)									
TOTAL (A.1. + A.2.)									
B. Non-taxonomy-eligible activities									
Sales from non-taxonomy-eligible activities (B)		660,28	100						
TOTAL (A + B)		**660,28**	**100**						

	DNSH criteria ("do no significant harm")										
Economic activities	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystem**	**Minimum protection**	**Taxonomy-conforming sales share, 2023**	**Taxonomy-conforming sales share, 2022**	**Category (enabling activities)**	**Category (transitional activities)**
(1)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	J/N	J/N	J/N	J/N	J/N	J/N				E	T
A. Taxonomy-eligible activities											
A.1. Environmentally sustainable activities (taxonomy-conforming)											
Sales from environmentally sustainable activities (taxonomy-conforming) (A.1.)											
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-conforming activities)											
Sales from taxonomy-eligible but non-environmentally sustainable activities (A.2.)											
TOTAL (A.1. + A.2.)											
B. Non-taxonomy-eligible activities											
Sales from non-taxonomy-eligible activities (B)											
TOTAL (A + B)											

CAPEX SHARE FROM GOODS OR SERVICES THAT ARE ASSOCIATED WITH TAXONOMY-CONFORMING ECONOMIC ACTIVITIES – DISCLOSURE FOR THE YEAR 2023

				Criteria for the material contribution					
Economic activities	Code (s)	Absolute CapEx	CapEx share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		€ million							
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-conforming)									
CapEx for environmentally sustainable activities (taxonomy-conforming) (A.1.)									
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-conforming activities)									
7.7 Acquisition and ownership of buildings	L68	24,2	77%	100%					
CapEx for taxonomy-eligible but non-environmentally sustainable activities (A.2.)	L68	24,2	77%						
TOTAL (A.1. + A.2.)		**24,2**	**77%**						
B. Non-taxonomy-eligible activities									
CapEx for non-taxonomy-eligble activities (B)		7,1	23%						
TOTAL (A + B)		**31,3**	**100%**						

	DNSH criteria ("do no significant harm")										
Economic activities	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Minimum protection	Taxonomy-conforming sales share, 2023	Taxonomy-conforming sales share, 2022	Category (enabling activities)	Category (transitional activities)
(1)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	J/N	J/N	J/N	J/N	J/N	J/N				E	T
A. Taxonomy-eligible activities											
A.1. Environmentally sustainable activities (taxonomy-conforming)											
Sales from environmentally sustainable activities (taxonomy-conforming) (A.1.)											
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-conforming activities)											
Sales from taxonomy-eligible but non-environmentally sustainable activities (A.2.)											
TOTAL (A.1. + A.2.)											
B. Non-taxonomy-eligible activities											
Sales from non-taxonomy-eligible activities (B)											
TOTAL (A + B)											

OPEX SHARE FROM GOODS OR SERVICES THAT ARE ASSOCIATED WITH TAXONOMY-CONFORMING ECONOMIC ACTIVITIES – DISCLOSURE FOR THE YEAR 2023

				Criteria for a material contribution					
Economic activities	**Code (s)**	**Absolute OpEx**	**OpEx share**	**Climate exchange mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		€ million							
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-conforming)									
OpEx for environmentally sustainable activities (taxonomy-conforming) (A.1.)									
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-conforming activities)									
OpEx for taxonomy-eligible but non-environmentally sustainable activities (A.2.)									
TOTAL (A.1. + A.2.)		**0**	**0%**						
B. Non-taxonomy-eligible activities									
OpEx for non-taxonomy-eligible activities (B)		1	100%						
TOTAL (A + B)		**1**	**100%**						

	DNSH criteria ("do no significant harm")										
Economic activities	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum protection**	**Taxonomy-conforming sales share, 2023**	**Taxonomy-conforming sales share, 2022**	**Category (enabling activities)**	**Category (transitional activities)**
(1)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	J/N	J/N	J/N	J/N	J/N	J/N				E	T
A. Taxonomy-eligible activities											
A.1. Environmentally sustainable activities (taxonomy-conforming)											
OpEx for environmentally sustainable activities (taxonomy-conforming) (A.1.)											
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-conforming activities)											
OpEx for taxonomy-eligible but non-environmentally sustainable activities (A.2.)											
TOTAL (A.1. + A.2.)											
B. Non-taxonomy-eligible activities											
OpEx for non-taxonomy-eligible activities (B)											
TOTAL (A + B)											

ENVIRONMENTAL MATTERS

Sustainable product ranges

The *Hawesko Group* strives to generate the highest possible proportion of sales revenue and unit sales with sustainable wines. Sustainable products already account for 70 percent of sales.

Compared to other branches of agriculture, wine-growing is fundamentally characterised to some degree by a long-term view. The vines in a vineyard do not start to bear fruit until their third year and produce their most reliable yields after around 20 years. Still older vines are generally considered a rarity and the harvest is high in quality. By definition, winemakers therefore strive to conduct wine-growing sustainably.

The characteristics and attributes of high-quality wines in terms of taste and quality depend greatly on the local cultivation conditions as well as the methods of viticulture and vinification adopted by each producer. These may vary considerably between wine-growing region and producer. Consequently, various constantly evolving methods are used to operate in a sustainable and environment-friendly manner. But while national and regional regulations may vary, there is a growing trend worldwide towards conscious, sustainable viticulture, vinification and appropriate further processing.

The *Hawesko Group* constantly draws on its influence to balance the demands, expectations and positions of the various parties involved. In the purchasing sphere, the Hawesko Group unceasingly encourages its suppliers to adopt eco-friendly practices and support the use of organic methods of cultivation and vinification. Many producers are receptive to this input and have their processes adapted and certified accordingly.

Certified shop-based retailing

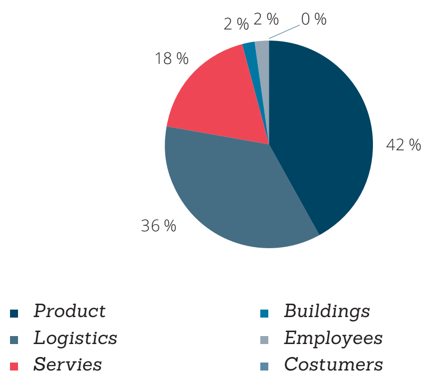
Jacques' designs its shop-based business to be sustainable. By 2023 *Jacques'* had already obtained the "FAIR'N GREEN" seal of sustainability for around two-thirds of the more than 330 outlets run by independent agency partners. Around a further 100 outlets will receive certification in the coming year 2024 and a rolling process of sustainable development will be established.

Carbon footprint

The *Hawesko Group* does not have production facilities and belongs in the commerce sector of the economy. To that extent the group has only indirect influence over how effectively the relevant environmental standards are complied with in the growing and production of the products it trades in. The impact of our business activity on the environment is therefore not comparable to that of businesses in manufacturing industry.

Taking the Greenhouse Gas Protocol as an established best-practice standard, a company's carbon footprint comprises direct emissions from controlled sources (Scope 1), indirect emissions through the production of purchased energy (Scope 2), and indirect emissions in the supply chain including upstream and downstream emissions (Scope 3).

CARBON EMISSIONS BY CATEGORY



Over 80 percent of the emissions of the *Hawesko Group* come under Scope 3. As a trader, our responsibility involves particularly the range, the shipping of goods and the packaging of consignments.

The objective of the *Hawesko Group* is to consistently reduce carbon emissions per bottle sold, thereby helping to protect the climate. For the product wine, the weight of the bottle is a carbon emissions driver that impacts the entire value chain. The lighter the glass bottle is, the lower the carbon emissions are in the manufacture, shipping and disposal of the bottle. The *Hawesko Group* has identified potential in optimising the weight of the bottle, and particularly for its private labels will look at the weight of the bottle as a priority issue when developing products in the future. In addition, pushing the establishment of the bag-in-box as an environmentally more beneficial form of packaging for wine is a strategy with which especially *Jacques*' is already a market leader.

For the shipment of goods from producers in Europe to our warehouses, we fundamentally engage only carriers that use vehicles equipped with state-of-the-art emission control and after-treatment technology. Where possible, rail or sea are used for sections of the itinerary. Shipments fundamentally use resource-friendly Euro pallets to DIN EN 13698, which can be used multiple times. Very energy-intensive air freight is virtually never used.

By using the "GoGreen" shipping option of DHL, the *Hawesko Group* has been offsetting elements of its environmental footprint since 2020. For parcels shipped "GoGreen", a surcharge is levied on the shipping cost and invested in environmental projects to compensate for the greenhouse gases generated.

Packaging

The companies of the *Hawesko Group* participate in the market-leading dual system run by BellandVision.

Recovering packaging enabled the *Hawesko Group* to save the equivalent of 9,773 tonnes of carbon emissions in 2023.

Transport packaging used by the *Hawesko Group* is made substantially from renewable raw materials (card, paper).

EMPLOYEES, SOCIAL RESPONSIBILITY AND ENGAGEMENT

The employees' expertise, experience and exceptional dedication are hugely important for the positive development of the *Hawesko Group* and its companies. It is they who ensure day in, day out that the group's customers receive outstanding advice and service, and that business partners and suppliers feel they and their products are in good hands.

Fair, non-discriminatory pay and continuing training are the hallmarks of human resources work in the *Hawesko Group*. Alongside professional skills, training covers personal and social skills. People with different backgrounds and strengths can maximise their potential in the *Hawesko Group*. It is a matter of course that employees are selected and remunerated without regard to such matters as age, gender, sexual orientation, skin colour or nationality. The *Hawesko Group* strives for diversity when filling positions.

When filling management functions and recruiting for its formats, the *Hawesko Group* has the long-term goal of achieving a gender balance that reflects the employee structure. The proportion of women among management is currently 28.5 percent.

Qualifications and training

The continuing upskilling of employees enjoys a high status throughout the entire group. Our goal is to recruit over 70 percent of managers for the group internally. Only well-trained employees will be capable of achieving the high standards that the markets and customers expect. We therefore provide both demand-led training and specific advancement.

Across the companies, the *Hawesko Group* offers a wide-ranging corporate trainee programme for future managers of the group companies. The *Hawesko Group* also provides a wide range of options for school-leavers as part of a successful drive to attract young talent. Those at the start of their career can also train in information technology and warehouse logistics. In partnership with a number of universities, it provides dual and part-time courses of study.

The advancement measures available within the Group include courses designed to build up individual employees' personal performance profiles and their knowledge of wine, champagne and spirits, as well as develop their personality. Future executives receive professional and personal development across all segments through the Junior Executive Programme (JEP!). Then there is the Executive Programme (EP!). Aimed at executives who already possess experience, EP! forms a valuable part of their professional and personal development.

Health and family

The *Hawesko Group* has implemented occupational integration management across the group and many business units also offer occupational health management. The compatibility of professional and family life is an important concern for the *Hawesko Group*. Employees can obtain personal advice on the topics of maternity leave, parental leave and parental benefit payments. Flexible working hours models are a matter of course, subject to operational constraints.

Corporate social benefits and retirement benefits

A wide range of fringe and welfare benefits is available to the employees of the *Hawesko Group*. *Hawesko Holding SE* is a member of the Pensionskasse des Handels pension fund. Our membership gives all domestic employees of the group access to effective retirement benefit arrangements, including cover for invalidity and surviving dependants. Thanks to the combination of employer subsidies and individual salary sacrifice, contributions can be made directly into a reliable pension fund with no tax and social insurance repercussions.

Responsible handling of alcohol

As one of the oldest alcoholic beverages known to humankind, wine has a tradition stretching back more than 5,000 years. Over the centuries, wine has become established as an aspect of life, culture and nutrition. Over time, the role of wine has changed from an important food source to a cultural symbol, then a drink to complement food and good company. The art of wine growing and wine production, too, has evolved. Certain wine regions have even been recognised by UNESCO as world heritage sites.

For many winemakers, their profession is also a vocation and they therefore go about their handicraft with passion and meticulous care. They staunchly uphold those values that have always been the hallmarks of a good wine: the vine, the terroir and the skilled work that is done at the winery. Wine is a natural product that bears the imprint of where it is grown and is brought to perfection by the people who produce it. Scarcely any other beverage has greater capacity to delight than wine. Perhaps that is because of its variety. There are hundreds of varieties, incredibly diverse terroirs and many, many thousands of producers. That alone is an initial indication of how wide-ranging and fascinating wine can be.

For all its positive attributes, wine very often contains alcohol too. Whenever alcohol is consumed in excess, there is an increased risk of long-term illness and dependence that can be detrimental to quality of life and health. For that reason, we as a wine trader regard it as very important to educate our customers and employees in the potential dangers involved in consuming alcohol and to recommend that wine is always enjoyed in moderation.

Within the group, we support a range of initiatives to promote the responsible consumption of alcohol. These include the “Wine in Moderation” (WiM) initiative of the German Wine Academy (www.deutscheweinakademie.de) and the "Maßvoll Geniessen" ("Enjoy in Moderation") initiative (www.massvoll-geniessen.de). We provide anonymous counselling for our employees and hold internal training to draw attention to the problems of alcohol abuse and dependence.

Youth protection

As the high-quality products sold by the *Hawesko Group* encourage conscious, appreciative consumption in moderation by their very nature and their positioning in the premium segment, they lend themselves less to abuse than other alcoholic beverages. The *Hawesko Group* is nevertheless mindful of its responsibility to prevent alcohol abuse. In accordance with youth protection legislation, the *Hawesko Group* sells alcoholic beverages only to persons over the age of 18 (in Sweden: over the age of 20). The date of birth must be supplied for orders placed in online shops. Parcels are marked with a red sticker displaying the instruction that they may not be handed over to persons under the age of 18. If in any doubt whatsoever, delivery agents are also obliged to check the ID of the person taking receipt of a consignment to verify their age.

Combating Bribery and Corruption

All employees of *Hawesko Group* companies are obliged to know the statutory provisions and internal regulations that govern their work and must observe these in the course of their activities. The *Hawesko Group* is committed to fair competition and fair contractual arrangements with its business partners and therefore observes all regulations, above all competition and antitrust law as well as consumer, environmental protection and privacy law.

The good reputation of the *Hawesko Group* and its economic success depend critically on how we conduct ourselves in the everyday course of business. There is no alternative to personal integrity and sound judgement. The *Hawesko Group* attaches importance to fair and lawful business dealings, and to avoiding conflicts of interest. The group does not tolerate any form of corrupt behaviour and distances itself from the merest suggestion of the same. This applies to passive and active corruption in equal measure. Openness and integrity are very important in our dealings with each other. We consider ourselves bound by high ethical standards. The *Hawesko Group* has taken a clear stance against all forms of bribery and corruption. The group and its companies hold regular compliance training.

The group's business partners and their entities are aware of the group's position on lawful and loyal behaviour. Our code of conduct can be viewed at https://www.hawesko-holding.com/ueber-uns/corporate-governance.

Whistleblowing hotline

The whistleblower system of the *Hawesko Group* rests on two pillars. In addition to the internal channel of reporting to the manager, the executive management and the compliance officer, there is a whistleblowing hotline operated by an independent, external mediator. Employees and external parties may report unethical or unlawful conduct to the latter, with an assurance of anonymity if requested by the whistleblower. The guideline on the whistleblower system is available to third parties and business partners of the *Hawesko Group* at https://www.hawesko-holding.com/ueber-uns/corporate-governance. The *Hawesko Group* supports civic courage. Reprisals against whistleblowers are not tolerated.

REGARD FOR HUMAN RIGHTS

All conduct guidelines of the *Hawesko Group* are based on the principles of the Universal Declaration of Human Rights and the United Nations Global Compact. To uphold ethical corporate governance, all employees, managers and the company as a whole are obliged to observe the laws of the Federal Republic of Germany or their respective country.

The *Hawesko Group* expects all employees to be treated fairly and have their rights and privacy respected. No discrimination on the basis of gender, disability, ethnic background, nationality, religion or belief, age, sexual orientation or other characteristics protected by law is tolerated. The *Hawesko Group* does not tolerate any harassment or bullying in the workplace, nor any related discrimination.

EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS REPORT

REPORT ON EXPECTED DEVELOPMENTS

General economic situation

Anticipated future developments in economy as a whole

The International Monetary Fund (IMF) has revised its forecast for the global economy slightly upwards for the current year. The IMF expects global real growth of 3.3 percent, having forecast 3.1 percent in October 2023. Several major industrial and emerging national economies have proved to be more robust than the experts had assumed. Global economic growth nevertheless remains below the average for the past five years. The effects of the COVID-19 pandemic and the war in Ukraine have had a generally negative impact on growth. Meanwhile the IF has downgraded its forecast for the German economy and now forecasts growth of 0.5 percent, down from 0.9 percent in the October forecast. In particular, it considers that Germany as an exporting nation is affected more than other countries by the general weakening of global trade and the high energy prices.

According to the Federal Statistical Office (Destatis), gross domestic product (GDP) contracted by 0.3 percent in the fourth quarter of 2023 compared with the preceding quarter. Most experts expect to see it rise in the first quarter of 2024, with the labour market figures for Germany driving the upward trend. The German government expects lower economic growth of 0.2 percent for 2024, whereas GDP growth had been expected to reach 1.3 percent according to the autumn 2023 forecast. The generally weak state of the global economy due to such factors as the fallout from the war in Ukraine, high inflation and rising prices in the energy segment is holding back the German economy more than previously assumed.

Households' nominal disposable incomes are expected to increase in 2024 thanks to rising pay and falling inflation. This is expected to fuel consumer spending in 2024.

Wine market in 2024:

The International Organisation of Vine and Wine (OIV) estimates wine production in 2023 at 242 to 247 million hectolitres. That indicates a decline of 7 percent compared with the already below-average volume for 2022, and is prospectively the lowest level of global wine production for the past 60 years.

The European Union's production output for 2023 is estimated at 150 million hectolitres (previous year: 157 million hectolitres) but will vary from one wine-producing country to another due to the weather and the associated incidence of fungal diseases. The harvest figures for France and Germany are expected to be solid. By contrast, in some areas of Spain substantial parts of the harvest failed due to long hot spells in the summer, and in Italy due to high rainfall and vine blight.

Future situation in the trade

The Board of Management anticipates a challenging market environment for the wine-producing industry in 2024 because the high stock levels in winemakers' warehouses and cellars and rising supply coincide with a continuing decline in consumer demand. In its capacity as a trader, the *Hawesko Group* perceives an opportunity here to roll back to some extent the substantial price increases that winemakers have implemented over the past two years.

The established quality trends will continue in 2024 and will define the market: there is growing professionalism in the world of wine, consumers are becoming increasingly discerning, and Europe will remain a focal area of global wine consumption. The consequence of this is that the virtues the *Hawesko Group* has carefully nurtured over many decades are more important than ever as a unique selling proposition in the marketplace. The range of top-class wines, knowledgeable handling of the product wine, experience in specialised warehousing and shipping logistics as well as the ability to keep enthusing customers with high service commitment and quality are key to the group brands' high recognition value in the wine market.

Anticipated financial performance

Following on from a challenging financial year, the Board of Management again anticipates little economic tailwind in 2024. According to its internal estimates, high (core) inflation, which is eating into real disposable incomes, as well as low consumer confidence will again dominate the market environment in which the *Hawesko Group* operates.

The Retail segment is expected to achieve slight growth in sales revenues. Perceived as a business that trades in everyday consumer goods and with smaller shopping baskets than e-commerce, this is the area affected least by consumer holdback. *Jacques'* is also planning to open further outlets and expects the newly opened stores in 2023 to stimulate growth. *WEIN & CO* is expected to achieve a substantially improved operating EBIT that will also benefit operating EBIT for the segment.

The B2B segment will face a challenging 2024 with sales on a par with the previous year. Slight growth in the restaurant trade is planned, whereas sales to food and specialist retailers will be stable or slightly down, though much will depend on the state of the economy. In the case of food retailers in particular, consumers are expected to be highly sensitive to price and it will be necessary to adjust the product range accordingly. With suppliers also recognising the need to do this, the first winemakers have already indicated their readiness to drop product prices in order to restore the price-demand function. There is also the prospect of growth for spirits by bringing new suppliers of known brand products on board. The segment's profitability should be able to improve slightly once more after a weak 2023, producing mild growth in operating EBIT.

The e-commerce segment will again serve as the clearest bellwether of consumer confidence. With logistics costs still rising, the e-commerce units are dependent on larger shopping baskets and increased trading margins. After two years of declining sales and operating EBIT, a turnaround is expected in 2024. We therefore anticipate that sales for the segment will not fall below the level of 2023 and will remain steady year on year. But to what extent the segment can achieve any stronger sales boost is very dependent on consumer sentiment. It will again be necessary to bring new, attractive, innovative wines onto the market under exclusive brands and private labels if the e-commerce units are to set themselves apart from the competition and increase their trading margins. Other opportunities will open up for the segment with the creation of additional marketplace platforms at *Hawesko* and *WirWinzer*. However increased road tolls and other legislative changes will keep up the pressure on freight and logistics costs. The steadily rising fulfilment costs in this segment necessitate lasting structural changes to the cost structure of the e-commerce units; these will be made in 2024. We expect the impact on EBIT in 2024 to reach around € 1 to € 2 million. However disregarding this effect, operating EBIT for the segment will increase marginally.

Overall, the Board of Management expects a slight rise in sales of up to +2 percent and operating EBIT in the range of € 36 to € 40 million. There will be non-recurring effects requiring adjustment in the amount of up to € 2 million for further restructuring costs in the B2B and e-commerce segments; reported EBIT could therefore be up to € 2 million lower than operating EBIT.

The Board of Management anticipates free cash flow in the range of € 16 to € 22 million for 2024, with an operating ROCE of 14 to 16 percent.

The Board of Management will announce its assessments and expectations based on the latest developments in the customary manner in the quarterly reports and interim report.

Anticipated financial position

The capital expenditure made in 2022 and 2023 on expanding the logistics centre and the two acquisitions in the B2B segment resulted in a substantial rise in borrowings in 2023. This increased indebtedness and an elevated interest level mean the *Hawesko Group* will continue to face higher interest charges in 2024. It therefore plans to reduce indebtedness in 2024 and in particular to reduce the average tied-up capital and the associated interest costs. It also aims to minimise above all the inventory levels in 2024 as a means of generating extra cash flow to clear debt.

Alongside this, ongoing cash flow will be used for essential capital expenditure on property, plant and equipment and intangible assets, and for dividend payments. The current plans do not envisage substantial long-term investments or acquisitions.

Overall statement on the anticipated development of the group

In light of the individual factors outlined and its assessment of how the wine market will develop, the Board of Management considers a steady upward development in the *Hawesko Group* to be achievable. It continues to attach high priority to sales growth. The Board of Management also wants growth to be profitable. Consistently exceeding a return on capital employed (operating ROCE) of 14.0 percent remains an important benchmark.

OPPORTUNITIES REPORT

Opportunities mean potential positive departures from the expected economic environment and the economic situation of the *Hawesko Group* as outlined in the report on expected developments. The group therefore distinguishes between market-related, strategic and operational opportunities.

Market-related opportunities

Market-related opportunities may arise especially if the energy crisis and the related problem of high inflation are overcome more swiftly, triggering positive economic effects in the relevant markets of the *Hawesko Group*. In such a scenario the purchasing power of consumers would reach pre-crisis levels and could increase their propensity to spend money on wine and encourage them to resume enjoying more upmarket wines. There are other market-related opportunities in the easing of the entire supply chain over the medium term, resulting in price reductions for wine, paper, energy and logistics services.

In terms of the competitive environment, opportunities could take shape through continuing market consolidation in the premium wine trade. This could drive growth at existing *Hawesko Group* companies, as well as create attractive opportunities for acquisitions in Europe. The *Hawesko Group* has solid financial ratios and superior financial strength to most of its competitors, and could therefore profit from such situations.

Demographic developments in its markets could also create opportunities for growth for the *Hawesko Group*. As the general population rises, there are more older people who have the time and money to enjoy premium wines. Premium wines are generally not mass-produced on an industrial scale; they are craft products usually made in tune with the principles of sustainability and in harmony with nature. There is also growing awareness of sustainability and environmental impact, especially among younger wine-drinkers. At the *Hawesko Group*, we could benefit long-term from this trend thanks to our consistent positioning in the premium segment.

Strategic and operational opportunities

The *Hawesko Group* creates strategic and operational opportunities by rigorously applying its business strategies.

For the Retail segment, the accelerated drive to implement the "*Jacques'* 500" shop expansion strategy is creating opportunities. This strategy identifies potential for around 500 *Jacques'* shops in Germany. The continuing trend in German retailing towards B and C locations could create opportunities for *Jacques'* to expand through a broader range of sites.

During the COVID-19 restrictions we extensively restructured the B2B segment and reorganised its HR, investing especially in the nationwide sales structures. These actions are creating opportunities to acquire new customers and build on existing customer contacts. In the B2B formats there could also be opportunities for acquisitions or joint ventures elsewhere in Europe, *Dunker Group OÜ* being a case in point.

In the e-commerce segment a taste-based AI algorithm developed centrally in recent years creates fresh opportunities for medium-term growth. This creates fresh potential for proposing a more personalised offering to the customer and adopting a more targeted approach at the purchasing end. The current process of integrating marketplace models into existing formats and rolling them out internationally could also create sales opportunities.

The wider use of AI-based systems fundamentally offers scope for greater efficiency across the entire *Hawesko Group*. Opportunities to boost efficiency could arise especially in the core customer service processes as well as in various back-office functions.

RISK REPORT

Principles of risk management

The core tasks of the Board of Management of *Hawesko Holding SE* include the strategic management of the group. Based on intensive observation of the competitive environment, changes and developments to national and international markets and the business environment are analysed. Group management translates the findings of these analyses into a plan of action for safeguarding and building on the company's success over the long term.

In the context of its activities in its sales markets, the *Hawesko Group* is exposed to the fundamental risks that go hand in hand with entrepreneurial activity. Risks are defined as events or possible developments within and outside the group that can adversely affect the companies or the attainment of corporate targets, or restrict the entrepreneurial leeway of members of the Board of Management or executive management. The Board of Management has established a modern, comprehensive risk management system that is moreover continuously refined and brought in line with external requirements. The early identification of risks is of major significance and is achieved by means of a risk early warning system implemented group-wide, the binding principles of which are laid down in a risk management guideline.

The risk management system covers all organisational regulations and measures for identifying risks and handling the risks that are inherent to entrepreneurial activity. It encompasses all subsidiaries. Risks are allocated to standard, predefined categories and documented in a risk inventory. The risks identified are then evaluated on the basis of their probability and the loss they would involve. They are managed by defining and regularly examining countermeasures to limit the risks identified. The risk management system processes are identical for the entire group and are controlled by the risk manager and the risk management officers in the operating segments.

Internal Control System (ICS)

Our internal control system covers all principles, methods, measures, guidelines and controls that have the purpose of organisationally implementing the management's decisions

- to assure the effectiveness and cost efficiency of business activity (including protecting assets, including preventing and detecting damage to assets),
- on the adequacy and reliability of internal and external financial reporting, and
- on compliance with the relevant legal requirements to which the company is subject.

As a core component of our central and non-central internal management and supervisory processes, the ICS comes with appropriate responsibilities and is regularly updated in line with the prevailing situation. It serves as the basis for assuring compliance with both internal and external requirements.

The guidelines of the *Hawesko Group* include in particular:

- the whistleblower system guideline,
- the suppliers code,
- the risk management guideline,
- the code of conduct for employees, and
- the social media guidelines.

The group Board of Management bears overall responsibility for the internal control system and risk management system in respect of the financial reporting processes at the consolidated companies and the group financial reporting process.

Description of the key features of the ICS with regard to the financial reporting process for the group parent and group

The ICS for the group companies and for group financial reporting is a key component of the reporting system and therefore of the internal management and control system.

As part of the internal control system, the risk management system methodically records and evaluates the risks identified as part of the risk inventory conducted annually. In respect of group financial reporting, the aim of the risk management system is to reflect the risks appropriately in the consolidated financial statements (for example, through the creation of provisions) and thus to limit the risk of incomplete presentation of the net worth, financial position and financial performance.

The Supervisory Board, in this context specifically the Audit and Investment Committee of *Hawesko Holding SE*, is involved in the financial reporting process for the group parent and group, and deals with such matters as key questions of financial reporting, risk management as well as with the audit mandate and its priorities.

The ICS in respect of the financial reporting process

The clear structures of organisation, control and monitoring established within the *Hawesko Group* focus on the complete and accurate recording of all business transactions that are relevant for financial reporting purposes. The application of uniform recognition and measurement principles for the companies included in the consolidated financial statements, taking account of the requirements of the IFRS, is assured in the *Hawesko Group*.

The general organisation of the Accounting department and the involvement of the divisions participating in the processes that are relevant for financial reporting purposes are handled in such a way that there is an appropriate degree of separation between approval, executive, invoicing and controlling functions for a company of this size and sphere of activity. This separation of functions enables extensive preventive and disclosing controls in all material business processes throughout the group that have been implemented by the management, based on an assessment of the inherent risk of the individual processes and the controlled environment in question. The manual controls are supplemented by corresponding IT process controls and IT authorisation concepts.

Complex questions of measurement such as are needed e.g. for measuring provisions for pensions or derivative financial instruments, or for performing purchase price allocations, are examined in consultation with external independent specialists.

The ICS in respect of the consolidation process

The processes that are relevant for financial reporting purposes are recorded in local standard bookkeeping systems for the separate financial statements of the subsidiaries. For preparation of the consolidated financial statements, the separate financial statements as well as supplementary standardised information are fed into consolidation software, using a corresponding authorisation concept, and examined by Group Accounts. The ICS of *Hawesko Holding SE* is designed to ensure that financial reporting by the company and by all companies included in the consolidated financial statements is uniform and in agreement with the legal and statutory requirements as well as internal guidelines.

All consolidation processes and the reconciliation of the local separate financial statements with IFRS financial reporting standards are carried out and documented by the Corporate Finance central department. A lease accounting tool is used to handle accounting in accordance with IFRS 16. The internal and external data required for the notes to the consolidated financial statements and the group management report is also evaluated and consolidated at group level using a newly introduced, mainstream tool. The effectiveness and adequacy of Group Accounting in preparing the accounts are overseen directly by the Chief Financial Officer or the individuals appointed by him to perform that task within Group Accounts.

Evaluation of appropriateness and effectiveness (unaudited management report section)

In accordance with the recommendations of the German Corporate Governance Code 2022 (GCGC) the Board of Management has given in-depth consideration to the appropriateness and effectiveness of the risk and compliance management system and of the internal control system. It has taken steps to unlock identified potential for improvements and to continue improving processes and systems. At the date of reporting, in all material respects there is no evidence of any general lack of appropriateness and effectiveness of the internal control and risk management system.

Risks

In addition to the general business risk, the group is exposed to the risks explained in the following. Over a one-year horizon these are classified in the basic scenario in descending order as A, B and C risks depending on the anticipated loss. Please refer to the following diagram. The losses stated are a net view with the impact on EBIT. A and B risks are considered more closely in the following.

Loss (€ million)	5) Very low (0 to <10)	4) Low (10 to <25)	3) Moderate (25 to <50)	2) High (50 to <75)	1) Very high (75 to 100)
1) Very high (>5)	B	A	A	A	A
2) High (2.5 to ≤5)	B	B	A	A	A
3) Moderate (1 to ≤2.,5)	B	B	B	A	A
4) Low (0.25 bis ≤1)	C	C	B	B	A
5) Very low (bis 0.25)	C	C	C	C	B

Probability (%)

Public debate on alcohol and advertising bans or restrictions

For some years the European Union has been debating whether the advertising of alcoholic beverages should be restricted. Even if such measures were to be decreed, Hawesko's Board of Management believes that an advertising ban for alcoholic products would probably not result in lower wine consumption in the medium term. Depending on what specific form any restrictions on advertising were to take, an advertising ban could nevertheless have a significant negative impact on the business operations of the Hawesko Group because particularly the e-commerce business model generates sales through regular advertising campaigns. Based on its market position and product range, the Board of Management considers that the group would barely be affected by a public debate aimed at encouraging consumption of alcohol only in moderation. The EU Consumer Rights Directive dated 25 October 2011 was transposed into German law as of 13 June 2014 through the revision of Sections 312 ff. of the German Civil Code (BGB) . The directive affects predominantly online retailers (e.g. right of objection) and bricks-and-mortar retailers (obligation to inform). The Hawesko Group companies affected implemented it swiftly and respond swiftly to any instructions or cautions.

The risk from the public debate on alcohol and advertising bans or restrictions is classified as an A risk, with a high probability.

Inflation and dependence on economic cycle

Economic development in Europe and Germany is dominated by the fallout from the war in Ukraine. It has driven up prices for such commodities as energy, fuels and food, resulting in inflation well above the levels of recent years. The Hawesko Group companies are also affected and the risk of inflation therefore continues to be considered a category A risk.

Hand in hand with the inflation risk and its causes as described above, based on the current assessment the risk of dependence on the economic cycle is also stated separately as a category A risk. Macroeconomic fortunes exercise considerable influence over the propensity of the population to consume and therefore over the business development of the Hawesko Group. Rising consumer prices due to inflation, at a faster rate than any pay settlements, means consumption is bound to decline due to a loss of real income.

The risk of sustained high inflation and general dependence on the economic cycle is rated as an A risk with a very high probability.

Growing competition

The wine markets in Germany, Austria and Switzerland exhibit growing competition. New market participants are entering the market and attempting to capture market shares as swiftly as possible. As such market participants do not have a customer base that has been built up over decades, nor a level of specialist expertise comparable to that of the *Hawesko Group*, they try to gain market shares through price. They succeed in this to some extent by using special offers and discounts, with the result that the high price transparency of online offers can increase the pressure on prices and margins for all market participants and erode profitability. Although this approach does not fundamentally threaten the business models of the *Hawesko Group* with their focus on expertise, service and sustained growth, it hinders the acquisition of new customers and inflates the cost of this process. The effects of more intense competition are built into the plans and risk assessments of the *Hawesko Group* entities but for a variety of reasons are not fully foreseeable. The *Hawesko Group* attempts to cushion these effects by offering an extensive product range expertly and by striving not to be dependent on individual wines or producers. Furthermore, the group subsidiaries endeavour to include unique products and specially bottled wines in their range to avoid direct comparison.

The risk from growing competition is classified as an A risk with a high probability.

Dependence on Deutsche Post/DHL

Both for sending out advertising and customer communications and for the shipping and delivery of consignments to our end customers, Deutsche Post/DHL is a fundamental service provider for which there is no adequate substitute. The risk of dependence on Deutsche Post/DHL – especially in the event of delays, poor performance and price increases – is therefore reported as a category A risk with a high probability.

Failure of IT hardware and software

The steadily growing share of transactions handled online, specifically in the distance-selling area, also increases awareness of the availability of the web shops operated by the *Hawesko Group*. Equally, all key business processes of necessity rely on the IT infrastructure and are dependent on its proper functioning. A failure, especially if it were for an extended period, would result in significant sales losses and have direct economic consequences. The issue of IT security and availability, especially bearing cyber crime in mind, is closely managed and updated swiftly to reflect new threat scenarios.

The risk from the failure of IT hardware and software is classified as an A risk with a high probability.

Wine as a natural product: marketability and fitness for consumption, quality, possible negative effects

Wine is a product of nature which accordingly exhibits variations in quality from year to year, and also depending on variety and location, under the influence of the weather, the individual locations and the fermenting processes. This variation affects prices and influences demand for individual products. On the strength of its many years of experience in the wine market, the *Hawesko Group* is able to limit the impact of these risks, but it can never exclude them entirely.

The *Hawesko Group* is not dependent on specific suppliers. In no individual instance do the sales generated by products from a single producer exceed the level of 5.0 percent of consolidated sales.

Quality assurance for the wines we buy starts with a visit to the vineyard where they are produced, and continues with tests conducted on the end product by recognised laboratories. Quality problems are rare. The vintners know the *Hawesko Group* and the high standards it expects; moreover, they pride themselves on the quality of their wines. If a breach of the current laws or guidelines on consumer or product protection should nevertheless occur and should this result in a recall campaign or sales ban for the product in question, this could in turn entail additional costs. Such a breach by a competitor could equally have a media impact that could spread across the whole wine industry, including the *Hawesko Group*. In such an instance, there would be a danger of lost sales.

In the year under review, only an insignificant proportion of deliveries was rejected by the *Hawesko Group's* companies for quality reasons.

The risk from the constellation marketability and fitness for consumption, quality and possible negative effects is classified as a B risk with a medium probability.

Loss of the highest-volume suppliers

Business is influenced to a substantial degree by the ability of the *Hawesko Group* to maintain agreements securing it the status of exclusive distributor for renowned wine producers. If an existing agreement were not to be extended, sales would suffer in the short term. Supply bottlenecks as a result of the failure of harvests may in exceptional cases affect the availability of certain products. The Board of Management assumes that this risk is reduced by spreading the product range across multiple suppliers.

The risk from the loss of the highest-volume suppliers is classified as a B risk with the probability varying from supplier to supplier.

Public debate on duty on alcohol

For some years it has been debated in the European Union whether higher duty should be levied on alcoholic beverages throughout the EU. Even if such measures were to be decided, the *Hawesko* Board of Management believes that higher duty on alcoholic products would probably not result in lower wine consumption in the medium term. Efforts to cushion increased duty could erode the trading margin.

The risk from the public debate on duty on alcohol is classified as a B risk with a very low probability.

Data protection and protection of data against unlawful actions

Hawesko's Retail and e-commerce segments each acquire a considerable portion of their new customers by methods covered by the "list privilege", but have equally undertaken to use customer data responsibly. Core aspects include regular training for employees on the General Data Protection Regulation (GDPR), a corresponding user rights concept, the logging of all access to personal data and compliance with the regulations concerning the storage of customer data on mass storage media. In addition there is regular optimisation of the internal processes (including with external expert support) and of the IT infrastructure. The data protection area is closely intertwined with information security, a topic that is regulated by the Compliance Guideline of the *Hawesko Group*. Data protection audits as well as regular IT security checks have been and are carried out by external consultants.

The risk from the data protection area is classified as a B risk, with a very low probability.

Logistics risks

Business and private customers alike today expect goods to be delivered and available as swiftly as possible. High-price and premium products such as those sold by the *Hawesko Group* are no exception. While late delivery for B2B customers (resellers and restaurant trade) and to our shops may lead to lost sales, a failure to deliver goods ordered by end customers in time for a particular occasion, for example, can spoil their enjoyment of the product. Customers will remember what they perceive as late delivery or unavailable products as a negative service experience and this may prompt specifically new customers to switch suppliers. The *Hawesko Group* is therefore eager to implement intelligent purchasing management to keep as many products as possible available immediately. Alongside this, it works solely with reputable partner enterprises on the logistics side. All logistics processes focus on keeping goods traffic as efficient as possible and are constantly being refined to create demand-led logistics. Delays in delivery due to extreme weather are difficult to foresee.

The risks from the logistics area are classified as a B risk with a medium probability.

Financial risks

There exist a number of financial risks within the *Hawesko Group*. These include above all influences of exchange rate and interest rate movements, as well as the non-payment and liquidity risk. Risks from the use of financial instruments are not material for the *Hawesko Group*.

The subsidiaries of the *Hawesko Group* are importers of wines traded internationally, and as such are to a limited extent affected by exchange rate movements outside the eurozone. However imports are overwhelmingly from within the eurozone.

To a minor extent the refinancing of the *Hawesko Group's* working capital requirements is in the form of loans which are taken out at current interest rates. Dependence on interest rate movements is thus low. As part of centrally controlled liquidity management, it is endeavoured to keep sufficient funds available to the *Hawesko Group* for ongoing business and for capital expenditure. The risks from receivables are limited by credit checks and credit management systems.

The risks from the financial area are classified as a B risk with a medium probability.

Personnel risks

In many areas of the *Hawesko Group*, attracting and holding onto employees with specialist expertise is an elementary factor of long-term successful entrepreneurial development. By this we mean especially the areas of IT development, which programs web shops as well as other IT systems and interfaces, and employees with outstanding expertise in wine. Personnel risks exist especially if it is not possible to find sufficient numbers of specialists in the medium to long term due to demographic and technological change. Meanwhile inflation-led rises in consumer and energy prices could prompt (future) employees to expect higher wage or salary levels. The Hawesko Group addresses these risks by actively and effectively positioning itself as an attractive employer.

The risks from the employee are classified as a B risk with a medium probability.

Risks from misprints in marketing materials

Despite stringent quality controls, misprints could theoretically occur in the production of advertising or marketing materials. This could result in advertising containing incorrect terms, articles or prices, for example. The possible consequences of this could then include annoyed customers, lost sales, the irritation or even loss of a supplier, all the way to cease-and-desist orders.

The risks from misprints in marketing materials are classified as a B risk with a medium probability.

Risks from emergency losses

The risk from emergency losses means in particular a fire or similar event that could in theory result in the complete loss of a group logistics base. Property and business interruption insurance cover is taken out to guard against this risk.

The risks from emergency losses are classified as a B risk with a medium probability.

Over and above this, the following potential risks that are not further quantified in the risk management system are kept constantly under observation.

Legal and fiscal risks

The company is unaware of any legal or arbitration proceedings, whether pending or anticipated, which have a significant influence on the economic situation of the *Hawesko Group*. The company is not aware of any fiscal risks which have a significant influence on the economic situation of the *Hawesko Group*.

The group assesses the legal and fiscal risks as C risks.

In view of their immaterial effects, C risks are not listed individually here. No aggregation of C risks into a higher class of risk is expected because of the self-contained nature of these risks.

	Probability	Reach	Risk assess-ment	Year-on-year change
Public debate on alcohol and advertising bans or restrictions	High	Very high	A risk	→
Inflation and dependence on economic cycle	Very high	Very high	A risk	→
Growing competition	High	Medium	A risk	→
Dependence on Deutsche Post/DHL	High	High	A risk	New
Failure of IT hardware and software	High	High	A risk	→
Wine as natural product: marketability and fitness for consumption, quality possible negative effects	Medium	Medium	B risk	→
Loss of the highest-vlume suppliers	Medium	Medium	B risk	→
Public debate on duty on alcohol	Very low	High	B risk	→
Data protection as well as protection of data against unlawful actions	Very low	Very high	B risk	→
Logistics risks	Medium	Medium	B risk	→
Financial risks	Medium	Low	B risk	→
Personnel risks	Medium	Low	B risk	→
Mispirints in marketing materials	Medium	Low	B risk	→
Emergency losses	Medium	Low	B risk	→

Other risks

Ukraine conflict

As before, the *Hawesko Group* does not have any significant relationships with customers or suppliers in Russia or Ukraine. Indirectly there is a potential risk to the group's sales performance if consumer behaviour changes as a result of growing reluctance among the population of Germany, Austria and Switzerland to spend. This risk is already covered by the group's risk management system under the risk of business cycle dependence.

No other substantial risks are currently identifiable

Overall statement on the risk situation of the Hawesko Group

As matters stand, based on the information known it can be established that there exist no risks that pose a threat to the company as a going concern, nor are any such risks identifiable in the future.

LEGAL STRUCTURE OF THE GROUP AND INFORMATION REQUIRED UNDER TAKEOVER LAW

REPORT PURSUANT TO SECTIONS 289A AND 315A OF GERMAN COMMERCIAL CODE (HGB):

CONCLUDING DECLARATION OF THE BOARD OF MANAGEMENT ON THE REPORT ON RELATED PARTIES

Tocos Beteiligung GmbH, Hamburg, holds an interest of 72.6 percent in *Hawesko Holding SE*. This establishes a dependent relationship.

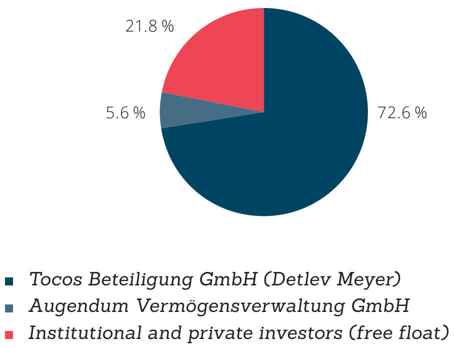
No control or profit transfer agreement exists between *Hawesko Holding SE* and *Tocos Beteiligung GmbH*. The Board of Management of *Hawesko Holding SE* has therefore issued a dependency report on relationships with affiliated companies in accordance with Section 312 of the German Stock Corporation Act (AktG). At the end of the report, the Board of Management issued the following declaration: "We declare that, for transactions with affiliated companies stated in the report on related parties for the period from 1 January to 31 December 2023, *Hawesko Holding SE*, Hamburg, received appropriate consideration based on the circumstances known to us at the time those transactions were carried out. Other measures within the meaning of Section 312 of the German Stock Corporation Act have neither been taken nor omitted."

LEGAL STRUCTURE OF THE GROUP

Hawesko Holding SE has been listed on the stock exchange since May 1998. The subscribed capital amounting to € 13,708,934.14 at the 2023 reporting date is divided into 8,983,403 no par value bearer shares, all carrying identical rights and obligations. The company is not aware of any restrictions affecting voting rights or the transfer of shares. Equally, no other classes of share exist. Under the articles of incorporation the Board of Management is, with the consent of the Supervisory Board, authorised until 13 June 2027 to increase the capital stock by up to a total of € 6,850,000.00, by issuing new no par value bearer shares. No authorisation to acquire treasury shares according to Section 71 (1) No. 8 AktG exists. An amendment to the articles of incorporation requires a shareholders' resolution carried by a majority of at least three-quarters of the capital stock represented in the vote on the resolution.

The principal agreements of *Hawesko Holding SE* containing a clause in the event of the takeover of *Hawesko Holding SE* relate to agreements with various suppliers on exclusive sales rights and to bilateral credit facilities with German banks. In the event of a takeover, the respective suppliers and lenders have the right to terminate the agreement or credit facility and to call in any loans as appropriate.

SHAREHOLDER STRUCTURE



Since the change of control in 2015, Detlev Meyer and his family have been the largest shareholder of *Hawesko Holding SE* via *Tocos Beteiligung GmbH*, with a shareholding of 72.6 percent. There then follow the heirs of Michael Schiemann, with a 5.6 percent shareholding via Augendum Vermögensverwaltung GmbH. All are resident in the Federal Republic of Germany. The remaining approx. 21.8 percent are held by institutional and private investors. There are no employee shares as defined in Sections 289a (1) No. 5 and 315a (1) No. 5 HGB.

The *Hawesko Group* has a holding-company structure, with the parent company *Hawesko Holding SE* holding 100 percent or a majority of the shares in the operationally active subsidiaries, whose activities are predominantly in the wine trade. The parent company *Hawesko Holding SE* and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. They are consequently subject to the laws of that country, which decisively influence the framework conditions for their business operations. The subsidiaries not based in Germany are all domiciled in the European Union or Switzerland. No substantial factors that influence business need be mentioned. The *Hawesko Group* is essentially divided into three business segments (please see under “Structure of the group”).

MANAGEMENT AND CONTROL

Independent responsibility for the running of the company and for the appointment of representatives for transactions with third parties rests with the Board of Management of *Hawesko Holding SE*. The Board of Management comprises at least two members. It reaches its decisions by majority vote. Each member is in charge of individual areas of responsibility, irrespective of their collective responsibility for the management of the group.

The Supervisory Board appoints the members of the Board of Management. Members of the Board of Management may be appointed for a maximum of five years. The reappointment or extension for a maximum of five years requires a renewed resolution by the Supervisory Board.

The Board of Management is overseen and advised by the Supervisory Board. In accordance with the articles of incorporation the Supervisory Board comprises six members, elected by the Annual General Meeting. In accordance with the legal requirements, the Supervisory Board is informed regularly, promptly and comprehensively by the Board of Management of all plans, business developments and risks that are of relevance to the company. The Board of Management coordinates the strategic emphasis of the group with the Supervisory Board.

The shareholders exercise their right to have a say in the running and supervision of the company through the Annual General Meeting. Every share in *Hawesko Holding SE* carries one vote. The principle of “one share, one vote” is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Annual General Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is required for the correct assessment of a matter being brought before the Annual General Meeting.

The Board of Management uses sales growth, profitability, ROCE and free cash flow as its basis for business management. The benchmarks it aims for were outlined under “Management system, principles and financial targets”. The targets and the development of the individual segments on the basis of these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level. The notes to the consolidated financial statements contain full details of the members of the Board of Management and Supervisory Board.

Pursuant to Sections 289f and 315d HGB, publicly listed companies are to prepare a corporate governance declaration and incorporate it into their management report as a separate section. It may also be made publicly accessible on the company’s website. This declaration is printed in the Annual Report and can be accessed at https://www.hawesko-holding.com/ueber-uns/corporate-governance. It contains a declaration according to Section 161 AktG as well as relevant disclosures on corporate governance practices that are applied over and above the statutory requirements. It also describes the modus operandi of the Board of Management and Supervisory Board as well as the composition and modus operandi of their committees The disclosures on proportions of women and on the relevant information relating to the remuneration report, the audit report pursuant to Section 162 AktG and the remuneration system used can also be found there.

SUPPLEMENTARY INFORMATION ON HAWESKO HOLDING SE (ACC. TO GERMAN COMMERCIAL CODE – HGB)

OVERVIEW OF THE 2023 FINANCIAL YEAR FOR *HAWESKO HOLDING SE*

Hawesko Holding SE, as the management holding company of the *Hawesko Group*, is dependent to a significant degree on the development of the *Hawesko Group* in respect of business performance, position and expected development, together with its principal opportunities and risks. In view of the holding structure, in a departure from the group view the most important performance indicator for *Hawesko Holding SE* within the meaning of DRS 20 is the net income for the year under German commercial law.

The company was converted from a German stock corporation into a European company (SE) in 2022. The conversion was registered with the Local Court of Hamburg under the new number HRB 178006 on 14 November 2022.

BUSINESS PERFORMANCE OF *HAWESKO HOLDING SE*

The business performance of *Hawesko Holding SE* is materially determined by the performance of its participating interests. The financial statements of *Hawesko Holding SE* in accordance with the requirements of commercial law serve as the basis for the dividend distribution. The statement of income and balance sheet of *Hawesko Holding SE* in accordance with HGB are presented below.

FINANCIAL PERFORMANCE OF *HAWESKO HOLDING SE* AND APPROPRIATION OF EARNINGS

HGB STATEMENT OF INCOME FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023

€ '000	**2023**	**2022**
Sales revenues	343	343
Other operating income	1.890	1.846
Personnel expenses	-3.113	-3.870
a) Salaries	-2.854	-3.597
b) Social security and social maintenance costs	-259	-273
Depreciation of intangible fixed assets and tangible assets	-43	-90
Other operating expenses	-5.169	-5.073
Income from profit transfers	29.501	36.004
Investment income	6.867	5.182
Write-downs of investments	-4.000	0
Other interest and similar income	4.126	1.351
Expenses from losses absorbed	-260	-208
Interest and similar expenses	-2.676	-847
Income tax expense	-6.175	-10.109
EARNINGS AFTER TAXES	**21.291**	**24.529**
Other taxes	-2	-90
NET INCOME	**21.289**	**24.439**
Profit carryforward from previous year	0	0
ACCUMULATED PROFIT	**21.289**	**24.439**

The fall in personnel expenses is mainly attributable to a smaller number of employees and lower directors' remuneration. On average over the 2023 financial year, *Hawesko Holding SE* had 18 employees (previous year: 20).

Income from profit transfers consist mainly of profits of the subsidiaries *Jacques'*, *HAWESKO*, *WineCom* and *WSB*. The investment income comprises the profit distributions for *Vinos* from financial year 2021. The expenses from losses absorbed are in respect of *WineTech Commerce*.

In the 2023 financial year *Wein & Co.*, whose operations in Austria include its own bars and restaurants with affiliated specialist shops, did not recover properly and to the extent expected from the effects of the COVID-19 pandemic. In addition, the cross- sector downturn in consumption in e-commerce observed in the third quarter adversely effected the earnings of Wein & Co. Compounded by the pressure of costs, the planned turnaround at *Wein & Co.* was not accomplished and the company ended the financial year with a loss. We also expect the turnaround to come more slowly than planned over the next few years; for that reason the investment has been written off.

The generally elevated interest rates have pushed up interest expense because of the increased interest rates for credit facilities. This effect is simultaneously reflected in interest income because refinancing interest is passed on to the subsidiaries by way of cash pooling. In addition, greater use was made of the cash pooling credit facility of *Hawesko Holding SE* in the 2023 financial year, especially by subsidiaries in the e-commerce segment.

The net income for the year is € 21.3 million (previous year: € 24.4 million).

Taking account of the profit carryforward from the previous year, there remains an unappropriated profit of € 21.3 million (previous year € 24.4 million).

With regard to use of the unappropriated profit for 2023, the Board of Management proposes that a dividend of € 1.30 per share be distributed, in other words around € 11.7 million in total.

Financial position of *Hawesko Holding SE*

Cash flows arose in the year under review mainly as a result of financing activities involving companies of the *Hawesko Group* as well as from the dividend distributed to shareholders.

NET WORTH OF HAWESKO HOLDING SE

€ '000	**31/12/2023**	**31/12/2022**
FIXED ASSETS		
INTANGIBLE ASSETS		
Concessions acquired for consideration, industrial property rights and similar rights and values as well as licences to such rights and values	10	26
TANGIBLE ASSETS	0	0
Land, equivalent rights and buildings, including buildings on third-party land	20	25
Other fixtures and fittings, tools and equipment	97	108
FINANCIAL ASSETS	0	0
Shares in affiliated companies	149.441	152.689
	149.568	**152.848**
CURRENT ASSETS	0	0
RECEIVABLES AND OTHER ASSETS	0	0
Due from affiliated companies	100.201	79.555
Other assets	3.560	571
BANK ACCOUNTS IN CREDIT	8.243	20.297
	112.004	**100.423**
PREPAID EXPENSES	67	92
	261.639	**253.363**

At the reporting date assets amounted to € 261.6 million (previous year: € 253.4 million), of which € 149.4 million (previous year: € 152.7 million) were financial assets. This change is mainly attributable to the written-off shares in affiliated companies held in *Wein & Co.* in the amount of € 4 million. All shares in *HAWESKO* and *Vinos* were transferred to *WineCom International* in the financial year. However the carrying amounts did not change materially.

Other major asset-side items are receivables from affiliated companies amounting to € 100.2 million (previous year: € 79.6 million) for financial transactions and loans extended to subsidiaries, as well as cash of € 8.2 million (previous year: € 20.3 million). This development was prompted by the declining cash flow of the subsidiaries and by the conducting of M&A activities, which consequently needed more financing. Financial assets make up 57.2 percent of the balance sheet total (previous year: 60.3 percent). The rise in other assets stems from the € 3.0 million increase in accounts receivable from taxes on income.

€ '000	31.12.2023	31.12.2022
EQUITY		
Subscribed capital	13.709	13.709
Capital reserve	64.067	64.067
Other retained earnings	118.451	111.081
Accumulated profit	21.289	24.438
	217.516	213.295
PROVISIONS	0	0
Provisions for taxation	1.006	10.593
Other provisions	1.400	2.141
	2.406	12.734
LIABILITIES	0	0
Due to banks	30.484	16.172
Trade payables	79	49
Due to affiliated companies	8.558	8.789
Other liabilities	367	252
	39.488	25.262
DEFERRED TAX LIABILITIES	2.229	2.072
	261.639	253.363

The equity and liabilities side of the balance sheet mainly comprises equity of € 217.5 million (previous year: € 213.3 million) and liabilities of € 39.5 million (previous year: € 25.3 million). The amounts due to banks rose by around € 14.3 million despite the scheduled repayment of bank loans, mainly because of medium-term financing of the share acquisition in Dunker Group OÜ and the financing of the expansion of the e-commerce logistics hall. Equity makes up 83.1 percent of the balance sheet total (previous year: 84.2 percent). The unappropriated profit for the year 2022 of € 7.4 million remaining after dividend distribution was carried forward for new account pursuant to the resolution of the Annual General Meeting on 12 June 2023. Because there is an account receivable from taxes on income in the financial year, the provisions for taxation have declined year on year.

RISK SITUATION OF *HAWESKO HOLDING SE*

As *Hawesko Holding SE* is extensively tied in with the companies of the *Hawesko Group* through such arrangements as joint and several liability with the material group companies as well as by holding direct and indirect interests in the investments, the risk situation of *Hawesko Holding SE* is essentially dependent on the risk situation of the *Hawesko Group*. To that extent the statements on the overall assessment of the risk situation by the company's management also summarise the risk situation of *Hawesko Holding SE*.

FORECAST FOR *HAWESKO HOLDING SE*

The development of *Hawesko Holding SE* in its function as holding company is dependent essentially on the development of its participating interests. Please therefore refer to the remarks on the *Hawesko Group*. The Board of Management expects the annual financial statements of *Hawesko Holding SE* to show a slight improvement in the result.

PLANNED CAPITAL EXPENDITURE BY *HAWESKO HOLDING SE*

In the course of making capital expenditure for the *Hawesko Group*, *Hawesko Holding SE* will support the group companies by providing financial resources.

CORPORATE GOVERNANCE DECLARATION

The Corporate Governance Declaration in accordance with Sections 289f and 315d HGB is available to the public in the Annual Report and at https://www.hawesko-holding.com/en/corporate-governance/.

Hamburg, 3 April 2024

The Board of Management

GROUP FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding SE for the 2023 financial year

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

€ ’000	Notes	01/01–31/12/2023	01/01 – 31/12/2022
SALES REVENUES FROM CONTRACTS WITH CUSTOMERS	8	**660.280**	671.482
Other production for own assets capitalised	17	41	179
Other operating income	9	20.109	21.897
Cost of purchased goods and services		-369.934	-377.831
Personnel expenses	11	-79.338	-76.152
Depreciation/amortisation and impairment	12	-31.898	-22.738
Other operating expenses	13	-175.089	-177.759
Of which impairment losses from financial assets		441	248
OPERATING RESULT		**24.171**	39.078
Interest income	14	198	282
Interest expense	14	-6.816	-4.410
Other financial result	14	-2.206	3.994
Result from companies reported using the equity method	14	347	378
EARNINGS BEFORE TAXES		**15.694**	39.322
Taxes on income	15	-6.936	-13.159
CONSOLIDATED NET INCOME		**8.758**	26.163
of which attributable to the shareholders of Hawesko Holding SE		8.126	25.594
of which attributable to non-controlling interests		632	569
Earnings per share (basic = diluted) (€)	16	0,90	2,85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

€ '000	Notes	01/01-31/12/2023	01/01-31/12/2022
CONSOLIDATED NET INCOME		**8.758**	26.163
AMOUNTS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE		**-214**	914
Actuarial gains and losses from defined benefit plans, including deferred tax	28.	-214	914
AMUNTS TO BE RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE		**-203**	677
Effective portion of the gains/losses from cash flow hedges, including deferred tax	28.	-99	288
Currency translation differences	28.	-104	389
OTHER COMPREHENSIVE		**-417**	1.591
TOTAL COMPREHENSIVE INCOME		**8.341**	27.754
of which			
- attributable to the shareholders of Hawesko Holding SE		7.752	27.162
- attributable to non-controlling interests		589	592

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

€ '000		Notes	31/12/2023	31/12/2022
	EARNINGS BEFORE TAXES		**15.694**	**39.322**
+	Depreciation/amortisation and impairment of fixed assets		31.898	22.738
+/-	Other non-cash expenses and income	14. & 41.	2.593	-6.321
+	Interest result	41.	6.618	4.128
+/-	Result from the disposal of fixed assets		-142	-59
+/-	Result from companies reported using the equity method		-347	-378
+	Dividend payouts received from companies reported using the equity method		0	444
+/-	Change in inventories		-5.460	989
+/-	Change in receivables and other assets		-796	-494
+/-	Change in provisions		288	-1.119
+/-	Change in liabilities (excluding borrowings)		-1.110	-11.785
+	Interest received and other financial result		294	278
-	Taxes on income paid out		-22.533	-10.986
=	**NET INFLOW OF PAYMENTS FROM**		**26.997**	**36.757**

	€ '000	Notes	31/12/2023	31/12/2022
-	Outpayments for the acquisition of intangible assets and property, plant and equipment		-24.873	-15.969
+	Inpayments for the disposal of intangible assets and property, plant and eqipment		345	118
-	Outpayments for investments in participating interests accounted for using the equity method	7.	-7.100	0
-	Outpayments for additions to group of consolidated companies		0	-6.396
+	Inpayments for financial assets held as investments		0	4.925
=	**NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES**		**-31.628**	**-17.322**
-	Outpayments for dividend	25. & 41.	-17.068	-22.459
-	Outpayments for distributions to non-controlling interests	41.	-761	-405
-	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	-8.495
+	Inpayment from the sales of non-controlling interests with no loss of control		0	2.842
-	Outpayments for the redemption of lease liabilities	35. & 41.	-13.607	-13.452
-	Outpayments for the redemption of borrowings	41.	-829	-6.699
+	Inpayments for the raising of borrowings	41.	30.290	11.560
-	Interest paid	41.	-6.742	-4.343
=	**OUTFLOW OF NETFUNDS FOR FINANCING ACTIVITIES**		**-8.717**	**-42.027**
+/-	Effects of exchange rate changes on cash (up to 3 months to maturity)		28	190
=	**NET INCREASE/DECREASE IN FUNDS**		**-13.320**	**-22.402**
+	Funds at start of period		30.459	52.861
=	**FUNDS AT END OF PERIOD**	41.	**17.139**	**30.459**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023

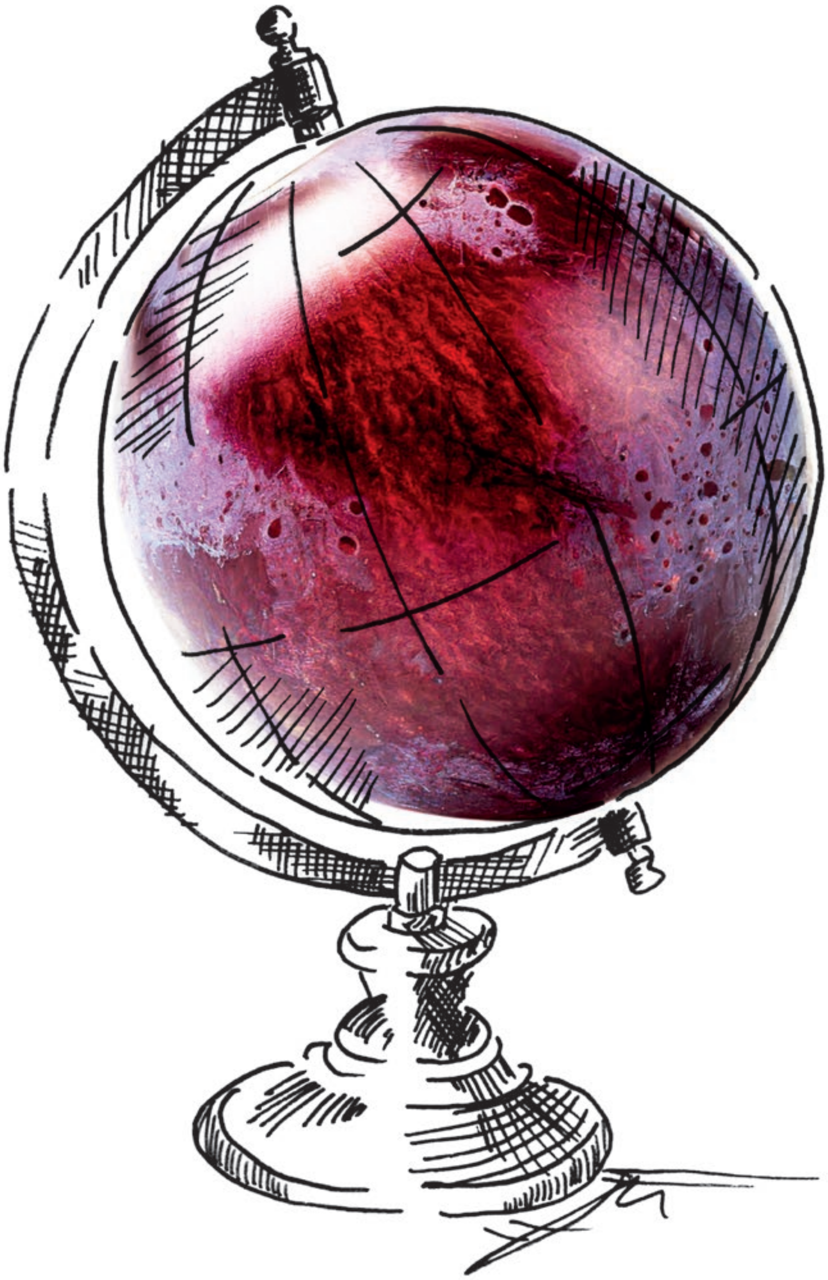
ASSETS, €'000	Notes	**31/12/2023**	31/12/2022
NON-CURRENT ASSETS			
Intangible assets	17.	55.517	65.706
Property, plant and equipment (including lease assets)	19. & 35.	159.713	142.505
Companies accounted for using the equity method	20.	7.447	-
Inventories and advance payments for inventories	22.	2.597	2.336
Receivables and other financial assets	23.	3.368	4.696
Deferred tax	21.	4.867	4.498
		233.509	**219.741**
CURRENT ASSETS			
Inventories and advance payments for inventories	22.	131.289	125.903
Trade receivables	23.	49.919	48.948
Receivables and other financial assets	23.	2.261	3.464
Other non-financial assets	23.	4.168	3.789
Accounts receivable from taxes on income	23.	6.357	1.385
Cahs in banking accounts and cash on hand	24.	17.139	30.459
		211.133	**213.948**
		444.642	**433.689**

EQUITY AND LIABILITIES, € '000	Notes	**31/12/2023**	31/12/2022
EQUITY			
Subscribed capital of Hawesko Holding SE	25.	13.709	13.709
Capital reserve	26.	10.061	10.061
Retained earnings	27.	97.103	106.045
Other reserves	28.	1.292	1.666
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING		**122.165**	**131.481**
Non-controlling interests	29.	3.952	4.124
		126.117	**135.605**
LONG-TERM PROVISIONS AND LIABILITIES		-	-
Provisions for pensions	30.	1.127	756
Other long-term provisions	31. & 32.	1.795	1.741
Borrowings	33. & 34.	35.848	12.013
Lease liabilities	33. & 35.	119.003	118.569
Contract liabilities	37. & 38.	4.589	3.064
Other financial liabilities	33. & 36.	1	9
Other non-financial liabilities	37.	406	376
Deferred tax	39.	3.626	4.761
		166.395	**141.289**
CURRENT LIABILITIES		-	-
Borrowings	33. & 34.	17.602	11.976
Lease liabilities	33. & 35.	13.579	13.424
Trade payables	33.	65.057	62.339
Contract liabilities	37. & 38.	18.320	21.276
Income taxes payable	37.	2.592	11.789
Other short-term provisions	32.	71	200
Other financial liabilities	33. & 36.	13.138	13.561
Other non-financial liabilities	37.	21.771	22.230
		152.130	**156.795**
		444.642	**433.689**

CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

€ '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing items from currency translation	Other reserves: Revaluation reserve for retirement benefit obligations	Other reserves: Reserve for cash flow hedges	Ownership interest of Hawesko Holding SE shareholders	Non-controlling interests	Equity
POSITION 1 JAN 2022	**13.709**	**10.061**	**106.665**	**456**	**-295**	**-63**	**130.533**	**2.159**	**132.692**
Acquisition of minority interest in subsidiaries already included consolidation	0	0	650	0	0	0	650	-650	0
Change in group of consolidated companies	0	0	54	0	0	0	54	570	624
Sales of minority interest with no loss of control	0	0	-3.365	0	0	0	-3.365	1.858	-1.507
Correction of immaterial error in previous year	0	0	-518	0	0	0	-518	0	-518
Dividends	0	0	-22.459	0	0	0	-22.459	-405	-22.864
Dividends to NCI forwards	0	0	-576	0	0	0	-576	0	-576
Consolidated net income	0	0	25.594	0	0	0	25.594	569	26.163
Other comprehensive income	0	0	0	366	1.266	385	2.017	23	2.040
Deferred tax on other comprehensive income	0	0	0	0	-352	-97	-449	0	-449
Overall result	**0**	**0**	**25.594**	**366**	**914**	**288**	**27.162**	**592**	**27.754**
POSITION 1 JAN 2022	**13.709**	**10.061**	**106.045**	**822**	**619**	**225**	**131.481**	**4.124**	**135.605**

€ '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing items from currency translation	Other reserves: Revaluation reserve for retirement benefit obligations	Other reserves: Reserve for cash flow hedges	Ownership interest of Hawesko Holding SE shareholders	Non-controlling interests	Equity
POSITION 1 JAN 2023	**13.709**	**10.061**	**106.045**	**822**	**619**	**225**	**131.481**	**4.124**	**135.605**
Dividends	0	0	-17.068	0	0	0	-17.068	-761	-17.829
Consolidated net income	0	0	8.126	0	0	0	8.126	632	8.758
Other comprehensive income	0	0	0	-61	-499	-131	-691	-43	-734
Deferred tax on other comprehensive income	0	0	0	0	285	32	317	0	317
Overall results	0	0	8.126	-61	-214	-99	7.752	589	8.341
POSITION 31 DEC 2023	**13.709**	**10.061**	**97.103**	**761**	**405**	**126**	**122.165**	**3.952**	**126.117**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding SE for the 2023 financial year

PRINCIPLES AND METHODS APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Hawesko Holding SE is a European company (Societas Europaea) and has its registered office in Hamburg, Germany (address: Elbkaihaus, Große Elbstraße 145 d, 22767 Hamburg). It is entered on Commercial Register B at the Local Court of Hamburg under number 178006 and arose through modifying conversion as the universal successor to Hawesko Holding Aktiengesellschaft, Hamburg, pursuant to the resolution of the Annual General Meeting of 14 June 2022 and by entry on the commercial register on 14 November 2022. The activities of the group in Europe include above all the trading and sale of wines, champagnes and other alcoholic drinks to consumers and re-sellers. The operating subsidiaries under the corporate umbrella of Hawesko Holding SE are grouped into three segments: e-commerce, Retail and B2B.

1 GENERAL PRINCIPLES

Pursuant to EU Order 1606/2002, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) at the balance sheet date. The supplementary requirements of German commercial law were additionally taken into account, in accordance with Section 315e (1) of German Commercial Code.

The requirements were satisfied in full and the consolidated financial statements give a true and fair view of the net worth, financial position and financial performance.

The annual financial statements of the consolidated companies are based on standard recognition and measurement principles. For greater clarity, certain items in the statement of income and balance sheet are combined; they are explained in the notes. The standard reporting date for all group companies is 31 December 2023.

The type of expenditure format was used for the preparation of the statement of income. The consolidated financial statements are prepared under the historical cost convention, with the exception of derivative financial instruments and the shares in affiliated companies, which are measured at their fair value.

The sums reported are always quoted in thousand euros (€ '000), unless otherwise indicated. The internal company designations for all subsidiaries are used in the notes; the precise company names are stated in the list of fully consolidated subsidiaries in section 6.

The Board of Management prepared the consolidated financial statements on 3 April 2024. The adjustment period ends on that date.

The consolidated financial statements, the combined management report and the management report of the group parent will prospectively be approved for publication in the electronic business register following their signing-off by the Supervisory Board on 4 April 2024. Copies of the annual financial statements and the combined group management report and group-parent management report of *Hawesko Holding SE* can in addition be requested directly from Hawesko Holding SE.

2 NEW IASB ACCOUNTING STANDARDS AS WELL AS STANDARDS, INTERPRETATIONS AND AMENDMENTS FOR FIRST-TIME ADOPTION IN THE FINANCIAL YEAR

The consolidated financial statements of *Hawesko Holding SE* have been prepared in accordance with all published financial reporting standards and interpretations of the IASB, the adoption of which was mandatory for the 2023 financial year, as endorsed by the European Union. The option to adopt new standards and interpretations before they become binding was not exercised in the year under review. The following summary shows the new or amended standards (IAS/IFRS) of the International Accounting Standards Board (IASB) or Interpretations (IFRIC) where adoption is mandatory from 1 January 2023, along with their effects on the group:

Standard	Interpretation	Adoption mandatory	Effects
IFRS 17	Insurance Contracts and Amendments to IFRS 17	01/01/2023	No effects
IAS 12	Amendments to IAS 12 – deferred tax from transactions where matching amounts in taxable and deductible temporary differences arise upon first-time recognition – and International Tax Reform – Pillar Two Model Rules	01/01/2023	No material effects
IAS 1	Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	01/01/2023	No material effects
IAS 8	Amendments to IAS 8 – Definition of Accounting Estimates	01/01/2023	No material effects
IFRS 16	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	01/01/2024	No effects
IAS 1	Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and postponement of effective date and Non-current Liabilities with Covenants	01/01/2024	No material effects
IAS 28 IFRS 10	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	offen	No material effects
IAS 7 IFRS 7	Amendments to IAS 7 and IFRS 7 – disclosure requirements for Supplier Finance Arrangements	01/01/2024	No material effects
IAS 21	Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: lack of exchangeability	01/01/2025	No material effects

It is planned to adopt the standards and interpretations from the point in time when they become mandatory. The adoption of the aforementioned standards will probably have no material effect on the net worth, financial position and financial performance of the group. Insofar as permissible, the adjustment of prior-year figures is dispensed with in accordance with the transitional provisions of the respective IFRS.

Various other new accounting standards, amended standards and interpretations were published but are not mandatory for reporting periods ending 31 December 2023 and were not adopted early by the group. The group does not consider the effects of these new rules on the current or on future reporting periods to be materially significant.

3 CONSOLIDATION PRINCIPLES

The consolidated financial statements of *Hawesko Holding SE* include all significant domestic and foreign subsidiaries where the company directly or indirectly has a right to variable returns and also scope for influencing those variable returns through its ability to determine activities. We indicate which businesses are included in the consolidated financial statements under "Consolidated companies" in section 6.

The consolidation of capital is always performed on the basis of the date of acquisition according to the purchase method. For this method, the acquisition costs of the shares acquired are netted against the pro rata fair value of the acquired assets and debts of the subsidiary at the time of acquisition. Any remaining positive differences are carried as derivative goodwill on the basis of their economic content. Negative differences are booked through profit or loss.

In the case of business combinations achieved in stages, the provisions of IFRS 3 are applied regarding fair value remeasurement at the time of transfer of control of the shares held. The shares already held by Hawesko Holding SE are included in the measurement of cost at fair value. Gains or losses arising from such a remeasurement are recognised through profit or loss. Transactions that do not lead to a loss of control are recognised through other comprehensive income as equity transactions for non-controlling interests. If put options are granted in the course of business combinations, an analysis is performed on a case-by-case basis whether the opportunities and risks pass to the Hawesko Group or remain with the minority interest. In the case of fair value options it is fundamentally assumed that the opportunities and risks remain with the minority interest. In that case minority interest shares are reported separately. Subsequent measurement of the put options is through profit or loss and is recognised in the other financial result.

An NCI forward was agreed with the minority interest in Vinos in the previous year. The opportunities and risks from these non-controlling interests have passed to the *Hawesko Group* with the result that the shares have been shown as acquired since the previous year and minority-interest shares in Vinos were no longer reported.

At the time of loss of control, all residual interests are remeasured at fair value through profit and loss.

Joint ventures are accounted for in accordance with IFRS 11. That standard makes a distinction within joint arrangements between a joint operation and a joint venture, depending on the contractual rights and obligations. According to IFRS 11 and IAS 28, joint ventures are accounted for at acquisition cost upon addition and subsequently using the equity method at the updated pro rata value of the equity capital of the investment.

Intra-group sales, charges and earnings as well as accounts receivable and payable between the consolidated companies are eliminated.

Intercompany results for inventories are eliminated unless they are of more than minor economic significance.

Non-controlling interests are measured either at fair value or at the pro rata fair value of the acquired assets or debts assumed. Following initial recognition, pro rata gains and losses are allocated without limit, as a result of which non-controlling interests may also show a negative balance.

The items contained in the consolidated financial statements for all group companies are measured using the currency of the primary economic environment in which each business is active (functional currency). The consolidated financial statements are stated in euros, which is the functional and reporting currency of *Hawesko Holding SE.*

Foreign currency transactions are translated into the functional currency using the exchange rates on the dates of the transactions. Foreign exchange gains and losses from the processing of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency at year-end rates are generally recognised through profit or loss. They are stated within equity as deferred items if they originate in the net investment in a foreign business operation.

The expenses and income as well as assets and liabilities of foreign business operations with a functional currency other than the reporting currency are translated into the reporting currency as follows:

- Assets and liabilities are translated at the respective closing date for each balance sheet presented.
- Income and expense items are translated at the average exchange rates for every presentation of profit or loss and other comprehensive income.
- All translation results arising are recognised in other comprehensive income.

In consolidation, exchange differences resulting from the translation of net investments in foreign business operations and of borrowings and other differences in respect of hedges of such investments or such designated financial instruments are recognised within other comprehensive income. Goodwill and amounts for fair value adjustment of assets and liabilities from the acquisition of a foreign business operation are treated as assets and liabilities of the foreign business operation and translated at closing rates.

4 RECOGNITION AND MEASUREMENT PRINCIPLES

Intangible Assets

Intangible assets acquired are measured at acquisition cost and are fundamentally depreciated by the straight-line method over the respective useful economic life. Such assets are impaired if the recoverable amount – the higher of fair value less disposal costs or value in use – is lower than the carrying amount.

The useful life and depreciation methods for intangible assets are tested at least on every reporting date; if the expectations deviate from the previous estimates, the corresponding changes are recorded as changes in estimates according to IAS 8.

Self-constructed intangible assets are capitalised at the costs that were incurred for them during the development phase, after the establishment of their technological and commercial feasibility, up to the time of their completion. The capitalised cost of production comprises the costs directly allocable to the development phase. Costs that are incurred before the development phase in connection with subsequent self-constructed assets are posted as an expense. Self-constructed intangible assets within the group in essence capture various components of the web shops and software.

With the exception of goodwill from the consolidation of capital and from assets under development, there are no intangible assets with an indefinite useful life. Other intangible assets from business acquisitions, whether self-constructed or acquired for consideration, are depreciated over their useful life (generally between three and six and a half years)by the straight-line method as soon as the assets become available for use.

An intangible asset is derecognised if the asset is disposed of or no further economic benefit is to be expected from its use or disposal. The profit or loss from the disposal of an asset is the difference between the net disposal proceeds and the carrying amount of the object and is recognised under other operating income or other operating expenses at the time of derecognition.

Goodwill

Goodwill is not amortised but is instead tested for impairment on the basis of the recoverable amount for the cash-generating unit to which the goodwill is allocated. Taking the sales and management structure as the starting point, a cash-generating unit is defined as an individual company or a group. The impairment test is to be performed at the balance sheet date and then subsequently whenever there is evidence of impairment. The recoverable amount for a cash-generating unit is fundamentally determined on the basis of the fair value less disposal costs. The fair value is calculated on the basis of future cash flows according to group planning. Discounting of the forecast cash flows is performed using a risk-adjusted interest rate. Capital market data is used in determining the risk-oriented interest rate. If the carrying amount of the cash-generating unit exceeds the recoverable amount, the allocable goodwill is to be impaired by the difference. If the impairment exceeds the carrying amount of the goodwill, the excess amount is to be distributed pro rata among the other assets of the cash-generating unit.

Property, Plant & Equipment

Property, plant and equipment is carried at acquisition or manufacturing cost less depreciation by the straight-line method, as well as impairment where applicable. The depreciation period reflects the prospective economic useful life of the assets. In the year of acquisition property, plant and equipment is depreciated pro rata temporis. The residual carrying amounts, the useful lives and the depreciation methods for the assets are tested at least on every reporting date; if the expectations deviate from the previous estimates, the corresponding changes are recognised as changes in estimates according to IAS 8.

The acquisition or manufacturing cost includes the purchase price and directly allocable costs of bringing the asset to the location and into the required condition intended by the management, and also the estimated costs of dismantling and clearing the object and the re-establishment of the location where it is situated. If an item of property, plant and equipment comprises several components with different useful lives, the individual material components are depreciated over their individual useful lives. Maintenance and repair costs are recognised as an expense at the time of origin.

Public investment grants reduce the acquisition or manufacturing cost of property, plant and equipment items for which the grant was made.

The investment grants are stated as soon as there is reasonable assurance that all eligibility conditions are met and the grant is made in full. If such reasonable assurance already exists at the time of conclusion of the contract, the full grant is capitalised at that point as an other financial asset and a non-financial sundry debt in the same amount recognised within non-financial liabilities as a liability for the roll-out obligation. In the subsequent periods the financial asset measured at amortised cost is reduced as the instalments are received. The sundry debt is liquidated pro rata as construction progresses, against the carrying amount of the subsidised property, plant and equipment. If there is no reasonable assurance yet, merely the instalment payments received are recognised and a non-financial sundry debt in the same amount recognised as a liability. As soon as reasonable assurance then exists, an other financial asset is recognised for outstanding grants and the carrying amounts of the sundry debt and subsidised property, plant and equipment are adjusted in line with actual construction progress. All grants received are recognised within cash flow from investing activities. In the financial year, investment grants for € 35 thousand were recognised under property, plant and equipment.

An item of property, plant and equipment is derecognised if the asset is disposed of or no further economic benefit is to be expected from its use or disposal. The profit or loss from the disposal of an item of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the object and is recognised under other operating income or other operating expenses at the time of derecognition.

The depreciation plan for property, plant and equipment is based on the following estimates of useful life:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT	Years
Buildings	3 – 25
Technincal equipment and machinery	3 – 18
Other fixtures and fittings, tools and equipment	3 – 20

Leasehold improvements are depreciated either over their respective useful life or over the term of any lease, if shorter.

Shares in investments accounted for using the equity method

The shares of the group in investments accounted for using the equity method comprise shares in one joint venture.
A joint venture is an agreement through which the group exercises joint control; in this case it holds rights to the net assets of the agreement instead of rights to its assets and obligations for its debts.
Shares in the joint venture are accounted for using the equity method. They are initially recognised at acquisition cost, including transaction costs. After first-time recognition, the consolidated financial statements contain the group's share in the comprehensive income of the investments accounted for using the equity method until such time as significant influence or joint control ends.

Borrowing Costs

Borrowing costs that can be allocated directly to the acquisition, construction or manufacturing of a qualifying asset are capitalised as a component of acquisition or manufacturing cost. The *Hawesko Group* definition of qualifying assets or other assets is those where at least twelve months are needed to bring them into their intended usable or saleable condition. Borrowing costs for assets that are measured at fair value and for inventories that are regularly created or manufactured in large quantities are not capitalised. In recent years there were no qualifying assets, as a result of which no borrowing costs were capitalised. Based on the principle of materiality, borrowing costs are not capitalised this year.

Leases

The *Hawesko Group* rents various office and warehouse buildings as well as retail stores, plant and vehicles. Tenancy agreements are generally concluded for fixed periods of between three and ten years, but may include extension options.

Contracts may include both lease and non-lease components. The *Hawesko Group* allocates the transaction price to these components based on their relative individual order prices. Land that *Hawesko Holding SE* rents as the lessee is an exception. In such cases the group exercises the option not to distinguish between lease and non-lease components, and instead to account for the entire contract as a lease agreement.

Rental terms are negotiated on an individual basis and comprise a wide range of different terms. The lease agreements do not contain credit terms except where the leased items serve as collateral for the lessor. Leased assets may therefore not be used additionally as collateral for securing loans.

Since 1 January 2019 *leases* have been recognised as a right of use and a corresponding lease liability from the point in time when the leased object is available for use by the group.

Assets and debts from leases are recognised at present values upon first-time recognition. The lease liabilities comprise the present value of the following lease payments:

- Fixed payments less any lease incentives to be received
- Variable lease payments that are linked to an index, initially measured with the index at the date of provision
- Expected payments by the group from drawing on residual value guarantees
- The exercise price of a put option, the exercising of which by the group is sufficiently certain

The measurement of the lease liability also takes account of lease payments where it is sufficiently certain that extension options will be used.

Lease payments are discounted at the implicit underlying interest rate for the lease, provided this can be readily determined. Otherwise – as is the norm in the group – it is discounted at the incremental borrowing rate of the lessee. This corresponds to the interest rate that the lessee in question would need to pay if it needed to raise funds in order to acquire an asset of comparable value for a comparable period, with comparable collateral and on comparable terms in a comparable economic environment.

To determine the incremental borrowing rate, the *Hawesko Group* starts with a risk-free interest rate and adjusts it for the credit risk of the lessee. Further adjustments in addition concern the term of the lease, the economic environment and the term of the lease agreement.

The *Hawesko Group* is exposed to possible future rises in variable lease payments that could result from a change in an index or interest rate. These possible changes in lease instalments are not reflected in the lease liability until they take effect. As soon as changes to an index or interest rate start to affect the lease instalments, the lease liability is adjusted against the right of use.

Lease instalments are divided into principal and interest payments. The interest portion is recognised through profit or loss over the term of the lease so as to produce a constant periodic interest rate on the balance of the liability for each period.

Rights of use are measured at cost; they comprise the following:

- The amount of initial measurement of the lease liability,
- All lease payments made upon or before provision less any lease incentives,
- All direct costs initially arising for the lessee,
- Estimated costs that the lessee incurs for dismantling or removal of the underlying asset, for re-establishment of the location where the latter is situated, or for conversion of the underlying asset back into the condition required in the lease agreement.

Rights of use are depreciated by the straight-line method over the shorter of the two periods of right of use or term of the underlying lease agreement.

Payments for short-term leases of technical equipment and machinery, tools and equipment as well as vehicles and other leases with low-value underlying assets are recognised as an expense by the straight-line method through profit or loss. Lease agreements with a term of up to twelve months are considered short-term leases. Low-value assets are all leases with a new value of less than € 5 thousand.

Various real estate lease agreements of the *Hawesko Group* contain extension and termination options. Such contractual terms are used to obtain maximum operational flexibility from the assets in use. The majority of the existing extension and termination options can be exercised only by the *Hawesko Group*, and not by the respective lessor.

In determining the term of leases, the management considers all facts and circumstances that offer an economic incentive to exercise extension options or not to exercise termination options. Changes in term arising from the exercising of extension or termination options are only included in the term of the agreement if the extension or non-exercise of a termination option is sufficiently certain.

To the extent that there existed extension options in connection with the leasing of vehicles, warehouse vehicles as well as tools and equipment, these were not included in the determination of the lease term and therefore the lease liability because these assets can be replaced by the group at no significant cost or interruption to operations.

This assessment is examined if an extension option is actually exercised or not exercised. A reassessment of the original assessment is carried out if a there is a materially significant event or a material change in circumstances that may influence the previous assessment.

Impairment of Fixed Assets

Impairment is determined by comparing the carrying amount with the recoverable amount. If individual assets cannot be matched with their own future cash inflows generated independently of other assets, recoverability must be investigated based on the higher-level cash-generating unit of assets.

At each reporting date an asset is examined to establish whether there is evidence of potential impairment. If such evidence is established, the recoverable amount of the asset or cash-generating unit needs to be determined.

For intangible assets with an indefinite useful life (for example, goodwill), an impairment test is moreover carried out annually. In the course of testing for impairment, the goodwill acquired in a business combination is allocated to each individual cash-generating unit that will prospectively benefit from the synergies from the merger. If the carrying amount of the cash-generating unit to which the goodwill was allocated exceeds the recoverable amount, the goodwill allocable to that cash-generating unit is to be impaired by the difference. Goodwill impairment may not be reversed.

If the impairment of the cash-generating unit exceeds the carrying amount of the goodwill allocated to it, the excess impairment is to be distributed pro rata across the assets allocated to the cash-generating unit. The fair values and values in use of the individual assets (where they can be determined) are to be treated here as the minimum asset value. If the conditions for impairment recorded in earlier periods no longer apply, the assets in question (except for goodwill) are to be written up through profit or loss.

The recoverable amount for a cash-generating unit is determined from the higher of fair value less disposal costs or value in use of the asset. The recoverable amount is normally determined using the discounted cash flow (DCF) method unless measurement based on a market price prevails. These DCF calculations are underpinned by forecasts that are based on financial plans for three to four years approved by the management and are also used for internal purposes. The chosen planning horizon reflects the assumptions for short to medium-term market developments.

Inventories

Measurement of *raw materials, consumables used* and *merchandise* is at acquisition cost or at net realisable value. The costs include overhead costs which can be directly allocated, in addition to prime costs. Measurement is fundamentally according to the moving average method. The inventories acquired at cost are valued after deduction of discounts and price reductions. The net realisable value is determined as the estimated sales proceeds in the ordinary course of business less the estimated costs required for disposal. The impairment of inventories is based on the expected unit sales and the development in market prices. These are influenced considerably by the vintage and location of the wines, which can lead to fluctuations in impairment from year to year. No material impairment is currently applied to inventories.

Employee Benefits

The *provisions for pensions* are calculated according to the projected unit credit method pursuant to IAS 19, taking account of the anticipated pay and pension increases. Retirement benefit obligations are measured on the basis of retirement benefit appraisals, which are prepared by independent actuarial experts. Actuarial gains and losses are recognised through other comprehensive income under the other reserves, in the year in which they arise. The service cost from pension commitments is shown under personnel expenses. The interest expense from pension commitments is reported in the financial result.

Obligations from the granting of termination benefits are recognised if Hawesko Holding does not have any realistic scope to withdraw from granting the benefits in question. For that reason, obligations are fundamentally only recognised as soon as employees have accepted a corresponding offer by the company, unless the company can already no longer withdraw its offer at an earlier point due to legal or other restrictions. Obligations as a result of the sole decision of the company to make job cuts are recognised as soon as the company has announced a detailed formal plan to terminate employment relationships. If termination benefits are granted in the course of restructuring measures within the meaning of IAS 37, an obligation according to IAS 19 is recognised at the same time as a restructuring provision. If the benefits are due more than twelve months after the reporting date, the expected settlement amount is discounted at the reporting date. If the timing or amount of the payout are still uncertain at the reporting date, the obligations are recognised under other provisions.

Other Provisions

The *other provisions* take account of all discernible obligations from past business transactions or occurrences at the balance sheet date, where the outflow of resources is probable. The provisions are measured at the amounts that are likely to apply. Provisions are only created where a legal or de facto obligation towards third parties exists. Long-term provisions are reported at their discounted settlement value at the balance sheet date, on the basis of corresponding market interest rates.

Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and are disclosed in the notes if the requirements of IAS 37 are satisfied. No contingent liabilities are currently recognised by the group.

Foreign Currency

In the consolidated separate financial statements, accounts receivable and payable in foreign currency are translated at the exchange rate at the time of their addition. This rate is also used for determining the acquisition costs of stock in trade. The monetary assets and debts reported in foreign currency at the balance sheet are translated at the respective reporting-date exchange rate. The gains and losses on foreign currency that result from this translation are booked through profit and loss.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial Assets

Classification:

According to IFRS 9, financial assets are divided into three categories:

- At amortised cost (AC)
- At fair value through other comprehensive income (FVOCI)
- At fair value through profit or loss (FVtPL)

Classification depends on the business model of the company for the management of financial assets and contractual cash flows. Measurement at FVOCI is envisaged for assets where their purpose is both to hold them and to collect cash flows from the sale of the financial assets.

In the case of assets measured at fair value, the gains and losses are measured either through profit or loss or through other comprehensive income. In the case of investments in equity instruments that are not held for trading, this depends on whether the *Hawesko Group* has decided irrevocably at the time of initial recognition to measure the equity instruments at fair value through other comprehensive income.

The group only reclassifies debt instruments if there is a change in the business model for the management of such assets.

Recognition and derecognition:

A regular-way purchase or sale of financial assets is recognised at the trade date, in other words at the date on which the *Hawesko Group* undertakes to buy or sell the asset. Financial assets are derecognised if the entitlements to receive cash flows from the financial assets have expired or been transferred and the *Hawesko Group* has basically transferred all risks and opportunities from ownership.

Measurement:

Upon initial recognition the *Hawesko Group* measures a financial asset at fair value and – in the event of a financial asset subsequently not measured at fair value through profit or loss – the transaction costs arising directly on the acquisition of that asset. Transaction costs of financial assets measured at fair value through profit or loss are recognised as expense through profit or loss.

Subsequent measurement of debt instruments is dependent on the business model of the *Hawesko Group* for the management of the asset and cash flow characteristics of the asset. For this purpose debt instruments are classified using three measurement categories:

AC:	Assets that are held for the collection of the contractual cash flows, where these cash flows represent exclusively interest and principal repayments, are measured at amortised cost. Interest income from these financial assets is reported under financial income using the effective interest method. Gains or losses from derecognition are captured directly within the statement of income and – together with foreign exchange gains and losses – recognised under other gains (or losses).
FVOCI:	Assets that are held for the collection of the contractual cash flows and for the sale of assets, where these cash flows represent exclusively interest and principal repayments, are measured at fair value through other comprehensive income. Changes in the carrying amount are recognised within other comprehensive income, with the exception of the impairment income or expenses, interest income and gains and losses on foreign currency, which are reported through profit or loss. Upon derecognition of the financial asset, the accumulated gain or loss previously stated under other comprehensive income is reclassified from equity to the statement of income and reported under other gains or losses. Interest income from these financial assets is reported under financial income using the effective interest method. Foreign exchange gains and losses are recognised under other gains or losses and impairment losses are reported under a separate item in the statement of income.
FVtPL	Assets that do not meet the criteria for the "amortised cost" or "FVOCI" categories are placed in the "fair value through profit or loss" (FVtPL) category. Gains or losses from a debt instrument that is subsequently measured at FVtPL are offset through profit or loss within the other gains or losses in the period in which they occur.

Changes to the fair value of the financial assets measured at fair value through profit or loss are reported in the statement of income under other gains or losses.

Impairment of financial assets:

The group adopts a forward-looking approach to the assessment of the expected credit losses associated with debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The impairment method depends on whether a significant increase in the credit risk exists. In the case of trade receivables, the group applies the simplified approach to impairment according to IFRS 9 to measure the expected credit losses. Under this approach, the expected credit losses over time are to be recognised from the point of first-time recognition of the receivables. In determining whether the non-payment risk of a financial asset has increased significantly since its initial recording and in estimating expected credit losses, the group uses appropriate, reliable information that is relevant and available at no undue time and cost. This includes both quantitative and qualitative information and analyses that are based on past experience of the group and well-founded assessments, including forward-looking information. The group assumes that the non-payment risk of a financial asset has increased significantly if it is overdue by more than 90 days. If there is a significant increase in the non-payment risk at the balance sheet date and the creditworthiness of a financial asset is also considered to be compromised, in other words if there are further objective indications of impairment, the specific risk provisioning is measured on the basis of the present value of the expected losses over the remaining life of the financial asset.

The group treats the creditworthiness of a financial asset as compromised if

- it is unlikely that the debtor can discharge its credit obligation towards the group in full without the group needing recourse to measures such as realising collateral, or
- the financial asset is overdue by more than 365 days, or
- it is likely that the debtor will enter bankruptcy or other reorganisation proceedings.

The combined effect of several events may possibly compromise the creditworthiness of financial assets or cause the default of financial assets.

The *financial assets* include primarily cash in banking accounts and cash on hand, trade receivables as well as other loans extended and receivables.

Accounts receivable and other financial assets are recognised at amortised cost or at acquisition cost.

If the *Hawesko Group* has fulfilled its contractual obligations, a contract asset or a receivable is recognised. Receivables are recognised if the entitlement to receive consideration is no longer subject to any conditions. This normally occurs if the group is contractually entitled to invoice the customer. For trade customers, a receivable is normally recognised upon shipping of the goods because at that point the entitlement to consideration is unconditional. In other words, payment is due automatically from that point on, with the passage of time. For private customers, the receivable is recognised upon successful acceptance of the goods by the customer or upon fulfilment of the shipping terms in the contract of sale.

Trade receivables are in respect of amounts owed by customers for the goods sold in the normal course of business. These are classified entirely as current, in a reflection of their payment deadlines. The trade receivables are recognised in the amount of the unconditional consideration upon initial recognition and measured at amortised cost. In view of the short-term nature of the receivables, the carrying amount recognised after necessary impairment corresponds to the fair value.

Cash in banking accounts and cash on hand has a maturity of up to three months upon its addition and is measured at nominal value.

Financial liabilities include liabilities to banks, lease liabilities, trade payables and derivative financial liabilities.

Loans raised (*borrowings*) are recognised first at fair value less transaction costs arising. The loans are subsequently measured at amortised cost. Differences between the amounts received (less transaction costs) and the repayment amount are recognised through profit or loss over the term of the loans, using the effective interest method. Loans are accounted for as current liabilities to the extent that the group does not have an unrestricted right to delay fulfilment of the obligation by at least twelve months after the reporting period. A fundamental worldwide reform of the key reference rates is under way, including the substitution of certain interbank offered rates (IBORs) with alternative, virtually risk-free interest rates. This process is known as the IBOR Reform. The group has assessed to what extent existing financial Instruments are affected by the IBOR Reform. Variable-rate financial instruments in existence at 31 December 2023 remain linked to the EURIBOR. Other reference rates affected by the reform are not relevant for the group at the reporting date.

Trade payables and other financial liabilities are recognised at amortised cost using the effective interest method, with the interest expense recorded on the basis of the effective interest rate.

Derivative financial instruments are concluded to hedge currency and interest rate risks. The derivative financial instruments are reported at fair value upon initial recognition. Their subsequent measurement is likewise at fair value. The fair value is determined by investment mathematics methods and on the basis of the market data available at the reporting date.

Derivatives that are not bound up in an effective hedging relationship according to IFRS 9 are placed in the category of “financial assets and liabilities at fair value through profit or loss”. They are measured at fair value. A gain or loss from subsequent measurement is recognised through profit or loss.

For the hedging of future cash flows (cash flow hedges), the hedges are measured at fair value. The designated effective portion of the hedge is to be recognised through other comprehensive income. Only when the underlying transaction is realised are these recognised through profit or loss. The ineffective portion of a cash flow hedge is posted immediately to profit or loss.

Financial assets and liabilities are only offset and reported as a net amount on the balance sheet if a legal entitlement to do so exists and there is the intention to offset them in net terms or to settle the corresponding liability simultaneously with realisation of the asset in question.

Sales revenues and contract liabilities

Sales revenues include all proceeds from the ordinary activities of the Hawesko Group. Ordinary activities are not limited merely to core business and also include other recurring trade.

Conversely, gains from the sale of property, plant and equipment or intangible assets are recognised as other operating income rather than as sales revenues. All incidental revenues arising in connection with trade in the course of an enterprise’s ordinary activities are equally reported under sales revenues.

Sales revenues are reported exclusive of value-added tax and other taxes levied from customers and passed on to the tax authorities.

In cases where an enterprise has the position of an intermediary between another supplier and an end customer, it is necessary to assess whether the enterprise itself renders delivery of the product in question as the principal, or acts merely as the supplier's agent. The outcome of this decision determines whether the enterprise can recognise revenue on a gross basis (as principal) or on a net basis after deduction of costs in respect of the supplier (as agent). In the absence of control and an inventory risk, Hawesko Holding realised agency income of € 5.2 million for the goods sold in the financial year (previous year: € 4.3 million).

For the *Hawesko Group* the question arises specifically in cases where the goods are supplied directly to the customer by the producer, for example in the case of sales revenues from product brokerage via online-based platforms (marketplace sales). In these transactions, the Hawesko Group acts as agent.

A *contract liability* is an obligation of the group to a customer to deliver goods or provide services for which the customer has already given consideration in the form of advance payments. The contract liabilities above all comprise liabilities from subscription business as well as from customer bonus programmes and gift vouchers.

In subscription business, receipt of the customer's advance payments for future deliveries of goods creates a contract liability that is realised as sales upon delivery of the subscribed wines to the customer.

In customer bonus programmes, customers can normally build up a bonus credit balance through regular purchases of wine and redeem it in subsequent transactions. The sales revenues for accumulated bonuses are realised at the time of redemption. The basis for measurement of the bonus entitlements is a forward-looking consideration of redemption behaviour taking account of historical values. The measurement is recalculated afresh each year based on the redemption behaviour weighted by market and customer group, and applied to all additions for the year. Utilisation is measured at the average rate for the bonus programme at the start of the year (equal to that of the previous year). Bonus entitlements not redeemed are realised through profit after the contractual expiry period.

The consideration received from the sale of gift vouchers is accounted for as a contract liability and realised as sales at the time the vouchers are redeemed. Unredeemed gift vouchers are released through profit after the statutory expiry period. They are recognised under non-current or current contract liabilities, depending on the expected redemption behaviour. The group recognises current contract liabilities from gift vouchers because experience has shown that these obligations fall due within the first 12 months after acquisition of the gift voucher by the customer.

Recognition of income and expense

According to the provisions of IFRS 15, sales revenues are recognised at the point when the promised goods and services (assets) are transferred to the customer and the Hawesko Group consequently fulfils its performance obligation. An asset is deemed transferred if the customer gains power of disposal over that asset, in other words can determine its use and essentially extract the remaining value from it. The performance obligation is regularly deemed met if the products have been shipped to the designated place or are handed over to the customer at the place of sale, the risks pass to the customer and the latter takes charge of the products in agreement with the contract of sale (normally based on Incoterms in B2B mail order business and on acceptance of the goods by the customer in B2C mail order business).

Sales revenues are recognised in the amount that the *Hawesko Group* can expect in return for the transfer of the promised goods or services. The sales revenues are reduced by reductions in sales proceeds, taxes and fees. Discounts granted on total sales are assigned to the respective goods in proportion to their individual selling prices. On the other hand discounts granted only for certain articles are assigned only to those articles. For customers in the B2B segment, customary payment deadlines of 30 to 60 days are usually agreed, with the result that there is no significant financing component. In the B2C segment, payments by direct debit or credit card and using digital payment services are normally agreed with no significant payment deadline.

Almost exclusively time-related, but no significant period-related, performance obligations are met within the group.

Retroactive volume discounts based on total sales over a period of twelve months are often agreed on the sale of wines in the B2B segment. The proceeds of these sales are recognised in the amount of the price specified in the contract, less the estimated volume discounts. The estimate of the provision for volume discounts to be granted is based on past experience. In the past, estimated values did not differ materially from the final settlements in view of their low complexity. Sales revenues are recognised only to the extent that it is very likely that no significant cancellation of sales will become necessary. A receivable is recognised for trade customers upon shipping of goods and for private customers upon acceptance of the goods, because at that point the entitlement to consideration is unconditional. Payment is therefore due automatically from that point on, with the passage of time.

In the case of sales by retail outlets and shops, proceeds from the sale of wines are recognised when the products are handed over to customers. Payment of the transaction price is due immediately when the customer acquires and accepts the goods. The majority of shops and retail outlets are operated by partners who are acting as agents of the *Hawesko Group*. In the e-commerce and Retail segments, the *Hawesko Group* in some cases offers its end customers a right of return of normally between 14 days and three months. A refund liability and to some extent a right of return for the goods are correspondingly recorded for the products that will prospectively be returned. Past experience is suitably applied at the time of sale in estimating these returns. Because the number of product returns was almost constant in recent years, it is very likely that there will be no significant reversal of the proceeds recorded in this way. The validity of this assumption and the estimated number of returns are remeasured at each reporting date.

The *Hawesko Group* operates various customer loyalty programmes under which customers can collect points as they shop, earning them an entitlement to money off subsequent purchases. A contract liability for the points is recognised at the time of the sale. The proceeds from the points are recognised when these are redeemed or expire as per the terms.

With the points, customers are granted a material right that they would not receive without concluding a contract. The promise to credit the customer with points constitutes a separate performance obligation. The transaction price is assigned to the product and the points based on the relative individual selling prices. The management estimates the individual selling price per point based on the discount that is granted at the time the points are redeemed and with reference to the likelihood of redemption, based on past experience.

Subscription business is a distinctive feature of the wine trade. Here, the customer pays for the wines on account one to two years before they are actually delivered; meanwhile the wines are procured one to two years in advance and the winemakers receive a down payment. Because the wines in question are very high-price, high-quality wines, the winemakers take orders for them from traders and customers very early on, as they cannot otherwise guarantee that the desired quantities will be available. Because the advance payments that customers make for these consequently have the primary purpose of making sure the goods are available to them, a possible financing component of the sales transaction does not arise.

In addition to the proceeds from the sale of wines and sparkling wines as well as other alcoholic beverages, the *Hawesko Group* generates some of its sales through brokerage commissions in online marketplaces. Sales from these agreements are realised upon fulfilment of the performance obligation, in other words at the time the goods are delivered.

Taxes on income

Current tax expense comprises the actual income tax expense. The tax liabilities and receivables mainly comprise liabilities or claims for domestic and foreign income tax. They relate to both the current year and any liabilities or claims from previous years. The liabilities and claims are created on the basis of the fiscal provisions in the countries of the respective business activities.

Deferred taxes result from the temporarily divergent valuations in the IFRS consolidated balance sheet and the respective tax balance sheet values for these asset and liability items. Deferred tax assets on fiscally realisable loss carryforwards are capitalised if it is likely that taxable income is to be expected in the future. They are determined on the basis of corporate planning and the anticipated tax rates in the individual countries at the time of realisation. These are based fundamentally on the statutory provisions that are valid or approved at the balance sheet date. Future income tax receivables and obligations resulting from the preparation of the accounts according to IFRS are carried as deferred tax assets and liabilities. Deferred taxes are offset subject to two conditions. On the one hand a corresponding legally enforceable entitlement to offsetting must exist. On the other hand the deferred tax assets and liabilities must relate to income taxes levied by the same taxation authority for either the same taxable entity or for different taxable entities that intend to offset them in net terms.

5 ESTIMATES, ASSUMPTIONS AND DISCRETIONARY DECISIONS

Preparation of the IFRS consolidated financial statements involves making estimates and assumptions which have an effect on the measurement and disclosure of assets and debts, the reporting of contingent liabilities at the balance sheet date and the disclosure of income and expenditure. These estimates and assumptions are based on past experience and on other factors taking potential future events into account. All estimates and assessments are subject to ongoing review and remeasurement. The actual figures may differ from the amounts obtained by estimates and assumptions. Key estimates and assumptions are required above all in the following areas:

Goodwill is tested annually for impairment in accordance with IAS 36. The recoverable amount is determined on the basis of the fair value less disposal costs for the cash-generating unit. Cash-generating units normally represent individual subsidiaries within the group. Determining the fair value in particular requires estimates of the future cash flow based on group planning. The most important assumptions on which the calculation of fair value is based comprise the discount rate, the net cash flows and the sustainable growth rate.

Many leases held by the *Hawesko Group* contain extension and termination options. Responsibility for negotiating and designing leases rests with the local companies, and for that reason lease agreements exhibit a variety of contractual conditions. This gives the management of each company the necessary operational flexibility to manage its business, in other words manage the underlying lease assets, as well as the scope to respond to changing business requirements.

The majority of leases within the group consist of contracts for rental of land, office properties and retail shops. Most of these are situated in Germany and Austria.

The term of these leases largely determines the level of the lease liabilities.

Most leases for retail shops feature a non-cancellable basic rental period of three to five years, which may often be extended several times in each case by between three and five years. After the expiry of the non-cancellable basic rental period the lease rolls over automatically normally by a further twelve months if neither party terminates the lease or if the *Hawesko Group* exercises one of its extension options as the lessee.

In determining the term of the lease, all facts and circumstances that represent an economic incentive for the *Hawesko Group* to exercise an extension option or not to exercise a termination option are assessed and taken into consideration. Extension options (or periods covered by termination options) are only considered a component of the term of a lease if the *Hawesko Group* is reasonably certain that it will exercise the extension option or will not exercise the termination option. Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, exercise is considered "reasonably certain" if it is less than "virtually certain" and more certain than "more likely than not".

After the start of use, the probability of exercising an option should only be reassessed if there is a significant event or significant change in the circumstances with an effect on the original assessment and those events or changes are under the control of the lessee. The *Hawesko Group* reassesses the term of a lease if an option is exercised or not exercised or if the group is under an obligation to exercise or not exercise an option.

Determination of the incremental borrowing rate to safeguard the lease liability is performed quarterly by the Corporate Finance department. The incremental borrowing rate represents the group-specific interest rate for the raising of funds with a similar maturity in order to finance the asset in question.

The measurement of inventory risks within inventories depends substantially on the assessment of future demand and of the time for which stocks of goods are held as a result, and in the case of especially high-price wine segments (primarily Grands Crus) the estimate of future market price development. For high-price wines, this estimate is made based on market price observations and on discussions with market participants (in particular the French wine commercial brokers, or courtiers).

The management creates allowances for receivables to account for expected losses resulting from customers' inability to pay. The principles used by the management to assess the appropriateness of allowances for receivables comprise the maturity structure of the outstanding balances and experience of write-offs of receivables in the past, the creditworthiness of customers and changes in payment behaviour. In the event of a deterioration in the financial position of customers, the scope of write-offs to be made may exceed the scope of expected write-offs.

The deferred tax assets on loss carryforwards are based on corporate planning for the coming three or four financial years, which include future-related assumptions for example on overall economic development and the development of the market for wine trading. We refer to section 21 regarding the level of the capitalised deferred tax assets on loss carryforwards and the level of the loss carryforwards on which no deferred tax assets were created.

Provisions for pensions are measured according to actuarial principles. These methods are based on actuarial parameters such as the discounting rate, income and pension trend, and life expectancy. In view of the fluctuating market and economic situation, the underlying assumptions may depart from the actual development and have a material impact on the obligation for retirement benefit payments post-employment.

Provisions for reconversion obligations for installations in the catering outlets and for returning the leased asset to the condition required in the lease agreement are recognised in the amount of the present value of the estimated future obligations. A corresponding amount in reconversion obligations is capitalised as a component of the cost of leasehold improvements and rights of use. The estimated cash flows are discounted based on an appropriate discounting rate for the maturities and risks. Compounding is recognised in the statement of comprehensive income as interest expense in the period in which it occurs. The key assumptions and estimates in the measurement of the lease liabilities are detailed in section 4.

The determination of liabilities from customer bonus programmes depends substantially on the assessment of how likely it is that the credit acquired will be redeemed. For this purpose assumptions are made based on the frequency of customer purchases and the quality of the credit balance.

The current other financial liabilities for the financial year include the put option of the minority interest in the company *Global Wines & Spirits*. The put option was classified as current because it can potentially be exercised imminently.

CONSOLIDATED COMPANIES

6 CONSOLIDATED COMPANIES

The group under *Hawesko Holding SE*, with its registered office in Hamburg, comprises a total of 20 (previous year: 21) domestic and foreign companies, as well as one (previous year: one) international joint venture over which *Hawesko Holding SE* directly or indirectly exercises joint control. This is the smallest group of consolidated companies. In addition, the company is included in the consolidated financial statements of *Tocos Beteiligung GmbH* with registered office in Hamburg (as the largest group of consolidated companies).

FULLY CONSOLIDATED SUBSIDIARIES

	INTERNAL DESIGNATION	*REGISTERED OFFICE*	*SEGMENT*	*OWNERSHIP INTEREST, % 2023*	*OWNERSHIP INTEREST, % 2022*
Global Eastern Wine Holding GmbH	GEWH	Bonn	B2B	100,0	100,0
Global Wines & Spirits s.r.o.	Global Wines & Spirits	Prag (Czech Republic)	B2B	80,0	80,0
Globalwine AG	Globalwine	Zürich (Switzerland)	B2B	90,0	90,0
Grand Cru Select Distributionsgesellschaft mbH	Grand Cru Select/ CWD	Bonn	B2B	100,0	100,0
Sélection de Bordeaux SARL	Sélection de Bordeaux	Straßburg (France)	B2B	100,0	100,0
Wein Service Bonn GmbH	WSB	Bonn	B2B	100,0	100,0
Wein Wolf GmbH	Wein Wolf	Bonn	B2B	100,0	100,0
Wein Wolf Import GmbH & Co. Vertriebs KG	Wein Wolf Österreich	Salzburg (Austria)	B2B	100,0	100,0
Weinland Ariane Abayan GmbH	Abayan	Hamburg	B2B	100,0	100,0
Jacques’ Wein-Depot Wein-Einzelhandel GmbH	Jacques'	Düsseldorf	Retail	100,0	100,0
Wein & Co. Handelsges.m.b.H.	Wein & Co.	Vösendorf (Austria)	Retail	100,0	100,0

FULLY CONSOLIDATED SUBSIDIARIES

	INTERNAL DESIGNATION	*REGISTERED OFFICE*	*SEGMENT*	*OWNERSHIP INTEREST, % 2023*	*OWNERSHIP INTEREST, % 2022*
Tesdorpf GmbH	Tesdorpf	Lübeck	E-Commerce	100,0	100,0
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	HAWESKO	Hamburg	E-Commerce	100,0	100,0
IWL Internationale Wein Logistik GmbH	IWL	Tornesch	E-Commerce	100,0	100,0
The Wine Company Hawesko GmbH	The Wine Company	Hamburg	E-Commerce	100,0	100,0
Wein & Vinos GmbH	Vinos	Berlin	E-Commerce	100,0	100,0
WeinArt Handelsgesellschaft mbH	WeinArt	Geisenheim	E-Commerce	51,0	51,0
WirWinzer GmbH	WirWinzer	Munich	E-Commerce	100,0	100,0
WineCom International Holding GmbH	WineCom International	Hamburg	E-Commerce	100,0	100,0
WineTech Commerce GmbH	WineTech	Hamburg	Sonstige	100,0	100,0

With effect from 1 October 2023 *Global Eastern Wine Holding* acquired 50 percent of the shares of *Dunker Group OÜ*, a leading Estonia-based distributor of wines and spirits with subsidiaries in all three Baltic States. Because the shareholders excercise joint control, *Dunker Group OÜ* has been included in the group since October 2023 as a joint venture.

The following subsidiaries are not included in the consolidated financial statements in view of their minor economic significance:

NON-CONSOLIDATED SUBSIDIARIES

	REGISTERED OFFICE	*OWNERSHIP INTEREST, %*	*CAPITAL € '000*	*NET EARNINGS 2023, € '000*
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	100,0	49	6
WirWinzer Mercato del Vino s.r.l.	Bozen (Italy)	100,0	20	10

7 MATERIAL CHANGES IN CONSOLIDATION

BUSINESS COMBINATION UNDER JOINT CONTROL

ACQUISITION OF 50 PERCENT OF THE SHARES OF DUNKER GROUP OÜ

By deed of 5 October 2023 the group acquired 50 percent of the shares, which correspond to the voting rights, of *Dunker Group OÜ*, Tallinn (Estonia) for € 7.1 million and now for the first time has a presence in the Eastern European market, especially the Baltics.

Dunker Group OÜ, with seven operating subsidiaries in all three Baltic States (Estonia, Latvia and Lithuania), is one of the leading distributors of wine in the Baltics.

Dunker Group has previously been led by the partnership of the two founders and shareholders (50 percent each). One of the founders sold his shares to the Hawesko Group and is stepping back from executive management. On the basis of the exercising of joint control pursuant to IFRS 11, Dunker Group is classified as a joint venture. *Dunker Group OÜ* is included in the consolidated financial statements from 1 October 2023 and accounted for using the equity method.

The fair values of the acquired assets and debts recognised at the time of acquisition before purchase price allocation can be reconciled as follows:

PRO RATA FAIR VALUES (50%)

€ '000	**2023**
Intangible assets	229
Property, plant and equipment	124
Investments	252
Inventories	5.253
Receivables and other assets	4.975
Bank accounts in credit	77
TOTAL ASSETS	**10.910**
Due to banks	1.107
Advances received for orders	7
Trade payables	3.966
Other liabilities	2.112
TOTAL DEBTS	**7.192**
NET ASSETS	**3.718**

The acquired contractual receivables amounted to € 4,560 thousand gross at 1 October 2023 and are fully recoverable; consequently, they have led to or will still lead to expected payments received. *Dunker Group OÜ* ended financial year 2023 with a result of € 2,141 thousand and generated sales revenues amounting to € 76,879 thousand in financial year 2023.

The shares in *Dunker Group OÜ* were recognised at acquisition cost at the time of acquisition. To roll over the balance sheet item “Companies accounted for using the equity method”, a purchase price allocation was conducted to identify the top private labels (€ 1,127 thousand) as well as other private labels (€ 231 thousand) as intangible assets and measure them using the royalty method. Under this method, the value of the brands is calculated by assuming what notional royalty rates would be payable by the company if the intangible assets in question were not owned by the company and were used under licence. The brands are amortised over the residual life of 10 years.

The goodwill is included in the at-equity calculation as follows:

GOODWILL

€ '000	**2023**
Cash payment	7.100
Fair value of the net assets acquired	-3.718
DIFFERENCE	**3.382**
Fair value of the private labels	-1.358
Deferred tax liabilities on the private labels	277
GOODWILL	**2.301**

The goodwill of *Dunker Group OÜ* represents the difference between the purchase price and the pro rata fair value of the net assets, and it arises principally through the potential offered by the newly accessed sales market in the Baltics and through synergies with the group in the B2B segment. The goodwill recorded is not tax-deductible.

Dunker Group OÜ is the owner of numerous market-leading brands such as Cran Castillo (Latvia’s top-selling wine brand), Dreamer (Estonia’s top-selling wine brand), Casa Charlize (top-selling Italian wine in Estonia and Latvia) and Aramis (Latvia’s top-selling brandy). In acquiring the brand, the group establishes a presence in the Baltic B2B market.

BUSINESS TRANSACTIONS WITH NON-CONTROLLING INTERESTS

SALE OF 15 PERCENT OF THE SHARES OF GLOBAL WINES & SPIRITS IN 2022

With effect from 20 December 2022, 15 percent of the shares and voting rights in *Global Wines & Spirits* were sold to *TOMOT s.r.o.* The transaction price came to € € 2.84 million and was due immediately. After the transaction the *Hawesko Group* still holds 80 percent of that company’s shares and therefore retains a voting majority. TOMOT had already held 5 percent of the shares for some years. As part of the acquisition of the voting majority by the *Hawesko Group*, both sides wished to extend the partnership by increasing their stakes.

Immediately prior to sale, the carrying amount of the existing 5 percent non-controlling interest in *Global Wines & Spirits* in 2022 was € 620 thousand. The sale of the shares presented above was captured through other comprehensive income as an equity transaction with minority shareholders. In 2022 this produced an increase in the non-controlling interests in the amount of € 1,858 thousand and an increase in the equity attributable to the shareholders of the parent company in the amount of € 984 thousand.

Put options for 20 percent of the shares arose in the previous year in connection with the transaction. The opportunities and risks from the shares remain with the minority interest, with the result that the shares of non-controlling interests continue to be reported as such. The put option was initially measured at buy-back price and accounted for within current other financial liabilities. The transaction was recognised through other comprehensive income within the equity of the shareholders of *Hawesko Holding*.

Changes within the group organisation chart with no changes in consolidated companies

By the notarised capital increase resolutions dated 5 December 2023, with effect from 31 December 2023 the shares of *Wein & Vinos GmbH*, Berlin, and of *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH*, Hamburg, were transferred to *WineCom International Holding GmbH*, Hamburg, in the form of a share premium in kind of € 1 thousand in each case. The entries on the commercial register for *WineCom International Holding GmbH* were made on 6 December 2023.

EFFECTS OF THE GEOPOLITICAL SITUATION

Russia/Ukraine War

The conflict that has been ongoing since the Russian army's invasion of Ukraine at the end of 2022 is having negative economic consequences and a substantial impact on the global economy. Industry and consumers alike, both in Europe and worldwide, have faced rising prices for energy, food and consumer goods, disrupted supply chains and uncertainty with regard to resources. Even if the Hawesko Group does not have any significant customer or supplier relationships with Russia or Ukraine and the impact on the valuations of the group's assets and debts is limited, the *Hawesko* Group is nevertheless affected indirectly by the consequences of the war. In particular, consumer restraint and the shift in consumer behaviour as a result of higher inflation represent risks for the sales performance of the group. These risks are already covered by the group's risk management system under the risk of business cycle dependence. The Board of Management does not believe its classification needs changing. No other substantial risks are currently identifiable.

Macroeconomic Environment

The inflation rate in Germany, which peaked at the end of 2022, showed signs that it was falling in the latter half of the year. The impact of crises and war on the economy, in the shape of supply bottlenecks, disrupted supply chains and uncertainty surrounding the availability of raw materials, weighed on prices and economic development throughout the entire year. The effects on the *Hawesko* Group have manifested themselves in a variety of ways. The higher producer prices and logistics costs put pressure on gross margins. The higher cost of paper, personnel and energy equally continued to affect the overall cost situation. The squeeze on consumer purchasing power and the resulting shift in consumer behaviour also eroded sales revenues especially in the e-commerce segment. In the financial year the *Hawesko* Group took steps to address inflationary effects and the subdued consumer climate by adjusting its price and range policy and revisiting its cost management approach. Corporate planning was adjusted accordingly. The cash-generating unit *Wein & Co.* was particularly affected by these economic effects – above all by declining consumption and high costs – and its goodwill was written off in the year under review. No other goodwill impairment arose.

The shift in financial pressures on businesses and private individuals brought on by inflation is also suitably reflected in the risk assessment and analysis of the soundness of financial assets (especially trade receivables) and has been taken into account when calculating expected credit losses. However the group did not register any increase in defaults in 2023 and moreover expects no material changes in future periods in view of its customer and receivables structure.

Environmental, Social, Governance (ESG)

Environmental, Social, Governance (ESG) describes how business contributes to sustainable economic development over and above the current statutory requirements. The issue is of growing importance for businesses and investors. They have had to observe not only the Corporate Sustainability Reporting Directive (CSRD) issued by the EU, but also various other laws and directives passed at European and national level. Hawesko Holding SE has incorporated the principle of sustainability, in conjunction with climate-related issues, into its current CSR strategy and undertakes to observe further changes and sustainability goals. The steps it has taken include measuring carbon emissions in order to achieve permanent reductions in carbon emissions as one plank of an effective sustainability strategy.

The Hawesko Group does not have production facilities of its own and comes under the “commerce” sector of the economy. To that extent the group has only indirect influence over how effectively the relevant environmental standards are complied with in the growing and production of the products it trades in. None the less, the Hawesko Group considers it is important to integrate the sustainability aspects of group decisions into management and processes. Our economic activities are relevant to both economic goals of climate change mitigation and climate change adaptation, and are commented on in the management report in accordance with the Non-Financial Reporting Directive (NFRD) which still applies in this financial year. From the next financial year, sustainability reporting will change fundamentally with the introduction of the new EU Corporate Sustainability Reporting Directive (CSRD). The NFRD will be expanded by the new EU directive and its scope will become much wider. There were no particularly significant risks or opportunities from environmental goals in the financial year.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

8 SALES REVENUES

The classification of the sales revenues by customer groups corresponds to the sales revenues by segment according to IFRS 8, because the latter reflect the respective nature, level and uncertainty of revenues and cash flows.

BREAKDOWN OF SALES BY SEGMENTS

€ '000	2023	2022
E-Commerce	220.331	242.398
Retail	232.766	228.486
B2B	207.183	200.598
	660.280	671.482

Independently of the segments, sales revenues are broken down into the following categories:

BREAKDOWN OF SALES BY BUSINESS AREAS

€ '000		2023	2022
Shops/outlets	(almost exclusively Retail)	221.829	212.630
Online mail-order purchases	(almost exclusively e-commerce and Retail)	177.607	185.590
Restaurants, hotel trade and specialist retail trade	(B2B)	140.785	141.121
Other mail-order purchases	(e-Commerce)	58.382	73.409
Food retailers	(B2B)	51.810	49.120
Other income	(B2B)	9.868	9.612
		660.280	671.482

Other income shows essentially income from events and sales from diverse channels of minor significance. The regional breakdown of sales revenues is as follows:

BREAKDOWN OF SALES BY REGION

€ '000	**2023**	**2022**
Germany	543.552	560.111
Austria	53.354	52.399
Czech Republic	27.225	15.056
Switzerland	19.782	21.425
Sweden	8.680	11.184
Miscellaneous	7.687	11.307
	660.280	**671.482**

"Miscellaneous" is essentially the combined figure for the United Kingdom, France and Denmark.

9 OTHER OPERATING INCOME

OTHER OPERATING INCOME

€ '000	**2023**	**2022**
Rental income	11.809	11.413
Income from cost refunds	1.103	2.110
Income from currency translation	663	648
Sundry	6.534	7.726
	20.109	**21.897**

The rental income mainly consists of income from the use of the furnished wine shops by the retail partners at *Jacques'*. The retail partners act as agents of the *Hawesko Group*. In return they receive a partner's commission, which is reported under other operating expenses.

Sundry income comprises such items as reversals of liabilities and provisions in the amount of € 1,504 thousand (previous year: € 3,346 thousand).

10 GOVERNMENT GRANTS

GOVERNMENT GRANTS

€ '000	2023	2022
Compensation for lost sales resulting from officially decreed closures	0	233
Reimbursement of employer contributions to social insurance due to short time	0	3
Research and development allowance	75	0
	75	**236**

In recent years, the COVID-19 pandemic meant *Hawesko Group* subsidiaries received government grants that varied from country to country. Government grants are stated as soon as there is reasonable assurance that all eligibility conditions are met and the grant is made in full. In the financial year the *Hawesko Group* received an allowance amounting to € 75 thousand under the German Act for the Promotion of Research and Development.

The grants contained in the previous year in compensation for lost sales due to officially decreed closures are reported as sundry other operating income. The grants received for employer contributions to social insurance for registering for the short-time work support scheme are recognised as a cost-reducing factor within personnel expenses. Other forms of government support (investments) are listed on the balance sheet for the financial year (see section 4). There are no material unfulfilled conditions or other contingencies for the grants recognised.

11 PERSONNEL EXPENSES

PERSONNEL EXPENSES

€ '000	2023	2022
Wages and salaries	66.729	64.144
Social security and other pension costs	12.609	12.008
- of which in respect of old age pensions	269	306
	79.338	**76.152**

The average number of employees was as follows:

GROUP

	2023	2022
Commercial employees	994	987
Industrial employees	251	256
Trainees	38	18
	1.283	**1.261**

12 DEPRECIATION/ AMORTISATION AND IMPAIRMENT

DEPRECIATION/ AMORTISATION AND IMPAIRMENT

€ '000	2023	2022
Depreciation/amortisation of intangible assets	13.703	5.088
Depreciation/amortisation of property, plant and equipment (excluding rights of use)	3.501	3.650
Depreciation/amortisation of rights to use	14.694	14.045
Write-ups of intangible assets	0	-45
	31.898	**22.738**

The depreciation/amortisation of intangible assets includes the goodwill impairment of the cash-generating unit *Wein & Co.* in the amount of € 8.2 million. We refer to section 18 with regard to testing goodwill for impairment. No further impairment was performed in the year under review.
In the previous year write-ups amounting to € 45 thousand were performed for software licences already written down because they remain in use, contrary to past assumptions.

13 OTHER OPERATING EXPENSES AND OTHER TAXES

OTHER OPERATING EXPENSES AND OTHER TAXES

€ '000	2023	2022
Commissions to partners	46.558	45.743
Advertising	45.365	49.328
Delivery costs	39.869	41.031
IT and communication costs	10.276	9.925
Rents, leases and expenses for premises	8.007	7.582
Motor vehicle and travel costs	4.539	4.482
Other personnel expenses	3.884	4.656
Legal and consultancy costs	3.202	3.245
Costs of monetary movements	2.934	3.006
Board	2.926	2.394
Insurance payments	1.476	1.415
Expenses from currency translation	618	694
Costs of partners	614	700
Sundry	4.821	3.558
	175.089	**177.759**

The remuneration for retail partners at *Jacques'* who act as agents of the *Hawesko Group* is reported under commissions to partners. The commissions to partners are offset by the rental income item within other operating income. The other personnel expenses mainly comprise costs of temporary workers and also of employee training and advancement, for example.

The sundry other operating expenses include expenses for payment reminders and debt collection as well as credit checks amounting to € 924 thousand (previous year: € 980 thousand), other taxes (€ 190 thousand, previous year: € 570 thousand) and other expenses unrelated to the accounting period (€ 871 thousand, previous year: € 483 thousand).

14 INTEREST INCOME, INTEREST EXPENSE, OTHER FINANCIAL RESULT AND INVESTMENT INCOME

INTEREST INCOME, INTEREST EXPENSE, OTHER FINANCIAL RESULT AND INVESTMENT INCOME

€ '000	2023	2022
INTEREST INCOME	**198**	282
Interest expense		
Interest expense due to financial institutions	-2.159	-752
Interest for lease liabilities	-4.590	-3.638
Interest from the compounding of provisions	-67	-20
INTEREST EXPENSE	**-6.816**	-4.410
OTHER FINANCIAL RESULT	**-2.206**	3.994
RESULT FOR THE COMPANIES REPORTED USING THE EQUITY METHOD	**347**	378
FINANCIAL RESULT	**-8.477**	244
Of which:		
- loans and receivables	-1.176	282
- financial liabilities	-2.882	-1.186

The other financial result arises mainly from the subsequent measurement of the financial liabilities from put options for *Global Wines & Spirits* in the amount of € 657 thousand (previous year: € 414 thousand) and from the impairment of financial assets amounting to € 1,375 thousand. In the previous year the other financial result also included the gain from the remeasurement of the shares in *Global Wines & Spirits* at the fair value of € 4,996 thousand in conjunction with the acquisition of additional shares.

The acquisition of *Dunker Group OÜ* produces a result from companies reported using the equity method amounting to € 347 thousand.

15 TAXES ON INCOME

TAXES ON INCOME

€ '000	2023	2022
Current tax	8.095	10.297
Deferred tax	-1.159	2.862
	6.936	13.159

Paid or due taxes on income and earnings, and also deferred taxes, are reported as taxes on income. Expenses for current tax are made up as follows:

ONGOING TAXES

€ '000	2023	2022
Current year	9.125	9.480
Previous years	-1.030	817
	8.095	**10.297**

Income (previous year: expenses) from deferred taxes is attributable to the following:

DEFERRED TAXES

€ '000	2023	2022
Capitalisation/ use of loss carryforwards	-766	2.196
Other temporary differences	-112	730
Changes in tax rate	-71	20
Leases	-210	-84
	-1.159	**2.862**

The actual tax expense for the year 2023 of € 6,936 thousand (previous year: € 13,159 thousand) is € 1,945 thousand (previous year: € 655 thousand) higher than the anticipated tax expense of € 4,991 thousand (previous year: € 12,504 thousand) which would have resulted from the application of a tax rate to pre-tax earnings that was based on the current German legislation at the balance sheet date. The anticipated tax rate is 31.8 percent (previous year: 31.8 percent) and is obtained as follows:

DERIVATION OF TAX RATE

Percent	2023	2022
Trade tax (average assessment rate: 456%, previous year: 457%)	15,97	15,98
Corporation tax	15,00	15,00
Solidarity surcharge (5.5% of corporation tax)	0,83	0,83
TOTAL TAX BURDEN ON PRE-TAX EARNINGS	**31,80**	**31,81**

The causes of the difference between the anticipated and actual tax expense for the group are as follows:

TAX EXPENSE DIFFERENCES

€ '000	2023	2022
Earnings before taxes	15.694	39.322
Anticipated tax expense	4.991	12.504
Tax expenses/income unrelated to the accounting period	-1.030	397
Inventory correction to tax loss carryforwards	44	1.099
Impairment of deferred taxes on tax losses	137	1.021
Tenancy and leasing commitments to be included in trade tax	365	327
Effect of divergent national tax rates	948	323
Tax-free expenses and income	754	-1.918
Other tax effects	727	-594
ACTUAL TAX EXPENSE	**6.936**	**13.159**
Effective tax rate in %	44,19	33,47

Dedicated software is used for tax accounting. At the level of the individual subsidiaries, current and deferred taxes are calculated and the deferred tax assets are assessed for intrinsic value. Taking consolidation effects into account, the current and deferred taxes to be recognised on the balance sheet and in the statement of income are then determined from these figures.

The group adopted the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) following its publication on 23 May 2023. The draft framework published by the Organisation for Economic Co-operation and Development (OECD) on global minimum tax (Pillar Two Model Rules) applies to all multinational enterprises with consolidated annual sales of at least € 750 million in at least two of the four preceding years. The group did not reach or exceed the minimum sales threshold in any of the preceding four years. Nor are there any subsidiaries domiciled in a country with a lower threshold.

The tax-free expenses and income in the year under review relate to the tax-free expense from goodwill impairment for *Wein & Co.* in the amount of € 2,607 thousand.

At the end of the year the fair values of the derivatives reported in other comprehensive income came to € 131 thousand (previous year: € 385 thousand). This led to a write-back of € 32 thousand in deferred tax liabilities in the year under review (previous year:
€ -97 thousand write-back in deferred tax assets). In addition, deferred tax assets totalling € 285 thousand were written back (previous year: € 352 thousand) for the actuarial gains/losses of € 499 thousand (previous year: € 1,266 thousand) reported in other comprehensive income.

16 EARNINGS PER SHARE

The earnings per share are calculated according to IAS 33 (Earnings per Share) by dividing the consolidated earnings by the average number of shares in circulation.

EARNINGS PER SHARE

€ '000	**2023**	**2022**
Consolidated earnings of the shareholders	8.126	25.594
Average number of shares ('000)	8.983	8.983
Basic earnings per share (€)	0,90	2,85

At the time of preparation of the consolidated financial statements there were an unchanged 8,983,403 shares outstanding. There is no difference between the diluted and basic earnings per share.

NOTES TO THE CONSOLIDATED BALANCE SHEET

17 INTANGIBLE ASSETS

HISTORICAL COST € '000	SOFTWARE AND LICENCES	OTHER INTANGIBLE ASSETS	GOODWILL	ADVANCE PAYMENTS FOR INTANGIBLE ASSETS	TOTAL
POSITION AT 1 JANUARY 2022	39.417	32.477	30.664	1.757	**104.315**
Currency translation	0	209	131	0	340
Addition to group consolidated companies	8	6.757	7.214	0	13.979
Disposal from group of consolidated companies	0	0	-615	0	-615
Additions	712	2.507	0	1.910	5.129
Transfers	1.356	281	0	-1.637	0
Disposals	-125	0	0	-30	-155
POSITION AT 31 DECEMBER 2022	41.368	42.231	37.394	2.000	**122.993**
POSITION AT 1 JANUARY 2023	41.368	42.231	37.394	2.000	**122.993**
Currency translation	0	-121	-73	0	-194
Additions	645	1.220	0	1.233	3.098
Transfers	856	358	0	-562	652
Disposals	-2.354	-445	0	0	-2.799
POSITION AT 31 DECEMBER 2023	40.515	43.243	37.321	2.671	**123.750**

ACCUMULATED DEPRECIATION AND AMORTISATION	*Software and licences*	*Other intangible assets*	*Goodwill*	*Advance payments for intangible assets*	**TOTAL**
POSITION AT 1 JANUARY 2022	-34.340	-14.767	-3.896	33	**-52.970**
Currency translation	0	-14	0	0	-14
Disposal from group of consolidated companies	0	0	615	0	615
Additions	-2.019	-3.069	0	0	-5.088
Impairments/ write-ups	45	0	0	0	45
Transfers	146	-146	0	0	0
Disposals	125	0	0	0	125
POSITION AT 31 DECEMBER 2022	-36.043	-17.996	-3.281	33	**-57.287**
POSITION AT 1 JANUARY 2023	-36.043	-17.996	-3.281	33	**-57.287**
Currency translation	-36	24	0	0	-12
Additions	-2.404	-3.102	0	0	-5.506
Impairments/ write-ups	0	0	-8.197	0	-8.197
Disposals	2.769	0	0	0	2.769
POSITION AT 31 DECEMBER 2023	-35.714	-21.074	-11.478	33	**-68.233**
RESIDUAL CARRYING AMOUNTS					
POSITION AT 31 DEC 2023	4.801	22.169	25.843	2.704	**55.517**
POSITION AT 31 DEC 2022	5.325	24.235	34.113	2.033	**65.706**

The item “Other intangible assets” includes € 16,108 thousand (previous year: € 18,767 thousand) for the measurement of supplier and customer contacts as well as brands. As in previous years, these result from the first-time consolidation of Vinos, WirWinzer, WeinArt, Grand Cru Select, Wein & Co. and Global Wines & Spirits.

Furthermore, “Other intangible assets” includes internally produced assets in the amount of € 5,299 thousand (previous year: € 4,722 thousand). The development is presented in the following table:

SELF-CREATED INTANGIBLE ASSETS

€ '000	31.12.2023	31.12.2022
HISTORICAL COST		
Position at start of financial year	6.083	4.043
Additions	1.163	2.040
Disposals	0	0
Transfers	0	0
POSITION AT END OF FINANCIAL YEAR	**7.246**	6.083
	0	0
ACCUMULATED DEPRECIATION AND AMORTISATION	0	0
Position at start of financial year	-1.361	-910
Additions	-586	-451
Disposals	0	0
Transfers	0	0
POSITION AT END OF FINANCIAL YEAR	**-1.947**	-1.361
	0	0
RESIDUAL CARRYING AMOUNTS	**5.299**	4.722

18 RECOVERABILITY OF GOODWILL

The following table provides an overview of the goodwill tested and the assumptions made in the individual impairment tests, in each case for the smallest cash-generating unit (CGU):

IMPAIRMENT TEST

NAME OF CGU	*Vinos*	*Wein & Co.*	*Wein Wolf-Gruppe*	*WirWinzer*	*Global Wines & Spirits*	*Miscellaneous*
Segment	E-Commerce	Retail	B2B	E-Commerce	B2B	B2B and retail
Carrying amount goodwill 31/12/2023	8.711	0	4.455	2.686	7.114	2.877
Impairment	0	8.197	0	0	0	0
Duration of planning period (as previous year)	3 years	4 years	3 years	3 years	3 years	3 years
Sustainable growth rate per year after end of planning period (as previous year)	0,75%	0,75%	0,75%	0,75%	0,75%	0,75%
Discount rate (after-tax interest rate) 2023	7,94%	8,56%	7,94%	7,94%	8,97%	7,94%
Discount rate (after-tax interest rate) 2022	7,32%	7,32%	7,32%	7,32%	8,69%	7,32%

For purposes of testing for impairment, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is determined as the fair value less costs of disposal (FVLCOD) based on the future discounted cash flows. The measurement is treated as Level 3 in the fair value hierarchy because of the non-observable inputs applied in measurement. The management approach and the key assumptions in determining the FVLCOD and VIU (applied to *Global Wines & Spirits* in previous year) for the cash-generating unit are based essentially on the future cash flows anticipated in group planning over the next three or four years, depending on company, and are discounted at the balance sheet date. The key parameters here are the discount rate, the net cash flows (sales performance, customer acquisition and retention costs, investments, margins) and the sustainable growth rate. Rising net cash flows are fundamentally assumed over the detailed planning period.

In the planning period, the assumptions used for the impairment tests are based on approved corporate planning (at the level of the individual enterprises) and on externally published sources. To some extent risk markdowns have been applied for company-specific market share developments. The margins used are based on past experience and future expectations, and have been updated based on cost-cutting measures implemented. Investment ratios are based on past experience and for the planning period take account of replacement purchases envisaged for production facilities. The costs of the corporate functions were allocated to the individual units according to the user-pays principle. The rights of use to be capitalised according to IFRS 16 were included in the tests.

When determining the weighted cost of capital, the additional debt from the lease liabilities to be recognised according to IFRS 16 was also taken into account.

The operations of *Wein & Co.* in Austria include its own bars and restaurants with attached specialist retail outlets. In particular due to cyclical effects, this company has not recovered adequately from the effects of the COVID-19 pandemic, which to some extent also affected the attached specialist retail outlets due to closures in the restaurant trade. The cross-sector downturn in consumption in e-commerce observed in the third quarter equally had an adverse effect on earnings at *Wein & Co.* We attribute the fall in e-commerce sales to continuing high inflation and generally subdued consumer confidence against a backdrop of wars and conflicts. Compounded by the pressure of costs, the planned turnaround at *Wein & Co.* was not accomplished and the company ended the financial year with a loss of € 2.5 million. We also expect the turnaround to come more slowly than planned over the next few years; for that reason the goodwill of *Wein & Co.* in the amount of € 8.2 million was written off in full in the third quarter. The carrying amount of the cash-generating unit, which after impairment corresponds to the net realisable value, is therefore € 20.8 million. According to our plans, the sales of *Wein & Co.* will rise annually by between just under 5% and 5.5% over the next four years. The plans envisage a continuing drive to reduce costs. Customer acquisition and retention costs will require an average of € 2.3 million in the years of the planning period. Planned capital expenditure, disregarding IFRS 16 capital expenditure, will be in the range of € 0.5 and € 0.9 million per year. Overall, our plans envisage a gross profit margin of 48% per year for assessing the recoverability of goodwill. If unforeseeable events result in higher costs or lower proceeds, the impairment of further assets could potentially be required.

Despite the general decline in consumption compared with the previous year, in the other cash-generating units there are no indications of goodwill impairment because their annual results remain positive and they will prospectively remain profitable.

No conceivable changes to the key parameters would lead to goodwill impairment.

19 PROPERTY, PLANT AND EQUIPMENT, AND RIGHTS OF USE

PROPERTY, PLANT AND EQUIPMENT

HISTORICAL ACQUISITION AND MANUFACTURING COSTS HISTORICAL COST € '000	*Land, equivalent rights and buildings, including buildings on third-party land*	*Technical equipment and machinery*	*Other fixtures and fittings, tools and equipment*	*Advance payments and construction in progress*	**Total**
POSITION AT 1 JANUARY 2022	179.393	2.697	45.043	253	**227.386**
Addition to group of consolidated companies	1.812	0	150	0	1.962
Currency translation	95	14	50	0	159
Additions	12.890	1.002	3.258	7.737	24.887
Transfers	296	0	240	-536	0
Disposals	-7.909	-699	-1.623	0	-10.231
POSITION AT 31 DECEMBER 2022	186.577	3.014	47.118	7.454	**244.163**
POSITION AT 1 JANUARY 2023	186.577	3.014	47.118	7.454	**244.163**
Currency translation	27	11	56	0	94
Additions	16.096	1.174	5.963	15.873	39.106
Transfers	6.888	0	-895	-6.653	-660
Disposals	-7.641	-963	-6.126	-3	-14.733
POSITION AT 31 DECEMBER 2023	201.947	3.236	46.116	16.671	**267.970**

PROPERTY, PLANT AND EQUIPMENT

ACCUMULATED DEPRECIATION AND AMORTISATION HISTORICAL COST € '000	*Land, equivalent rights and buildings, including buildings on third-party land*	*Technical equipment and machinery*	*Other fixtures and fittings, tools and equipment*	*Advance payments and construction in progress*	**Total**
POSITION AT 1 JANUARY 2022	-54.127	-825	-35.587	0	**-90.539**
Addition to group of consolidated companies	0	0	0	0	0
Currency translation	-30	-8	-37	0	-75
Additions	-13.265	-1.026	-3.351	-53	-17.695
Transfers	0	0	0	0	0
Disposals	4.448	627	1.576	0	6.651
POSITION AT 31 DECEMBER 2022	-62.974	-1.232	-37.399	-53	**-101.658**
POSITION AT 1 JANUARY 2023	-62.974	-1.232	-37.399	-53	**-101.658**
Currency translation	-34	-8	-55	0	-97
Additions	-13.873	-1.068	-3.254	0	-18.195
Disposals	4.819	913	5.961	0	11.693
POSITION AT 31 DECEMBER 2023	-72.062	-1.395	-34.747	-53	**-108.257**
RESIDUAL CARRYING AMOUNTS					
POSITION AT 31 DECEMBER 2023	129.885	1.841	11.369	16.618	**159.713**
POSITION AT 31 DECEMBER 2022	123.603	1.782	9.719	7.401	**142.505**

Property, plant and equipment developed as follows:

DEVELOPMENT PROPERTY, PLANT AND EQUIPMENT

€ '000	**31/12/2023**	**31.12.2022**
Land and buildings	11.061	4.468
Technical equipment and machinery	14	18
Other fixtures and fittings, tools and equipment	10.980	9.401
Consruction in progress	16.618	7.401
	38.673	21.288

Rights of use developed as follows:

LEASES OF PROPERTY, PLANT AND EQUIPMENT

€ '000	31.12.2023	31.12.2022
Land and buildings	118.824	119.136
Technical equipment and machinery	1.827	1.764
Other fixtures and fittings, tools and equipment	389	317
	121.040	121.217

20 COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

With the first-time full consolidation of *Global Wines & Spirits* with effect from 1 July 2022 – it had previously been accounted for using the equity method – Hawesko Holding held no "companies accounted for using the equity method" at the end of the 2022 financial year.
With the acquisition of 50 percent of the shares of *Dunker Group OÜ*, Tallinn (Estonia), in October 2023 the shareholders exercise joint control. *Dunker Group OÜ* is classified as a joint venture pursuant to IFRS 11. The group therefore accounts for the investment using the equity method and reports it under the balance sheet item "Companies accounted for using the equity method".

ACCOUNTABILITY FOR USING THE EQUITY METHOD

	31.12.2023
Carrying amount € '000	7.447
Share of capital in %	50,0

The joint venture comes under the B2B segment and is a partner for the sale of wines in the Baltics. The following tables show the aggregated key figures of *Dunker Group OÜ* with its seven operating subsidiaries. *Dunker Group OÜ* is accounted for using the equity method and included in the consolidated financial statements as a joint venture (100 percent instead of pro rata 50 percent).

COMBINED BALANCE SHEET

€ '000	31.12.2023
Cash and cash equivalents	237
Other current assets	23.601
Total current assets	23.838
Non-current assets	1.521
Current financial liabilities	1.688
Other current liabilties	15.487
NET ASSETS	**8.184**

No distributions were received in the year under review.

COMBINED STATEMENT OF COMPREHENSIVE INCOME

€ '000	31.12.2023
Sales revenues	-58.453
Cost of conversion	-13.842
Distribution costs	-2.231
General administrative costs	-178
Depreciation and amortisation	205
Other operating income	-96
Other operating expenses	-96
OPERATING RESULT	**35**
Interest income and interest expense	35
RESULT FROM ORDINARY ACTIVITIES	**-178**
Taxes on income	-178
NET INCOME / COMPREHENSIVE INCOME	**-356**

In the final three months of the year under review, *Dunker Group OÜ* achieved sales revenues totalling € 21,451 million.

The following reconciliation indicates the carrying amount of the investment in the consolidated financial statements following its initial and subsequent measurement:

RECONCILIATION CALCULATION

€ '000	2023
Acquisition cost at 1 October	7.100
Pro rata for the period	374
Dividends paid	0
Depreciation of private labels from purchase price allocation	-34
Utilisation of deferred taxes on private labels from purchase price allocation	7
CARRYING AMOUNT OF COMPANY ACCONUTED FOR USING THE EQUITY METHOD AT 31 DECEMBER	**7.447**

At the end of the financial year the carrying amounts from purchase price allocation are as follows:

RECONCILIATION CALCULATION

€ '000	2023
CLOSING BALANCE NET ASSETS (31/12)	**8.184**
Group share (%)	50,0%
Group share (€ '000)	4.092
Goodwill	2.300
Carrying amounts of private labels from purchase price allocation	1.325
Deferred taxes on private labels from purchase price allocation	-270
CARRYING AMOUNT OF COMPANY REPORTED USING THE EQUITY METHOD	**7.447**

21 DEFERRED TAX ASSETS

The deferred tax assets developed as follows:

DEVELOPMENT OF DEFERRED TAX ASSETS

€ '000	31/12/2023	31.12.2022
Opening balance	4.498	5.931
Cancellation of offsetting, previous year	39.318	42.409
Increase	1.659	452
Decrease	-507	-4.976
Offsetting against deferred tax liabilities, current year	-40.101	-39.318
	4.867	**4.498**

The deferred tax assets are in respect of the following temporary differences as well as tax loss carryforwards:

TEMPORARY DIFFERENCES OF DEFERRED TAXES

€ '000	**31.12.2023**	31.12.2022
Goodwill from restructuring measures with an effect on taxes	1.270	1.729
From loss carryforwards	1.363	597
From the fair value measurement of derivative financial instruments	27	3
From leases	41.145	40.323
From inventories	36	34
From provisions	339	294
Miscellaneous	788	836
Offsetting	-40.101	-39.318
	4.867	**4.498**

The reported deferred taxes on loss carryforwards at 31 December 2023 relate to the tax loss carryforwards available for future use of the subsidiaries *Wein & Co.* and *Tesdorpf*. Accounting here is at the balance sheet date – despite the losses incurred in the year under review – in view of the positive forecasts for both companies.

There are unused, temporally unlimited tax loss carryforwards amounting to € 561 thousand (previous year: € 4,577 thousand), for which no deferred tax assets were reported in the balance sheet.

A sum of € 4,711 thousand will prospectively be realised from the deferred tax assets within twelve months.

22 INVENTORIES AND ADVANCE PAYMENTS FOR INVENTORIES

INVENTORIES AND ADVANCE PAYMENTS MADE ON INVENTORIES

€ '000	**31.12.2023**	**31.12.2022**
Raw material and consumables used	518	688
Merchandise	120.118	113.297
TOTAL INVENTORIES	**120.636**	**113.985**
Advance payments for inventories	13.250	14.254
TOTAL INVENTORIES AND ADVANCE PAYMENTS FOR INVENTORIES	**133.886**	**128.239**
- of which with a maturity of up to one year	131.289	125.903
- of which with a maturity of one to five years	2.597	2.336

Impairment on inventories in the amount of € 460 thousand (previous year: € 458 thousand) was recognised as an expense.

The advance payments relate to wines of earlier vintages which are not delivered until subsequent years ("subscriptions"). These advance payments are not impaired because they are covered in part by bank guarantees and have been made exclusively to major, renowned producers with correspondingly high creditworthiness.

23 FINANCIAL ASSETS

The group holds the following financial assets:

FINANCIAL ASSETS

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Trade receivables	49.919	0	49.919	48.948	6	48.948
Other financial assets	2.261	3.368	5.629	3.464	6	8.160
Cash and cash equivalents	17.139	0	17.139	30.459	6	30.459
TOTAL:	**69.319**	**3.368**	**72.687**	82.872	6	87.567

The financial assets are measured as follows:

VALUATION OF FINANCIAL ASSETS

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Trade receivables	49.919	0	49.919	48.948	0	48.948
Other financial assets	2.261	3.206	5.467	3.369	4.431	7.800
Cash and cash equivalents	17.139	0	17.139	30.459	0	30.459
FINANCIAL ASSETS MEASURED AT AMORTISED COST	**69.319**	**3.206**	**72.525**	82.776	4.431	87.207
Other financial assets	0	45	45	0	45	45
FINANCIAL ASSETS MEASURED AT FIAR VALUE THROUGH PROFIT OR LOSS	0	45	45	0	45	45
Other financial assets	0	0	0	59	0	59
FORWARD EXCHANGE TRANSACTIONS WITHOUT HEDGING RELATIONSHIP MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	59	0	59
Other financial assets	0	117	117	36	220	256
INTEREST RATE DERIVATIVES WITH HEDGING RELATIONSHIP	0	117	117	36	220	256
	69.319	**3.368**	**72.687**	82.872	4.696	87.567

Derivatives are used exclusively for economic hedging purposes, and not as a speculative investment. However if derivatives do not meet the criteria for hedge accounting, for purposes of accounting they are classified as "held for trading" and recognised at fair value through profit or loss. To that extent they are shown as current assets in that they will prospectively be settled within twelve months of the end of the reporting period.

TRADE RECEIVABLES

TRADE RECEIVABLES

€ '000	31.12.2023	31.12.2022
Receivables from contracts with customers	50.574	49.652
Impairment	-655	-704
TRADE RECEIVABLES	**49.919**	**48.948**
- of which with a maturity of up ton one year	49.919	48.948

In view of the short-term nature of the receivables, their carrying amount corresponds to the fair value.

The following table shows the maturity structure of trade receivables at the 2023 reporting date:

IMPAIRMENT MATRIX FOR TRADE RECEIVABLES (2023)

€ '000	Not overdue or overdue by 1 to 90 days	Overdue by more than 90 days	Overdue by more than 365 days	**Total**
B2C RECEIVABLES				
Default rate (%, calculated from net values)	0,5%	53,0%	100%	
Gross figures for trade receivables in € thousand	6.854	83	184	7.121
Expected loss in € thousand	-31	-22	-173	-226
B2C RECEIVABLES				
Default rate (%, calculated from net values)	0,2%	50,0%	100%	
Gross figures for trade receivables in € thousand	9.306	73	57	9.436
Expected loss in € thousand	-10	-10	-21	-41
SETTLING AGENTS, ASSOCIATIONS, WINEMAKERS				
Default rate (%, calculated from net values)	0,05%	10,0%	100%	
Gross figures for trade receivables in € thousand	20.679	154	10	20.843
Expected loss in € thousand	-10	-15	-85	-110
RECEIVABLES INSURED AGAINST DEFAULT				
Default rate (%, calculated from net values)	0,1%	15,0%	15,0%	
Gross figures for trade receivables in € thousand	7.944	38	12	7.994
Expected loss in € thousand	-8	-6	-2	-16
TOTAL RECEIVABLES OF GROUP	**44.783**	**348**	**263**	**45.394**
TOTAL EXPECTED DEFAULTS	**-59**	**-53**	**-281**	**-393**

The following table shows the maturity structure of trade receivables at the 2022 reporting date:

IMPAIRMENT MATRIX FOR TRADE RECEIVABLES (2022)

€ '000	Not overdue or overdue by 1 to 90 days	Overdue by more than 90 days	Overdue by more than 365 days	**Total**
B2C RECEIVABLES				
Default rate (%, calculated from net values)	0,5%	54,0%	100%	
Gross figures for trade receivables in € thousand	5.892	86	154	6.132
Expected loss in € thousand	-24	-71	-121	-216
B2C RECEIVABLES				
Default rate (%, calculated from net values)	0,2%	50,0%	100%	
Gross figures for trade receivables in € thousand	9.009	78	80	9.167
Expected loss in € thousand	-12	-46	-72	-130
SETTLING AGENTS, ASSOCIATIONS, WINEMAKERS				
Default rate (%, calculated from net values)	0,05%	10,0%	100%	
Gross figures for trade receivables in € thousand	21.432	30	48	21.510
Expected loss in € thousand	-9	-3	-40	-52
RECEIVABLES INSURED AGAINST DEFAULT				
Default rate (%, calculated from net values)	0,1%	15,0%	15,0%	
Gross figures for trade receivables in € thousand	7.939	68	49	8.056
Expected loss in € thousand	-7	-9	-6	-22
TOTAL RECEIVABLES OF GROUP	**44.272**	**262**	**331**	**44.865**
TOTAL EXPECTED DEFAULTS	**-52**	**-129**	**-239**	**-420**

The simplified impairment model is applied based on past data. For the determination of impairment, customer groups were divided up by business model and anticipated creditworthiness. B2C receivables from consumers/end customers exist primarily in the e-commerce and Retail segments. B2B receivables are from trade customers, above all in the restaurant, hotel and specialist retail trade. For sales to food retailers, the various different customers are often billed centrally via settling agents. To reflect creditworthiness and the payment structure, the latter and the supplier receivables are measured separately. Because of the highly heterogeneous customer and supplier structure, there is no high dependence on any single economic partner. The group is therefore not exposed to any notable concentration risk.

For certain trade receivables, specifically in the B2B segment, the *Hawesko Group* takes out bad debt insurance to which it can have recourse in the event of non-payment by the counterparty in accordance with the contractual arrangements.

For certain customer transactions the *Hawesko Group* uses factoring of receivables from customers. This exclusively takes the form of genuine factoring where the risk passes to the factor. The total volume in 2023 was around € € 7.6 million. At 31 December 2023 there were outstanding receivables of € 70 thousand where factoring was used.

There are also receivables from payment service providers in the amount of € 5,180 thousand (previous year: € 4,787 thousand). Based on experience and the expected future development, the need for impairment is assessed as insignificant. No impairment is therefore applied.

In determining expected credit losses, both allowances for expected credit losses and specific risk provisioning amounting to € 442 thousand (previous year: € 320 thousand) were applied for receivables with a compromised credit standing.

The expected loss rates are based on the payment profiles for sales over a period of 36 months before 31 December 2023 and the corresponding historical defaults in that period. The historical loss ratios are adjusted to reflect current and forward-looking information on the macroeconomic factors that govern customers' ability to settle the receivables.

In respect of the trade receivables that were not yet overdue, there is no evidence at the reporting date that the debtors will not meet their payment commitments. No impairment is applied to these receivables because they are assessed as insignificant. There was no renegotiation with debtors on the extending of payment deadlines.

The impairment on trade receivables developed as follows:

VALUE ADJUSTMENTS

€ '000	**2023**	**2022**
IMPAIRMENT AT 1 JANUARY	704	815
Allocated	441	248
Drawn	-231	-403
Liquidated	-259	-51
Addition to group of consolidated companies	0	95
IMPAIRMENT AT 31 DECEMBER	**655**	704

Trade receivables are derecognised if it is a fair assessment that they will no longer be realised. Indicators that receivables can no longer be realised based on a fair assessment include the failure of end customers to make contractual payments for a period of more than one year, for example, in the absence of judicial default action.

Impairment losses on trade receivables are shown in the operating result as impairment losses. Amounts previously written off and realised in subsequent periods are captured under the same item.

OTHER FINANCIAL ASSETS

Other financial assets measured at amortised cost comprise the following items:

OTHER FINANCIAL ASSETS

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Loans and purchase price deferrals	58	2.025	2.083	57	3.220	3.277
Financial assets held as investments	0	0	0	0	0	0
Creditors with debit accounts	1.444	0	1.444	2.180	0	2.180
Receivables from trade representatives	170	400	570	129	307	436
Rent depositis	49	598	647	96	653	749
Sundry	540	183	723	907	251	1.158
	2.261	**3.206**	**5.467**	**3.369**	**4.431**	**7.800**

The general approach of IFRS 9 is applied for other financial assets. In the financial year, impairment was applied to one long-term loan of € 1,375 thousand. No further impairment took place. The impairment of the long-term loan is treated as an expected credit loss and posted as such in the statement of income.

In view of the short-term nature of the other receivables, their carrying amount corresponds to the fair value. Within the long-term receivables, the fair values equally do not differ significantly from the carrying amounts. The fair value of financial instruments measured at amortised cost used for reconciliation purposes is determined by discounting based on a market rate that is appropriate for the risk and with a matching maturity.

The loans and purchase price deferrals at 31 December 2023 essentially comprise the receivable from the purchase price payment from the sale of the shares in the company *Ziegler*, which has not yet accrued at the balance sheet date and according to plan will accrue in 2027.

In the previous year the financial assets held as investments particularly included other investments taken out for liquidity management purposes.

OTHER NON-FINANCIAL ASSETS

At the balance sheet date there are other non-financial assets amounting to € 10,525 thousand (previous year: € 5,174 thousand) mainly in respect of deferred costs and advance payments, and measured at amortised cost.

NON-FINANCIAL ASSETS

€ '000	31.12.2023	31.12.2022
Advance payments of costs	3.281	3.308
Accounts receivable from taxes on income	6.357	1.385
Other tax refund claims	733	449
Other non-financial assets	154	32
TOTAL:	**10.525**	**5.174**

24 CASH AND CASH EQUIVALENTS

Cash in banking accounts and cash on hand totalling € 17,139 thousand (previous year: € 30,459 thousand) relates substantially to balances with banks.

The cash and cash equivalents referred to above and contained in the cash flow statement include € 688 thousand (previous year: € 1,509 thousand) held by *Wein & Co*. These deposits are subject to local regulatory restrictions and are therefore not available for general use by other group companies.

25 SUBSCRIBED CAPITAL OF *HAWESKO HOLDING SE*

The subscribed capital of Hawesko Holding SE amounts to € 13,708,934.14 (previous year: € 13,708,934.14) and is divided into 8,983,403 (previous year: 8,983,403) no par value bearer shares each carrying dividend and voting rights. The capital is fully paid up.

At 31 December 2023 no treasury shares are held, as in the previous year.

A dividend of € 1.90 (previous year: € 1.90) with no special dividend (previous year: with special dividend of € 0.60 per share) was paid in the financial year; the total amount distributed came to € 17,068 thousand (previous year: € 22,459 thousand).

AUTHORISED CAPITAL

The Board of Management is authorised to increase the capital stock of the company on one or more occasions by no more than € 6,850,000.00 up until 13 June 2027, with the consent of the Supervisory Board, through the issuance of new no par value bearer shares against contributions in cash or kind (Authorised Capital 2022), specifying a profit participation start date that departs from the statutory provisions, pursuant to Article 4 (3) of the articles of incorporation.

The shareholders shall fundamentally have a right to subscribe. The new shares may also be taken on by one or more banks to be determined by the Board of Management or by a consortium of banks, with the obligation to offer them to the shareholders for subscription (indirect subscription right).

With the consent of the Supervisory Board, the Board of Management is moreover authorised to exclude the subscription right of the shareholders on one or more occasions

a) to the extent that is necessary to eliminate residual amounts;

b) to the extent that is necessary to grant the bearers of warrant or conversion rights or conversion obligations from bonds or participation rights with conversion rights and/or warrants or a conversion obligation a right to subscribe to new shares to the same extent they would be entitled to following exercising of the warrant or conversion right or following fulfilment of the conversion obligation;

c) to the extent that the new shares are issued for cash and the theoretical capital stock for the shares issued does not exceed a total of ten percent of the capital stock either at the time of this authorisation taking effect or at the time of its exercising ("cap") and the issuing price of the new shares to be issued does not significantly undercut the market price for already-quoted shares of the company with the same features at the time the issuing price is finally determined, or

d) to the extent that the new shares are issued for contributions in kind, especially in the form of businesses, business units, participating interests or receivables or other assets (such as patents, licences, copyrights and rights of exploitation as well as other intellectual property rights).

Shares that (i) are issued or sold by the company during the term of this authorisation, excluding the subscription right based on other authorisations in direct or analogous application of Section 186 (3) fourth sentence of the German Stock Corporation Act, or (ii) are issued or to be issued to service bonds or participation rights with conversion rights and/or warrants or a conversion obligation, to the extent that the bonds or participation rights are issued during the term of this authorisation, excluding the subscription right in analogous application of Section 186 (3) fourth sentence of the German Stock Corporation Act, are to be recognised for purposes of the cap according to letter c) above. Recognition according to the previous sentence as a result of the exercising of authorisations (i) to issue new shares pursuant to Section 203 (1) first sentence, (2) first sentence, Section 186 (3) fourth sentence of the German Stock Corporation Act and/or (ii) to sell treasury shares pursuant to Section 71 (1) No. 8, Section 186 (3) fourth sentence of the German Stock Corporation Act and/or (iii) to issue convertible and/or bonds with warrants pursuant to Section 221 (4) second sentence, Section 186 (3) fourth sentence of the German Stock Corporation Act, shall cease to apply with future effect if and to the extent that the respective authorisation(s), the exercising of which triggered recognition, is or are reissued by the Annual General Meeting subject to the statutory provisions.

The Board of Management is moreover authorised to specify the further content of the rights carried by the shares, the details of the capital increase as well as the conditions of the share issue, in specific the issue value, with the approval of the Supervisory Board.

The Supervisory Board is authorised to amend the wording of Articles 4 (1) and 5 of the articles of incorporation in line with the applicable utilisation of authorised capital 2022 as well as after expiry of the authorisation period.

The authorised capital at 31 December 2023 amounts to € 6,850,000.00 (previous year: € 6,850,000.00).

26 CAPITAL RESERVE

CAPITAL RESERVE

€ '000	**31.12.2023**	**31.12.2022**
Capital reserve	10.061	10.061

The capital reserve for the group essentially comprises the premium from the capital increase and the issuance of shares to employees in 1998, as well as from the issuance of and premium on subscription shares from the convertible bond issued in 2001 and from a capital increase for contribution in kind in 2010.

27 RETAINED EARNINGS

RETAINED EARNINGS

€ '000	**31.12.2023**	**31.12.2022**
Retained earnings	97.103	106.045

The retained earnings essentially comprise undistributed earnings from previous years, the consolidated earnings for the financial year and the adjustments to earnings resulting from the changeover to IFRS and from the first-time adoption of new IFRS standards. The distributable profit results from the commercial accounts of *Hawesko Holding SE* and totals € 21,289 thousand (previous year: € 24,438 thousand).

The individual components of the equity and its development in the years 2022 and 2023 are shown in the consolidated statement of movements in equity.

28 OTHER RESERVES

Other reserves totalling € 1,292 thousand (previous year: € 1,666 thousand) include translation differences from the translation of the functional currency of foreign group companies, the revaluation component from the retirement obligation and the reserve for the cash flow hedges. These are reported in the consolidated financial statements directly under other comprehensive income. No taxes on income are due on the translation differences of € 61 thousand (previous year: € -366 thousand).

The revaluation component for provisions for pensions and other long-term provisions for pensions includes changes in value of
€ -499 thousand in the year under review (previous year: € 1,266 thousand), plus deferred taxes of € 285 thousand (previous year: € -352 thousand). In addition, the fair values of the derivatives in the amount of € -131 thousand (previous year: € 385 thousand) were recognised in other comprehensive income in the year under review. This led to a write-back of € 32 thousand in deferred tax liabilities In the year under review (previous year: € -97 thousand in deferred tax assets written back).

29 NON-CONTROLLING INTERESTS

The non-controlling interests in the consolidated balance sheet relate to minority interests in the equity and net earnings of the group companies that are consolidated in full (see the details of the group of consolidated companies). In the following, combined financial information is provided for each subsidiary with a non-controlling interest that is material for the group. The amounts stated in the following are the amounts before consolidation with group companies. The company *WirWinzer GmbH* became a fully-owned subsidiary of Hawesko Holding SE with effect from 30 June 2022 through the acquisition of a further 15% of the shares.

COMBINED BALANCE SHEET

	WeinArt GmbH		Global Wines & Spirits		Globalwine AG	
€ '000	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Non-current assets	1.413	1.382	14.922	16.114	2.726	2.890
Current assets	7.751	7.865	12.571	10.583	9.671	9.188
ASSETS	**9.163**	9.247	**27.492**	26.697	**12.397**	12.078
Equity	3.921	4.635	18.544	17.979	5.705	3.602
Long-term provisions and liabilities	367	278	2.332	2.927	718	692
Short-term provisions and liabilities	4.876	4.334	6.616	5.792	5.974	7.784
EQUITY AND LIABILITIES	**9.163**	9.247	**27.492**	26.698	**12.397**	12.078
ACCUMULATED NON-CONTROLLING INTERESTS	**1.453**	1.803	**2.260**	2.132	**239**	153

COMBINED STATEMENT OF COMPREHENSIVE INCOME

	WeinArt GmbH		Global Wines & Spirits s.r.o.		Globalwine AG	
€ '000	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total sales	4.858	6.728	27.336	15.068	19.303	21.076
Earnings before taxes	375	960	2.814	1.527	1.118	1.156
Taxes on income	-89	-276	-546	-290	-344	-189
NET INCOME = COMPREHENSIVE INCOME	**286**	684	**2.268**	1.237	**774**	967
Profit due to controlling interests	140	335	398	93	51	48
Dividends paid to holders of non-controlling interests	490	0	271	0	0	0

	WeinArt GmbH		Global Wines & Spirits s.r.o.		Globalwine AG	
€ '000	**2023**	2022	**2023**	2022	**2023**	2022
Net inflow of payments from current operations	552	1.955	2.438	2.337	-986	1.745
Net funds employed for investing activities	-4	-13	-235	2.564	10	-376
Outflow/inflow of net funds from financing activities	-764	-1.666	-1.753	-2.218	-364	-343
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	**-216**	**275**	**450**	**2.683**	**-1.340**	**1.026**
Effects of changes on cash and cash equivalents (up to 3 months maturity)	0	0	-66	49	93	104
Funds at start of period	360	84	2.733	0	3.793	1.532
Funds at end of period	144	359	3.117	2.732	2.546	2.662

30 PROVISIONS FOR PENSIONS

For old-age pension purposes, seven (previous year: seven) retired employees of the subsidiary *Jacques'* have an entitlement to supplementary retirement pay. A life-long retirement pension or disability pension and a pension for surviving dependants or orphans are granted. Also the employees of the company *Globalwine AG* in Switzerland have a statutory entitlement to retirement pay, which was classified as a defined benefit plan from 2022. In agreement with IAS 19, the total provision reported at the balance sheet date was calculated by an independent actuary according to the present value of an expectancy, taking account of the assets available to meet these obligations (plan assets). The present value of retirement benefit obligations developed as follows in the year under review:

PRESENT VALUE DEVELOPMENT OF PENSION OBLIGATIONS

€ '000	2023	2022
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 1 JAN	**756**	1.056
Adjustment 1 Jan for immaterial error	0	638
Current service post	181	71
Interest expense	25	11
ACTUARIAL LOSSES (+) / GAINS (-)		
of which from plan assets, excluding amounts contained in interest	141	255
from changes to demographic assumptions	-73	-337
from changes to financial assumptions	292	-969
from experience adjustments (asset changes)	11	14
Effects from exchange rate changes	8	0
Payments made	-214	-61
Netting of cover assets	0	78
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 31 DEC	**1.127**	756

Globalwine AG had no retirement benefit obligations at 31 December 2022 and the company's cover assets amounted to € 78 thousand in the previous year. In the financial year, € 410 thousand of retirement benefit obligations were in respect of *Globalwine AG* and € 717 thousand in respect of *Jacques'*.

The basic assumptions made in calculating the provisions for pensions for Germany and Switzerland are given below:

ASSUMPTIONS FOR PENSION PROVISIONS

%	2023	2022
Discount rate Germany	4,42	4,12
Discount rate Switzerland	1,3	2,2
Pension trend Austria	1,0	1,0
Pension trend Switzerland	0,0	0,0

The calculations use the basic biometric data (probability values for death and invalidity) according to the 2018 G (previous year: 2018 G) reference tables by Dr. Klaus Heubeck.

Outpayments of € 219 thousand (previous year: € 61 thousand) are expected for 2023.

A change in the actuarial interest rate of +50/-50 base points at 31 December 2023 assuming other factors remained constant would have had the following effect on the present value of the retirement benefit obligations:

SENSITIVITY ANALYSIS PENSION OBLIGATIONS

€ '000	-50 Base points	31.12.2023	+50 Base points
Present value of retirement benefit obligations	1.544	1.127	762

The average term of the defined benefit obligation is nine years for Jacques' (previous year: ten years) and 16.41 years for Globalwine AG (previous year: 16.20 years).

31 PROVISIONS FOR SEVERANCE PAYMENTS

To meet local statutory requirements, provisions for severance payments were created for some employees of *Wein & Co.* and *Wein Wolf* Austria. The total provision reported at the balance sheet date was calculated by an independent actuary according to the present value of an expectancy, in agreement with IAS 19. The present value of severance payment obligations developed as follows in the year under review:

PRESENT VALUE DEVELOPMENT OF SEVERANCE PAYMENT OBLIGATIONS

€ '000	2023	2022
PRESENT VALUE DEVELOPMENT OF SEVERANCE PAY OBLIGATIONS AT 1 JAN	**736**	820
Current service post	25	9
Interest expense	26	8
ACTUARIAL LOSSES (+) / GAINS (-)		
from changes to demographic assumptions	0	0
from changes to economic assumptions	37	-101
from experience adjustments	16	0
Payments made	-212	0
PRESENT VALUE OF SEVERANCE PAYMENT OBLIGATIONS AT 31 DEC	**628**	736

The basic assumptions made in calculating the provisions for severance payments are given below:

ASSUMPTIONS FOR SEVERANCE PAY PROVISIONS

%	2023	2022
Discounting rate	3,50	4,15
Salary trend	3,0	3,0

The calculations use the basic biometric data (probability values for death and invalidity) according to the AVÖ-2018-P (AVÖ-2018-P) life tables of the Austrian Association of Actuaries (AVÖ).

A change in the actuarial interest rate of +100/-100 base points at 31 December 2023 assuming other factors remained constant would have had the following effect on the present value of the severance payment obligations:

SENSITIVITY ANALYSIS SEVERANCE PAY PROVISIONS

€ '000	2023	2022
Increase in actuarial interest rate of 100 base points	569	682
Decrease in actuarial interest rate of 100 base points	696	798
Increase in salary trend of 50 base points	661	766
Decrease in salary trend of 50 base points	598	708

The average term of the defined benefit obligation is 11 years (previous year: 12 years).

The provisions for severance payments are reported under other long-term provisions.

32 OTHER PROVISIONS

€ '000	01.01.2023	Drawn	Allocated	31.12.2023
Long-term:				
Other provisions for personnel	844	-308	469	1.005
Provisions for reconversion obligations	161	0	1	162
Short-term:				
Other provisions	200	-129	0	71
TOTAL	**1.205**	**-437**	**470**	**1.238**

The provisions for personnel in the main comprise anniversary and partial retirement obligations as well as restructuring costs.

The partial retirement obligations, which come under long-term provisions, are measured on the basis of actuarial calculations according to the block model, taking account of the 2018 G (previous year: 2018 G) reference tables by Dr. Klaus Heubeck. The actuarial interest rate is 4.42 percent (previous year: 3.95 percent). Based on the probable development in the key measurement factors, a salary trend of 0.0 percent (previous year: 3.0 percent) was assumed.

In 2023, the provisions for personnel from partial retirement obligations increased by € 137 thousand (previous year: € 80 thousand) as a result of new contracts and compounding.

The other provisions mainly consist of costs for litigation and liability risks.

33 LIABILITIES

The group holds the following financial liabilities:

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Borrowings	17.602	35.848	53.450	11.976	12.013	23.989
Lease liabilities	13.579	119.003	132.582	13.424	118.569	131.993
Trade payables	65.057	0	65.057	62.339	0	62.339
Other financial liabilities	13.138	1	13.139	13.561	9	13.570
TOTAL	**109.376**	**154.852**	**264.228**	101.300	130.591	231.891

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Borrowings	17.602	35.848	53.450	11.976	12.013	23.989
Lease liabilities	13.579	119.003	132.582	13.424	118.569	131.993
Trade payables	65.057	0	65.057	62.339	0	62.339
Other financial liabilities	13.052	1	13.053	13.561	1	13.562
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	**95.711**	**35.849**	**131.560**	87.876	12.014	99.890
Other financial liabilities	86	0	86	0	8	8
INTEREST RATE DERIVATIVES WITH HEDGING RELATIONSHIP	**0**	**0**	**0**	0	8	8
FORWARD EXCHANGE TRANSACTIONS WITHOUT HEDGING RELATIONSHIP	**86**	**0**	**86**	0	0	0
	109.376	**154.852**	**264.228**	101.300	130.591	231.891

The trade payables largely comprise liabilities to winemakers and wine traders.

34 BORROWINGS

OVERVIEW FINANCIAL DEBT

€ '000	31.12.2023	31.12.2022
Banks	53.450	23.989
Of which with a maturity of		
- up to 1 year	17.602	11.976
- 1 to 5 years	25.935	11.472
- over 5 years	9.913	541

The *Hawesko Group* has secured credit facilities as indicated in the following table, to enable it to raise short-term loans (with a maturity of less than one year):

OVERVIEW OF CREDIT LINES

€ '000	2023	2022
MATURITY		
Unlimited	95.000	70.000

The interest rates of short-term loans raised in 2023 were between 1.25 percent and 6.76 percent (previous year: between 0.50 percent and 4.45 percent). As a result of spreading credit facilities across multiple banks and a range of interest terms, there is no risk concentration of note.

At 31 December 2023 € 11,740 thousand of the credit facility had been drawn (previous year: € 4,062 thousand). Some of the loans taken out for the expansion of a property are collateralised with two land charges entered in the land registry amounting to € 25.75 million.

35 LEASE LIABILITIES

At the reporting date, the balance sheet shows the following liabilities in connection with lease agreements:

LEASE LIABILITIES

€ '000	31.12.2023	31.12.2022
Lease liabilities	132.582	131.993
Of which with a maturity of		
- up to 1 year	13.579	13.424
- 1 to 5 years	50.371	49.704
- over 5 years	68.632	68.865

The expenses relating to leases of low-value assets that are not included in the short-term leases (covered by other operating expenses) amount to € 223 thousand (previous year: € 121 thousand).

The expenses relating to leases of assets with a limited maturity that are not included in the short-term leases (covered by other operating expenses) amount to € 327 thousand (previous year: € 208 thousand). There were no expenses relating to variable lease payments that are not included in the lease liabilities.

The total outpayments for leases in 2023 came to € 18,747 thousand (previous year: € 17,461 thousand).

At 31 December 2023 possible future cash outflows in the amount of € 47.7 million (previous year: € € 39.9 million, undiscounted) were not included in the lease liability because it is not sufficiently certain that the lease agreements will be extended or terminated.

In the current period under review, modifications to leases due to adjustments to the term of agreements or remeasurements of extension or termination options led to an increase in the recognised lease liabilities and rights of use of € 4.7 million (previous year: € 2.7 million).

KEY FIGURES PROFIT AND LOSS STATEMENT LEASES

€ '000	**2023**	**2022**
Depreciation/amortisation for rights of use	-14.694	-14.045
- of which for buildings and land	-13.357	-12.814
- of which for technical equipment and machinery	-200	-217
- of which for other fixtures and fittings, tools and equipment	-1.137	-1.014
Interest expense for lease liabilities	-4.590	-3.638
Expense for short-term leases	-327	-208
Expense for leases of low-value assets	-223	-121
Expense for variable lease payments not included in the measurement of lease liabilities	0	0
Income from sub-leasing of rights to use	0	0

KEY FIGURES BALANCE SHEET AND CASH FLOW STATEMENT LEASES

€ '000	**2023**	**2022**
Cash outflows for leases (incl. Short-term and low-value leases)	-18.747	-17.461
Additions to rights of use	10.180	7.381
Gains from sale-and-leaseback transactions	0	0
Carrying amounts of rights of use at end of the reporting period	121.040	121.217
- of which buildings and land	118.824	119.136
- of which buildings and land from sale-ande-lease-back transactions	0	0
- of which technical equipment and machinery	1.827	1.764
- of which other fixtures and fittings, tools and equipment	389	317

36 OTHER FINANCIAL LIABILITIES

OVERVIEW FINANCIAL LIABILITIES

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Other financial liabilities						
- as put options	5.366	0	5.366	4.710	0	4.710
- sundry	7.772	1	7.773	8.851	9	8.860
TOTAL	**13.138**	**1**	**13.139**	13.561	9	13.570

Please see section 40 for liabilities from put options.

Of the liabilities from put options, € 5,366 thousand (previous year: € 4,710 thousand) are in respect of the liabilities from put options for 20 percent of the shares of Global Wines & Spirits in the Czech Republic.

The remaining other financial liabilities are mainly in respect of debtors with credit accounts and deferrals at the reporting date.

This net figure additionally contains derivatives without a hedging relationship in the amount of € 86 thousand (previous year: 59 thousand asset value).

The following tables indicate the anticipated (undiscounted) interest and principal payments for financial liabilities and for derivative financial instruments with a positive and negative fair value:

EXPECTED CASH FLOWS

			2024			2025	
€ '000	**31.12.2023**	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal
DERIVATIVE FINANCIAL STATEMENTS							
Interest rate derivatives with hedging relationship	117	23	21	0	18	15	0
	117	**23**	**21**	**0**	**18**	**15**	**0**
FINANCIAL LIABILITIES							
Borrowings	53.450	1.912	40	17.651	1.285	31	7.052
Lease liabilities	132.582	4.512	0	13.523	4.020	0	13.286
Trade payables	65.057	0	0	65.057	0	0	0
Other financial liabilities	13.053	0	0	13.052	0	0	1
	264.259	**6.447**	**61**	**109.283**	**5.323**	**46**	**20.339**
DERIVATIVE FINANCIAL LIABILITIES							
Devisentermingeschäft ohne Hedge-Beziehung	86	0	0	86	0	0	0
	86	0	0	86	0	0	0
TOTAL	**264.345**	**6.447**	**61**	**109.369**	**5.323**	**46**	**20.339**

EXPECTED CASH FLOWS

		2026 - 2028			**>After 2028**	
in T€	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal
DERIVATIVE FINANCIAL STATEMENTS						
Interest rate derivatives with hedging relationship	26	14	0	0	0	0
	26	**14**	**0**	**0**	**0**	**0**
FINANCIAL LIABILITIES						
Borrowings	2.355	42	18.834	384	0	9.913
Lease liabilities	9.277	0	36.880	9.988	0	68.893
Trade payables	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	0	0
	11.658	**56**	**55.714**	**10.372**	**0**	**78.806**
DERIVATIVE FINANCIAL LIABILITIES						
Devisentermingeschäft ohne Hedge-Beziehung	0	0	0	0	0	0
	0	0	0	0	0	0
TOTAL	**11.658**	**56**	**55.714**	**10.372**	**0**	**78.806**

EXPECTED CASH FLOWS

			2023			2024	
€ '000	31.12.2022	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal
DERIVATIVE FINANCIAL STATEMENTS							
Interest rate derivatives with hedging relationship	256	76	28	0	41	15	0
Forward exchange transaction without hedging relationship	59	0	0	59	0	0	0
	315	**76**	**28**	**59**	**41**	**15**	**0**
FINANCIAL LIABILITIES							
Borrowings	23.989	474	54	11.763	224	37	3.412
Lease liabilities	131.993	3.894	0	13.380	3.494	0	12.955
Trade payables	62.339	0	0	62.339	0	0	0
Other financial liabilities	13.562	0	0	13.561	0	0	1
	232.198	**4.444**	**82**	**101.102**	**3.759**	**52**	**16.368**
DERIVATIVE FINANCIAL LIABILITIES							
Interest rate derivatives with hedging relationship	8	0	8	0	0	0	0
	8	0	8	0	0	0	0
TOTAL	**232.206**	**4.444**	**90**	**101.102**	**3.759**	**52**	**16.368**

EXPECTED CASH FLOWS

	2025 - 2027			**> After 2027**		
€ '000	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal
DERIVATIVE FINANCIAL STATEMENTS						
Interest rate derivatives with hedging relationship	66	25	0	3	2	0
Forward exchange transaction without hedging relationship	0	0	0	0	0	0
	66	**25**	**0**	**3**	**2**	**0**
FINANCIAL LIABILITIES						
Borrowings	231	61	8.412	0	3	402
Lease liabilities	8.012	0	36.597	8.137	0	69.061
Trade payables	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	0	0
	8.309	**86**	**45.009**	**8.140**	**5**	**69.463**
DERIVATIVE FINANCIAL LIABILITIES						
Interest rate derivatives with hedging relationship	0	0	0	0	0	0
	0	0	0	0	0	0
TOTAL	**8.309**	**86**	**45.009**	**8.140**	**5**	**69.463**

37 NON-FINANCIAL LIABILITIES

The group holds the following non-financial liabilities:

NON-FINANCIAL LIABILITIES

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Contract liabilities	18.320	4.589	22.909	21.276	3.064	24.340
Income taxes payable	2.592	0	2.592	11.789	0	11.789
Other non-financial liabilities	21.771	406	22.177	22.230	376	22.606
TOTAL	**42.683**	**4.995**	**47.678**	**55.295**	**3.440**	**58.735**

The other non-financial liabilities developed as follows:

OTHER NON-FINANCIAL LIABILITIES

€ '000		31.12.2023			31.12.2022	
	Short-term	Long-term	Total	Short-term	Long-term	Total
Liabilities from other taxes	15.869	0	15.869	15.753	0	15.753
Liabilities to employees	5.902	406	6.308	6.239	376	6.615
Sundry non-financial liabilities	0	0	0	238	0	238
TOTAL	**21.771**	**406**	**22.177**	**22.230**	**376**	**22.606**

The liabilities from other taxes are substantially in respect of VAT liabilities.

The liabilities to employees mainly result from special payments promised and from performance-related pay.

38 CONTRACT LIABILITIES

The contract liabilities with a maturity of less than one year amount to € 18,320 thousand, and with a maturity of one to five years to € 4,589 thousand. There are no liabilities with a maturity of more than five years.

The following contract liabilities were recorded in the year under review:

CONTRACT LIABILITIES

€ '000	31.12.2023	31.12.2022
Liabilities from subscription business with a maturity of one to five years	4.589	3.064
Liabilities from subscription business with a maturity of up to one year	1.675	5.263
Gift vouchers	6.216	5.884
Customer bonus programmes	5.823	5.804
Sundry contract liabilities	4.606	4.325
	22.909	**24.340**
REVENUE RECORDED IN THE REPORTING PERIOD FROM THE OPENING BALANCES OF THE CONTRACT LIABILITIES		
Revenue from subscriptions	5.245	4.971
Revenue from customer bonus programmes	5.804	6.083
Revenue from gift vouchers	5.884	5.712
	16.933	**16.766**

In keeping with the simplification rules of IFRS 15, no disclosures are made on the performance obligations at 31 December 2023 with an expected original maturity of one year or less. Furthermore, the simplification rule of IFRS 15.94 is applied in respect of the recognition of expense for contract initiation costs if the depreciation period otherwise to be taken into account would be less than twelve months.

The order backlog at the reporting date, which comprises subscriptions, amounts to € 4,589 thousand (previous year: € 3,064 thousand) for a period of more than twelve months.

From existing subscription contracts for the delivery of wine parcels, at 31 December 2023 the *Hawesko Group* expects future sales amounting to € 4,185 thousand from performance obligations not (or only partially) met at the reporting date and to be realised prospectively in the amount of € 4,185 thousand in the next financial year. The contracts expire in the next financial year.

The liabilities from subscription business concern advance payments received from customers for wines which will be delivered in 2024 or 2025.

The sundry contract liabilities show € 42 thousand in deferrals for returns; these essentially have a maturity of up to one year.

39 DEFERRED TAX LIABILITIES

The deferred tax liabilities are the result of temporary differences between the valuations in the fiscally relevant balance sheets and the carrying amounts in the consolidated balance sheet. The reported deferred tax liabilities relate to temporary differences in asset values in the following balance sheet items:

DEFERRED TAXES

€ '000	31/12/2023	31.12.2022
From fixed assets	5.479	6.108
From inventories	548	457
From the measurement of trade receivables	95	141
From the fair value measurement of derivative financial instruments	0	30
From leases	37.217	36.958
Miscellaneous	388	385
Offset against deferred tax assets	-40.101	-39.318
	3.626	**4.761**

The deferred tax liabilities developed as follows:

DEVELOPMENT OF DEFERRED TAX LIABILITIES

€ '000	31.12.2023	31.12.2022
Opening balance	4.761	1.702
Cancellation of offsetting, previous year	39.318	42.409
Increase	353	971
Decrease	-705	-1.003
Offset against deferred tax assets	-40.101	-39.318
	3.626	**4.761**

Pursuant to IAS 12.39 (b) no deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries amounting to € 1,599 thousand (previous year: € 202 thousand) because it is unlikely that these temporary differences will reverse in the foreseeable future.

A sum of € 958 thousand is expected to be used from the deferred tax liabilities within twelve months.

40 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of the group's financial instruments at 31 December 2023 and 31 December 2022.

FAIR VALUES OF FINANCIAL INSTRUMENTS

€ '000	Categories pursuant to IFRS 9	31.12.2023 CARRYING AMOUNT	31.12.2023 FAIR VALUE	31/12/2022 Carrying amount	31/12/2022 Fair value
ASSETS					
Participating interests in non-consolidated subsidiaries	FVtPL	45	45	45	45
Interest rate derivatives with hedging relationship	n.a.	117	117	220	220
Other long-term receivables	AC	3.206	3.206	4.431	4.431
FINANCIAL ASSETS (LONG-TERM)		**3.368**	**3.368**	**4.696**	**4.696**
Trade receivables	AC	49.919	49.919	48.948	48.948
Other current assets	AC	2.261	2.261	3.369	3.369
Interest rate derivatives in hedge accounting	n.a.	0	0	36	36
Forward exchange transactions not in hedge accounting	FVtPL	0	0	59	59
FINANCIAL ASSETS (SHORT-TERM)		**52.180**	**52.180**	**52.412**	**52.412**
CASH AND CASH EQUIVALENTS	**AC**	**17.139**	**17.139**	**30.459**	**30.459**
EQUITY AND LIABILITIES					
Financial debt, long-term	AC	154.851	154.851	130.582	130.082
Other financial liabilities	AC	1	1	1	1
Interest rate derivatives in hedge accounting	n.a.	0	0	8	8
FINANCIAL LIABILITIES (LONG-TERM)		**154.852**	**154.852**	**130.591**	**130.091**
Financial debt, short-term	AC	31.181	31.181	25.400	25.399
Trade payables	AC	65.057	65.057	62.339	62.339
Other financial liabilities	AC	7.686	7.686	8.851	8.851
Liability from put options	FVtPL	5.366	5.366	4.710	4.710
Forward exchange transactions not in hedge accounting	FVtPL	86	86	0	0
FINANCIAL LIABILITIES (SHORT-TERM)		**109.376**	**109.376**	**101.300**	**101.299**
of which aggregated by classification category acc. to IFRS 9					
Financial assets (FVtPL)		45			
Financial assets (AC)		72.525			
Financial liabilities (AC)		258.776			

FAIR VALUES OF FINANCIAL INSTRUMENTS

€ '000	Categories pursuant to IFRS 9	31.12.2023 CARRYING AMOUNT	31.12.2023 FAIR VALUE	31/12/2022 Carrying amount	31/12/2022 Fair value
Financial liabilities (FVtPL)		5.452			

For the participating interests in non-consolidates subsidiaries, the acquisition costs are taken as the best estimate of fair value.

The fair values of the financial instruments were fundamentally determined based on market information available at the balance sheet date and are categorised into one of the three levels in the fair value hierarchy pursuant to IFRS 13.

The following table shows the classification of the financial assets and liabilities that are to be measured at fair value pursuant to IFRS 13, and for the financial instruments that are not measured at fair value but where the fair value is disclosed, into the three levels of the fair value hierarchy. These are derivatives in hedge accounting. In addition, the put options of the minority interest in *Global Wines & Spirits* are recognised at the present value of the buy-back price.

FAIR VALUE HIERARCHY STEPS - IFRS 13

	31.12.2023				31.12.2022			
€ '000	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Derivatives (forward exchange transactions)	0	0	0	0	0	59	0	59
Interest rate derivatives in hedge accounting	0	117	0	117	0	256	0	256
EQUITY AND LIABILITIES	0	0	0	0	0	0	0	0
Derivatives (forward exchange transactions)	0	86	0	86	0	0	0	0
Interest rate derivatives in hedge accounting	0	0	0	0	0	8	0	8
Borrowings (long-term)	0	35.848	0	35.848	0	11.513	0	11.513
Other financial liabilities	0	0	5.366	5.366	0	0	4.710	4.710

The individual levels are defined as follows pursuant to IFRS 13:

Level 1: On the first level of the fair value hierarchy, fair values are determined on the basis of publicly quoted market prices.

Level 2: If no active market for a financial instrument exists, the fair value is determined using valuation models. The valuation models use as wide a scope of data from the market as possible, and as little company-specific data as possible.

Level 3: The valuation models used at this level are also based on parameters not observed in the market.

In the year under review and in the previous year there were no transfers between the levels of the hierarchy. Where quoted prices are no longer regularly available in the market, financial instruments are transferred from Level 1 to Level 2. Reclassification from Level 3 to Level 2 is performed as soon as market data are used for measurement. A transfer of level would occur at the end of a financial year.

The cash, trade receivables and other receivables have predominantly short maturities. The carrying amounts at the reporting date are therefore approximately the same as the fair value.

The fair value of the other long-term receivables and of the other loans with maturities of more than one year corresponds to the present values of the payments associated with the assets, taking into account the respective current interest parameters.

Trade payables and other liabilities have predominantly short maturities, with the result that the reported values are approximately the same as the fair value.

The fair values of amounts due to banks are determined on the basis of the applicable yield curve.

The fair values of the financial derivatives relate to their liquidation (redemption) value at the balance sheet date.

There is currently no intention to dispose of financial assets. The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2023:

LEVEL 3 CHANGE IN PREVIOUS YEAR - IFRS 13

€ '000	Put option
01.01.2023	**4.710**
Change (statement of income)	656
31.12.2023	**5.366**

The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2022:

LEVEL 3 CHANGE IN PREVIOUS YEAR - IFRS 13

€ '000	Put option
01.01.2022	**4.022**
Change (statement of income)	688
31.12.2022	**4.710**

A pre-agreed valuation schedule which is based on EBIT figures and a multiplier is applied to the put option. A change in the future EBIT would have had the following effect on the buy-back price of the put option at 31 December 2023:

INFLUENCE OF EBIT ON PURCHASE OPTIONS

		31.12.2023	
€ '000	-1.000		+1.000
GLOBAL WINES & SPIRITS	3.782	**5.366**	6.951

NET RESULTS BY RATING CATEGORIES 2023

€ '000	Measurement category Acc. to IFRS 9	From interest	From subsequent measurement: from changes in cash flow estimates	currency translation	Impairment	From disposal	**Net earnings 2023**
Loans and receivables (AC)	AC	198	0	0	-1.516	0	-1.318
Financial assets recognised at fair value (FVtPL)	FVtPL	0	0	0	0	0	0
Financial liabilities measured at amortised cost (AC)	AC	-2.158	-657	0	0	0	-2.815
TOTAL		**-1.960**	**-657**	**0**	**-1.516**	**0**	**-4.133**

NET RESULTS BY RATING CATEGORIES 2022

€ '000	Measurement category Acc. to IFRS 9	From interest	From subsequent measurement: from changes in cash flow estimates	currency translation	Impairment	From disposal	**Net earnings 2022**
Loans and receivables (AC)	AC	282	0	0	-179	0	103
Financial assets recognised at fair value (FVtPL)	FVtPL	0	0	0	0	0	0
Financial liabilities measured at amortised cost (AC)	AC	-752	-414	0	0	4.074	2.908
TOTAL		**-470**	**-414**	**0**	**-179**	**4.074**	**3.011**

OTHER DISCLOSURES

41 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement acc. to IAS 7 adopts the indirect method as its basis for determining the net cash inflow from current operations, and comprises the stages "current operations", "investing activities" and "financing activities". The cash flow statement begins with earnings before taxes. For reasons of materiality, the taxes paid have been allocated in full to current operations.

The cash outflows from interest payments and dividends have been allocated to financing activities.

The net cash inflow from current operations of € 26,997 thousand (previous year: € 36,757 thousand) includes the changes in cash and cash equivalents from operating activities.

The composition of cash and cash equivalents is summarised in the following table:

CASH AND CASH EQUIVALENTS

€ '000	**2023**	**2022**	*Change*
Cash in banking accounts and cash on hand	17.139	30.459	-13.320
Due to banks (current accounts)	0	0	0
Funds at end of period	17.139	30.459	-13.320

The net liquidity and its development for the period shown are made up as follows:

PRESENTATION OF NET LIQUIDITY

€ '000	**2023**	2022
Cash and cash equivalents	17.139	30.459
less borrowings - repayable within one year (including current account)	17.602	11.976
less borrowings - repayable after more than one year	35.848	12.013
NET BORROWINGS/FINANCIAL RESOURCES	**-36.311**	**6.470**
Cash and liquid investments	17.139	30.459
Gross liabilities - fixed-rate	-41.157	-18.946
Gross liabilities - varibale-rate	-12.293	-5.043
NET DEBT/LIQUIDITY	**-36.311**	**6.470**

The cash and non-cash changes to liabilities from financing activities as well as corresponding equity items are as follows:

			Debt		Equity	
€ '000	Borrowings	Lease liabilities	Liabilities for the acquisition of minority interests	Retained earnings	Interests not controlled	**Total**
BALANCE SHEET AT 1 JANUARY 2023	**23.989**	**131.996**	**4.710**	**106.045**	**4.120**	**270.860**
CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES						
Dividends paid	0	0	0	-17.068	0	-17.068
Outpayments to non-controlling interests	0	0	0	0	-761	-761
Outpayments for lease liabilities	0	-13.607	0	0	0	-13.607
Raising (delta) of borrowings	29.461	0	0	0	0	29.461
Interest paid	-2.152	-4.590	0	0	0	-6.742
OVERALL CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES	**27.309**	**-18.197**	**0**	**-17.068**	**-761**	**-8.717**

EFFECTS OF EXCHANGE RATE CHANGES	0	-6	0	0	4	**-2**
CHANGES IN AMORTISED COST	0	0	0	0	0	**0**
OTHER CHANGES						
Addition to group of consolidated companies	0	0	0	0	0	0
New leases	0	14.199	0	0	0	14.199
Interest expense	2.152	4.590	0	0	0	6.742
Other changes	0	0	656	8.126	589	9.371
TOTAL OTHER CHANGES	2.152	18.789	656	8.126	589	**30.312**
BALANCE SHEET AT 31 DECEMBER 2023	53.450	132.582	5.366	97.103	3.952	**292.453**

€ '000	Borrowings	Lease liabilities	Liabilities for the acquisition of minority interests	Retained earnings	Interests not controlled	Total
			Debt		Equity	
BALANCE SHEET AT 1 JANUARY 2022	**19.128**	**133.493**	**8.443**	**106.665**	**2.159**	**269.888**
CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES						
Dividends paid	0	0	0	-22.459	0	-22.459
Outpayments to non-controlling interests	0	0	0	0	-405	-405
Outpayment to NCI forwards	0	0	0	-576	0	-576
Acquisition of minority interests	0	0	-8.495	0	0	-8.495
Sale of shares in minority interest	0	0	0	984	1.858	2.842
Outpayments for lease liabilities	0	-13.452	0	0	0	-13.452
Repayment (delta) of borrowings	4.861	0	0	0	0	4.861
Interest paid	-705	-3.638	0	0	0	-4.343
OVERALL CHANGES IN CASH FLOW FROM FINANCING ACTIVITIES	**4.156**	**-17.090**	**-8.495**	**-22.051**	**1.453**	**-42.027**

EFFECTS OF EXCHANGE RATE CHANGES	0	72	0	31	23	**126**
CHANGES IN AMORTISED COST	0	0	0	0	0	**0**
OTHER CHANGES						
Addition to group of consolidated companies	0	1.809	4.710	-3.646	-81	2.792
New leases	0	10.114	0	0	0	10.114
Interest expense	705	3.640	0	0	0	4.345
Other changes	0	-42	52	25.046	566	25.622
TOTAL OTHER CHANGES	705	15.521	4.762	21.400	485	**42.873**
BALANCE SHEET AT 31 DECEMBER 2022	23.989	131.996	4.710	106.045	4.120	**270.860**

42 RISK MANAGEMENT AND FINANCIAL DERIVATIVES

PRINCIPLES OF RISK MANAGEMENT

With regard to its assets, liabilities and planned transactions, the *Hawesko Group* is exposed above all to risks from changes in interest rates and, to a minor degree, risks from exchange rate movements. The aim of its financial risk management is to limit these market risks by finance-oriented activities. Selected derivative hedges are also used for this purpose. As a fundamental principle, however, protection is only obtained for those risks that affect the group's cash flow.

Risk management for the *Hawesko Group* is governed in the first instance by a corporate finance department (Group Finance) based on guidelines that the management has approved. The Group Finance department identifies, assesses and hedges financial risks in close cooperation with the operating companies of the *Hawesko Group*. The Board of Management provides written principles for overall risk management as well as principles for certain areas, such as foreign currency, interest rate and default risks, as well as the use of derivative and non-derivative financial instruments and the handling of liquidity surpluses.

If all relevant criteria are met, hedge accounting is adopted to eliminate the mismatch in financial reporting between the hedge and the hedged underlying transaction. For interest rate risks, this results in the recognition of interest expense at a fixed rate for the hedged variable-rate loans, and for exchange risks it results in sales revenues that are realised at the hedged exchange rate.

DERIVATIVES AND HEDGES

Derivatives are used exclusively for economic hedging purposes, not as speculative investments. However if derivatives do not meet the criteria for hedge accounting, they are classified as and recognised at fair value through profit or loss. They are shown as current assets or liabilities if the term of the derivative will prospectively reach settlement within twelve months of the end of the reporting period. At the reporting date, exclusively interest rate swaps are designated for hedge accounting, whereas forward exchange transactions are standalone market instruments.

The reserve for cash flow hedges within other reserves developed as follows in the financial year under review:

RESERVE FOR CASH FLOW HEDGES

€ '000	**Interest rate swaps**
OPENING BALANCE ON 01/01/2022	**-59**
Effective change in the fair values of hedges recognised within other comprehensive income	385
Reclassified to statement of income because underlying transaction realised through profit or loss	0
Deferred tax	-97
CLOSING BALANCE ON 31/12/2022	**229**
Effective change in the fair values of hedges recognised within other comprehensive income	-131
Reclassified to statement of income because underlying transaction realised through profit or loss	0
Deferred tax	32
CLOSING BALANCE ON 31/12/2023	**130**

There were no other reclassifications to profit or loss on the basis of early termination, changed expectations regarding the underlying transaction, due to uncollectable losses recognised within other comprehensive income or due to an adjusted basis.

As in the previous year, the closing balance results exclusively from assets-side cash flow hedges. There are no effects from terminated cash flow hedges here.

Derivatives are reported for the first time at fair value at the time a derivatives transaction is concluded and subsequently remeasured at their fair value at the end of each reporting period. The *Hawesko Group* designates derivatives to hedge a specific risk that is associated with the cash flows for reported assets and liabilities, and for expected transactions rated as very likely (cash flow hedges). There is no potential for netting derivatives.

At the start of the hedging relationship the *Hawesko Group* documents the economic relationship between the hedges and the hedged underlying transactions, including the question of whether changes in the cash flows for the hedges are expected to compensate for changes in the cash flows for the underlying transactions. The group documents the underlying risk management aims and strategies for its hedges.

The fair values of derivative financial instruments that are designated in hedges are stated in section 40.

The effective portion of the changes in the fair value of derivatives that are designated as hedges within the framework of cash flow hedges is recognised in the reserve for cash flow hedges as an equity component (other comprehensive income).

The *Hawesko Group* concludes interest rate swaps exhibiting identical terms to the hedged underlying transaction, such as reference interest rate, interest reset dates, payment dates, maturities and nominal amount. All material contractual conditions matched during the financial year, with the result that there was in each case an economic relationship between underlying transaction and hedge.

In hedging using interest rate swaps, the economic hedging relationship is demonstrated by the critical term match method because the measurement-related parameters of underlying transaction and hedge correspond in full. The hypothetical derivative method is applied to calculate ineffectiveness. Ineffectiveness may arise due to changes in the non-payment risk of one contracting party to the interest rate swap not cancelled out by value changes in the hedged loans, or subsequently arising differences in the contractual conditions between interest rate swap and hedged loan.

The gain or loss from the interest rate swaps is reported under interest expense in the profit or loss for the period in which the interest expense for the hedged borrowings is recognised through profit or loss.

Certain derivative instruments do not meet the requirements for hedge accounting. Changes in the fair value of a derivative instrument that is not accounted for as a hedge are recognised directly through profit or loss and reflected in other gains (losses). However these derivatives are subject to the same risk management methods as all other derivative contracts.

EXCHANGE RISKS

Exchange risks result from future business transactions, assets and liabilities recognised in the accounts as well as net investments in foreign operations, and are assessed overall as low. The *Hawesko Group* is principally exposed to exchange rate risks for the Swiss franc (CHF), the Czech koruna (CZK) and the Swedish krona (SEK). There is consequently no concentration risk from exchange risks.

Forward exchange transactions are also concluded to hedge such risks. The risk management policy of the *Hawesko Group* envisages hedging of around 80 percent of the cash flows anticipated with high probability (principally export sales) in Swedish krona.

If there is an effective hedging relationship between the underlying transaction and hedge (cash flow hedge), measurement is at fair value through other comprehensive income. The foreign currency assets and liabilities are translated at the closing rate. The foreign-currency gains and losses are booked through profit or loss. The obligations and entitlement from the measurement of forward exchange transactions are shown under other financial liabilities and other financial assets.

The following table shows how interest rate swaps without hedge accounting affect the net worth, financial position and financial performance of the *Hawesko Group*:

FORWARD EXCHANGE TRANSACTIONS

	2023	2022
Carrying amount (assets/liabilities), € '000	86	59
Nominal amount in SEK '000	21.900	34.800
Due date	January - June 2024	January - June 2023
Range of hedging rates (SEK/EUR) - average rate weighted	11,6068	10,9281

The sensitivity analysis comprises merely outstanding monetary items held in Swiss francs and adjusts their translation at year-end to reflect a ten percent change in the exchange rate. It reflects exclusively external loans. Outstanding receivables and liabilities denominated in Swedish krona are subject to no risk of a change in the exchange rate because they are fully hedged by standalone forward exchange transactions. The ten percent change is the figure that is used for internal reporting of the exchange rate risk to the governing bodies, and represents the management's assessment with regard to a reasonable possible exchange rate movement.

EXCHANGE RATE CHANGES

	Influence of earnings after taxes	
€ '000	2023	2022
EUR/CHF exchange rate - rise of 10% (previous year: - 10%)	-324	-406
EUR/CHF exchange rate - fall of 10% (previous year: - 10%)	324	406

The carrying amount of the monetary debts of the *Hawesko Group* denominated in Swiss francs (CHF) at the reporting date is € 3,240 thousand (previous year: € 4,062 thousand); no monetary assets exist.

INTEREST RATE RISKS

The interest rate risk principally involves movements in the short-term Eurocurrency market interest rates. In order to minimise the impact of interest rate fluctuations in this region, the Board of Management regularly specifies the desired mix of fixed and variable-rate financial debt and uses appropriate interest rate derivatives for this purpose.

If there is no close hedging relationship in connection with the underlying transactions in the case of the interest rate derivatives due to the lack of matched maturities between the highly varying levels of use of underlying and hedging transactions, they are measured at fair value, with gains or losses from the change in fair value recognised through profit or loss through the interest result. At the reporting date there were no interest rate derivatives without hedge relationships.

If the hedging relationship between the underlying and hedging transactions is considered effective (cash flow hedge), measurement is likewise at fair value, with changes in the fair value recognised income-neutrally in other comprehensive income. Swaps currently in place cover € 5 million of the outstanding variable-rate loans. The variable interest rates of the loans follow the three-month EURIBOR. The borrowing rates hedged by the interest rate swaps are 0.92 and 1.58 percent overall. Payments from the interest rate swaps are made at the end of each quarter. The settlement dates match the dates on which the interest payments on the underlying liabilities are due.

The following table shows how interest rate swaps within hedge accounting affect the net worth, financial position and financial performance of the *Hawesko Group*:

INTEREST RATE SWAPS

	2023	**2022**
Carrying amount (receivable; previous year; receivable), € '000	117	248
Nominal amount, € '000	2.568	4.908
Due date	October 2028	October 2023 and October 2028
Hedging ratio	1:01	1:01
Change in the fair value of outstanding hedges since 1 January	192	347
Ineffectiveness recognised through profit or loss (recognised in interest expense)	0	0
Fixed overall borrowing rates secured by hedging relationship	1,58%	0,92%-1,58%

Of the change in fair value, € 29 thousand is in respect of the interest rate swaps which expired according to plan in the year under review for a fully repaid loan.

The obligations and entitlement from the measurement of interest rate derivatives are shown under other financial liabilities and other financial assets.

Interest rate risks are represented by means of sensitivity analyses pursuant to IFRS 7. These show the effects of changes in market rates on interest payments, interest income and expense, other earnings components and possibly also equity.

The interest rate sensitivity analyses are based on the following assumptions: changes in the market rates of fixed-interest primary financial instruments only affect earnings if those instruments are measured at fair value. All fixed-interest financial instruments measured at amortised cost are consequently not exposed to interest rate risks as defined by IFRS 7.

Changes in the market rates affect the interest result for primary, variable-rate financial instruments, the interest payments on which are not designated as underlying transactions in the context of cash flow hedges for interest rate risks, and are consequently included in the calculation of the earnings-related sensitivities.

Changes in the market rates of interest rate derivatives which are not bound up in a hedging relationship pursuant to IFRS 9 affect the other financial result and are therefore taken into account in the earnings-related sensitivities.

If market interest rates had hypothetically risen or fallen by 100 base points respectively (parallel shift in interest curves) while other variables remained unchanged, the measurement of interest rate swaps measured at fair value would have been € 0.1 million lower or € 0.1 million higher. The effects were recognised as a fair value change within other comprehensive income.

NON-PAYMENT RISKS

The credit and non-payment risk of financial assets from business operations (essentially trade receivables) corresponds to no more than the amounts shown on the assets side and is well diversified thanks to the large number of individual receivables from customers. The impairment of financial assets concerns trade receivables. The simplified approach under IFRS 9 is used to measure the expected credit losses. Consequently, for all trade receivables reference is made to the expected lifetime credit losses. To measure the expected credit losses, trade receivables were grouped together based on common credit risk features and the number of days overdue. The expected loss rates are based on the payment profiles for sales over a period of 36 months before 31 December 2023 or 31 December 2022 and the corresponding historical defaults in that period. The historical loss rates are compared with the collection rates of the debt collection agencies appointed, and adjusted as appropriate. In view of the group's customer structure, no further adjustments to the loss ratios are necessary to reflect current and forward-looking information on the macroeconomic factors that govern customers' capacity to settle the receivables.

Advance payments are for the most part protected by bank guarantees.

In the financing area, transactions are concluded only with counterparties with a top credit rating.

LIQUIDITY RISKS

Cautious liquidity risk management means holding adequate cash as well as having access to financial resources through an appropriate amount in agreed credit lines, to be able to meet obligations due. At the end of the period under review the *Hawesko Group* held immediately available cash in banking accounts and cash on hand of € 17,139 thousand (previous year: € 30,459 thousand). As a result of the spread across multiple banks, there is no risk concentration of note and the non-payment risk is significantly restricted. Thanks to the dynamic nature of the underlying business activities, the *Hawesko Group* maintains its financial flexibility by keeping the agreed credit lines available.

The management uses rolling forecasts to monitor the liquidity reserves of the Hawesko Group (comprising the unused credit lines – see section 34) and the cash based on the expected cash flows. This is generally done based on the information in the operating units of the Hawesko Group, in agreement with the limits laid down by the *Hawesko Group*. These limits vary and reflect the liquidity of the market in which the group company is active.

43 SEGMENT REPORTING

In agreement with the rules of IFRS 8, individual data from the annual financial statements is broken down by operating segment and, in agreement with the internal reporting arrangements of the Hawesko Group, arranged according to sales form and customer group. Segment assets, segment investment and external sales are in addition categorised by region in the secondary reporting format. The regions shown are those in which the Hawesko Group operates.

Segment assets and segment investment are fundamentally allocated on the basis of the location of the asset in question; external sales are allocated on the basis of each customer.

The segments comprise the following areas:

The *Retail* segment sells wine mainly via a network of retail outlets (*Jacques'*) which are run by independent agency partners. Since 1 January 2018 the group has had a comprehensive premium lifestyle and connoisseurship concept in Austria based around shops, bars and an online shop, in the shape of Wein & Co. Both businesses focus on consumers.

The *B2B* segment groups together business activities with retailers; wines and champagnes are sold both by an in-house sales force and by an organisation of trade representatives. The B2B segment is also active in the Swiss wine market through *Globalwine*, in the Austrian market through *Wein Wolf Austria* and in the Czech market through *Global Wines & Spirits*. The B2B segment also has a presence in the wine market in the Baltics through our joint venture *Dunker Group OÜ*.

The *e-commerce* segment comprises wine and champagne distance selling, with activities focused on the consumer. This segment also includes gifts business for corporate and private customers, based on a special catalogue. The distance-selling business unit includes the companies *HAWESKO*, *Vinos* and *WirWinzer* as well as *The Wine Company*.

The *Miscellaneous* segment covers all corporate group functions and includes *Hawesko Holding SE* and *WineTech*.

For a summary of the composition of the segments of the *Hawesko Group*, see section 6.

The segment data has been calculated in the following way:

Internal sales indicate the sales between segments. The transfer prices for intra-group sales are calculated on the basis of market prices.

The segment result is defined as earnings before interest, taxes and any deduction for minority interest (EBIT). The operating EBIT of each segment serves as the management tool.

The segment assets are the sum of non-current and current assets required for current operations, excluding consolidating items within the segment and any income tax claims.

The segment debts are the operating debts (provisions and interest-free liabilities), excluding consolidating items within the segment and income tax liabilities.

The elimination of intra-group balances that is to be performed within a segment and the capital consolidation data (goodwill and goodwill impairment) are allocated to the respective segments.

There are no significant non-cash income and expenses in the segments.

INFORMATION BY REGION

	Investment		Non-current assets	
€ '000	**2023**	**2022**	**2023**	**2022**
Germany	23.791	13.476	193.928	167.527
Rest of Europe	8.182	8.889	39.565	52.214
GROUP, CONSOLIDATED	**31.973**	22.365	**233.493**	219.741

BREAKDOWN OF SALES BY REGION

€ '000	**2023**	**2022**
Germany	543.552	560.111
Austria	53.354	52.399
Czech Republic	27.225	15.056
Switzerland	19.782	21.425
Sweden	8.680	11.184
Miscellaneous	7.687	11.307
	660.280	671.482

Segment reporting for the period from 1 January 2023 to 31 December 2023:

SEGMENT REPORTING 2023

€ '000	Retail	B2B	E-Commerce	Miscellaneous	Total	Consolidation	**Group, Consolidated**
SALES REVENUES	232.993	214.866	221.516	2.689	672.064	-11.784	**660.280**
External sales	232.766	207.183	220.331	0	660.280	0	660.280
Internal sales	227	7.683	1.185	2.689	11.784	-11.784	0
OTHER INCOME	14.779	3.229	2.696	1.897	22.601	-2.492	**20.109**
External	14.778	3.194	1.224	913	20.109	0	20.109
Internal	1	35	1.472	984	2.492	-2.492	0
EBITDA	34.311	12.025	14.941	-5.218	56.059	9	**56.069**
DEPRECIATION/AMORTISATION AND IMPAIRMENT	-23.074	-2.896	-4.877	-1.051	-31.898	0	**-31.898**
EBIT	11.237	9.129	10.064	-6.269	24.161	9	**24.171**
OPERATING EBIT	19.575	9.827	11.049	-6.456	33.995	9	**34.004**
FINANCIAL RESULT	-4.295	18	-1.299	37.706	32.130	-40.606	**-8.477**
Financial income	8	254	281	3.941	4.484	-4.285	198
Financial expense	-4.302	-2.051	-2.131	-2.600	-11.085	4.269	-6.816
Other financial result	0	-2.031	-172	-3	-2.206	0	-2.206
Investment result	0	3.499	723	36.368	40.590	-40.590	0
Investment result at Equity	0	347	0	0	347	0	347
EARNINGS BEFORE TAXES	6.943	9.147	8.765	31.437	56.291	-40.597	**15.694**
TAXES ON INCOME							-6.936
CONSOLIDATED EARNINGS							**8.758**
EBIT	11.237	9.129	10.064	-6.269	24.161	9	**24.171**
Reversal of a provision for litigation	8.197	0	0	0	8.197	0	8.197
Restructuring expenses	141	698	985	-187	1.637	0	1.636
OPERATING EBIT	19.575	9.827	11.049	-6.456	33.995	9	**34.004**
SEGMENT ASSETS	170.845	140.723	123.831	244.141	679.540	-242.775	**436.765**
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	0	7.877	0	0	7.877	0	**7.877**
SEGMENT DEBTS	172.948	109.182	93.839	42.384	418.353	-99.829	**318.524**
INVESTMENT	4.240	7.622	19.586	524	31.973	0	**31.973**

Segment reporting for the period from 1 January 2022 to 31 December 2022:

SEGMENT REPORTING 2022

€ '000	Retail	B2B	E-Commerce	Miscellaneous	Total	Consolidation	**Group, Consolidated**
SALES REVENUES	229.018	207.915	243.641	2.274	682.849	-11.367	**671.482**
External sales	228.486	200.598	242.398	0	671.482	0	671.482
Internal sales	532	7.318	1.243	2.274	11.367	-11.367	0
OTHER INCOME	14.274	5.161	1.956	1.851	23.242	-1.345	**21.897**
External	14.273	5.161	1.425	1.038	21.897	0	21.897
Internal	1	0	531	813	1.345	-1.345	0
EBITDA	33.064	14.157	20.595	-6.127	61.690	125	**61.815**
DEPRECIATION/AMORTISATION AND IMPAIRMENT	-14.352	-2.400	-4.959	-1.026	-22.738	0	**-22.738**
EBIT	18.712	11.757	15.637	-7.153	38.953	125	**39.078**
OPERATING EBIT	18.848	9.838	15.737	-7.153	37.270	125	**37.396**
FINANCIAL RESULT	-3.429	7.291	-1.291	41.561	44.132	-43.888	**244**
Financial income	3	267	45	1.316	1.631	-1.349	282
Financial expense	-3.432	-757	-736	-825	-5.750	1.340	-4.410
Other financial result	0	4.241	-600	-92	3.549	445	3.994
Investment result	0	3.163	0	41.161	44.324	-44.324	0
Investment result at Equity	0	378	0	0	378	0	378
EARNINGS BEFORE TAXES	15.283	19.048	14.345	34.408	83.084	-43.763	**39.322**
TAXES ON INCOME							-13.159
CONSOLIDATED EARNINGS							**26.163**
EBIT	18.712	11.757	15.637	-7.153	38.953	125	**39.078**
Reversal of a provision for litigation	-	-2.063	-	-	-2.063	-	-2.063
Restructuring expenses	136	144	101	0	381	-	381
OPERATING EBIT	18.848	9.838	15.738	-7.153	37.271	125	**37.396**
SEGMENT ASSETS	175.926	139.433	108.683	231.289	655.331	-221.642	**433.689**
SEGMENT DEBTS	165.609	99.403	72.974	38.048	376.035	-77.951	**298.084**
INVESTMENT	6.085	946	8.586	352	15.969	0	**15.969**

44 CAPITAL MANAGEMENT

The overriding aim of capital management at the Hawesko Group is to preserve the ability of the *Hawesko Group* to repay debts and distribute dividends as well as maintain its financial substance in order to continue conducting operating activities in the future.

Another objective of the Hawesko Group involves permanently keeping the capital structure at a level that will continue to guarantee it a bank rating of "investment grade" standard. To assure this and in order to continue paying a dividend in keeping with the earnings per share, it is necessary to continue generating an adequate free cash flow. The sustained optimisation of working capital is a priority target.

The capital structure is managed on the basis of the net debt or net liquidity position. This is defined as the sum of amounts due to banks, other loans, lease liabilities and provisions for pensions, less cash. At 31 December 2023 there is net debt of € 170,020 thousand (previous year: net debt of € 126,279 thousand).

The operating return on capital employed (operating ROCE) is a further important indicator for capital management. It is calculated as follows:

- Operating result (operating EBIT) divided by average capital employed
- This comprises the balance sheet total (for the *Hawesko Group*) less interest-free liabilities and provisions, deferred tax assets as well as cash and cash equivalents.

This indicator is not envisaged in the IFRS accounting standards, and its definition and method of calculation may vary from company to company. A long-term operating return on capital employed (ROCE) of consistently at least 14.0 percent is the aim. An operating rate of return of 12.4 percent was achieved in the year under review (previous year: 15.4 percent).

45 APPLICATION OF THE EXEMPTION RULES OF SECTION 264 (3) OF GERMAN COMMERCIAL CODE FOR INCORPORATED FIRMS

The group companies IWL Internationale Wein-Logistik GmbH, WirWinzer GmbH, WineCom International Holding GmbH, WineTech Commerce GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, Jacques' Wein-Depot Wein-Einzelhandel GmbH, Wein & Vinos GmbH, Wein Service Bonn GmbH, Tesdorpf GmbH, The Wine Company Hawesko GmbH, Weinland Ariane Abayan GmbH, Wein Wolf GmbH, Grand Cru Select Distributionsgesellschaft mbH and Global Eastern Wine Holding GmbH make use of the exemption rules of Section 264 (3) of German Commercial Code for the year under review. The consolidated financial statements are published in the electronic business register.

46 APPLICATION OF THE EXEMPTION RULES OF SECTION 291 OF GERMAN COMMERCIAL CODE FOR SUBGROUPS

The subgroups of Wein Service Bonn GmbH, Wein Wolf GmbH, WineCom International Holding GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, WirWinzer GmbH and WeinArt Handelsgesellschaft mbH exercise the exemption rules of Section 291 (1) of German Commercial Code in the year under review because they have been included in the exempting consolidated financial statements of Hawesko Holding SE. The consolidated financial statements are published in the electronic business register.

47 DECLARATION OF COMPLIANCE

The Declaration of Compliance with the German Corporate Governance Code, as specified under Section 161 of the German Stock Corporation Act, was submitted on 12 April 2023 and is made permanently available on the internet at (www.hawesko-holding.com/ueber-uns/corporate-governance).

48 RELATED PARTY DISCLOSURES

In accordance with IAS 24, the following details of relationships with related parties are disclosed:

The Hawesko Group is controlled by Tocos Beteiligung GmbH, which holds 72.6 percent (previous year: 72.6 percent) of the shares of Hawesko Holding SE. The ultimate controlling party is Detlev Meyer.

Goods to the value of € 1,322 thousand (previous year: € 580 thousand) were purchased from St. Antony Weingut GmbH & Co. KG, Nierstein am Rhein, which is held by Detlev Meyer. In addition, goods to the value of € 460 thousand (previous year: € 2,163 thousand) were purchased from Heyl zu Herrnsheim Weinkellerei GmbH, Nierstein am Rhein, which is likewise held by Detlev Meyer. Furthermore, goods amounting to € 628 thousand were bought from related parties in the year under review. The order volume in the corresponding prior-year period was € 619 thousand.

In the previous year, rent totalling € 369 thousand was paid to ATL Objektverwaltung GmbH, Hanover, which is held by Detlev Meyer, for an office and warehouse building in Tornesch. The office and warehouse building was sold to a third party with effect from the end of 2022; in 2023 it was therefore no longer the case that rent was paid to related parties within the meaning of IAS 24. There exist neither receivables (previous year:

€ 0 thousand) nor liabilities (previous year: € 0 thousand) in respect of ATL Objektverwaltung GmbH at the reporting date.

The Board of Management and Supervisory Board are to be regarded as related parties pursuant to IAS 24.9. During the period under review, there were business relationships between the Supervisory Board or Board of Management and the companies included in the consolidated financial statements. The basic features of the remuneration system and the remuneration level of the Board of Management and Supervisory Board are presented and explained more fully in the detailed remuneration report. The remuneration report is published on the homepage of Hawesko Holding SE on the following link: https://www.hawesko-holding.com/ueber-uns/corporate-governance/

The total remuneration of the Board of Management according to IFRS came to € 1,334 thousand in the financial year (previous year: € 1,986 thousand).

The Board of Management members active in the respective reporting years were remunerated as follows:

BOARD OF MANAGEMENT REMUNERATION (IFRS)

€ '000	2023	2022
Basic remuneration	997	1.193
Multi-year variable remuneration	337	793
TOTAL REMUNERATION	**1.334**	**1.986**

Individual members of the Board of Management were in addition granted non-cash benefits of insignificant value. No service cost from retirement benefits exists for active Board of Management members, nor were provisions created, as in the past.

The total remuneration (HGB) granted in the 2023 financial year amounted to € 1,034 thousand for the Board of Management of Hawesko Holding SE (previous year: € 2,366 thousand).

The former Board of Management member Bernd Hoolmans was granted a retirement pension from reaching the age of 65, as well as invalidity pay; a provision totalling € 222 thousand (previous year: € 182 thousand) was recognised for this commitment at 31 December 2023. Mr Hoolmans has been drawing a monthly retirement pension of € 1 thousand from this since August 2015.

The expense for the fixed remuneration of the Supervisory Board came to € 32 thousand for the 2023 financial year (previous year: € 30 thousand). The variable remuneration of the Supervisory Board was € 268 thousand (previous year: € 316 thousand). Other emoluments, predominantly attendance fees, totalled € 96 thousand (previous year: € 122 thousand).

In addition, in 2023 goods to the value of € 265 thousand (previous year: € 307 thousand) were purchased from Weingut Robert Weil, of which Wilhelm Weil is director. Also, in 2023 goods to the value of € 214 thousand (previous year: € 173 thousand) were purchased from the Villa Santo Stefano S.r.l. estate, which is controlled by Prof. Dr.-Ing. Wolfgang Reitzle. Also in 2023, goods to the value of € 149 thousand were purchased from the Weedenborn estates and from Höh Wein GmbH, the co-owner of which has been a related party within the meaning of IAS 24 since 2023. Sales of € 278 thousand (previous year: € 222 thousand) were realised with Gerhard D. Wempe GmbH & Co. KG, of which Kim-Eva Wempe is managing partner. Finally, companies indirectly owned by Dr. Jörg Haas supplied services to the value of € 19 thousand (previous year: € 79 thousand).

All benefits are fundamentally due in the short term unless otherwise indicated.

There existed no loans to members of the Board of Management or Supervisory Board in the 2023 financial year, as in the previous year.

The balance sheet includes provisions for obligations or current liabilities in respect of the Board of Management and Supervisory Board totalling € 700 thousand (previous year: € 1,288 thousand).

At 31 December 2023 the Supervisory Board – directly and indirectly – held 6,532,376 shares in Hawesko Holding SE, of which 6,522,376 were attributable to the Chair (previous year: 6,522,376) and 10,000 to Dr. Jörg Haas (previous year: 10,000).

At 31 December 2023 the Board of Management held 2,000 shares in Hawesko Holding SE, of which 500 were attributable to Thorsten Hermelink (previous year: 500) and 1,000 to Alexander Borwitzky (previous year: 1,000).

Apart from the circumstances mentioned, there were no significant business relations with the Board of Management and Supervisory Board in the year under review.

LIST OF SHAREHOLDINGS

pursuant to Section 313 (2) of German Commercial Code at 31 December 2023

SUBSIDIARIES

	Registered office	Equity, €'000	Ownership interest, %	Net earnings 2023, € '000
A. DIRECT PARTICIPATIONS				
Jacques' Wein-Depot Wein-Einzelhandel GmbH*	Düsseldorf	4.537	100	18.708
Wein & Co. Handelsges.m.b.H.	Vösendorf (Austria)	-3.342	100	-2.460
Wein Service Bonn GmbH*	Bonn	12.911	100	4.127
IWL Internationale Wein Logistik GmbH	Tornesch	603	100	-4
WineCom International Holding GmbH*	Hamburg	103.822	100	1.130
WineTech Commerce GmbH*	Hamburg	25	100	-260
WeinArt Handelsgesellschaft mbH	Geisenheim	2.757	51	315
Sélection de Bordeaux S.A.R.L.	Straßburg (France)	-29	100	-8
Globalwine AG**	Zürich (Switzerland)	4.655	95	1.000

** Before profit transfer*

*** The equity was converted at an exchange rate of CHF/EUR 0.92600 (reporting date) and the net income for the year at a rate of CHF/EUR 0.96778 (average)*

**** The equity was converted at an exchange rate of CZK/EUR 24.72400 (reporting date) and the net income for the year at a rate of CZK/EUR 24.00068 (average)*

***** Provisional financial data from annual financial statements for the period from 1 January 2023 to 31 December 2023*

SUBSIDIARIES

	Registered office	Equity, € '000	Ownership interest, %	Net earnings 2023, € '000
B. INDIRECT PARTICIPATIONS				
PARTICIPATING INTERESTS of WineCom International Holding GmbH:				
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH*	Hamburg	6.165	100	5.536
Wein & Vinos GmbH	Berlin	1.524	100	3.524
WirWinzer GmbH*	Munich	2.392	100	971
PARTICIPATING INTERESTS of Hanseatischen Wein- und Sekt-Kontor HAWESKO GmbH:		0	0	0
Tesdorpf GmbH (formerly: Carl Tesdorpf GmbH)	Lübeck	308	100	-661
The Wine Company Hawesko GmbH	Hamburg	-211	100	-476
BETEILIGUNGEN DER WirWinzer GmbH:		0	0	0
WirWinzer Mercato del Vino s.r.l.	Bolzano (Italy)	20	100	10
PARTICIPATING INTERESTS of Wein Service Bonn GmbH:		0	0	0
Wein Wolf GmbH*	Bonn	8.866	100	4.592
PARTICIPATING INTERESTS of Wein Wolf GmbH:		0	0	0
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	678	100	541
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	49	100	6
Global Eastern Wine Holding GmbH	Bonn	2.150	100	955
Grand Cru Select Distributionsgesellschaft mbH	Bonn	1.574	100	-47
Weinland Ariane Abayan GmbH*	Hamburg	1.831	100	2.999

PARTICIPATING INTERESTS of Global Eastern Wine Holding GmbH:	Registered office	Equity, € '000	Ownership interest, %	Net earnings 2023, € '000
Global Wines & Spirits s.r.o.***	Prague (Czech Republic)	6.679	80	2.772
Dunker Group OÜ****	Tallin (Estonia)	8.195	50	2.143
PARTICIPATING INTERESTS of Dunker Group OÜ:				
Balmerk Distribution OÜ****	Tallin (Estonia)	2.816	50	866
Balmerk Estonia OÜ****	Tallin (Estonia)	5.422	50	1.448
SIA Balmerk Latvia****	Marupe (Latvia)	3.480	50	959
UAB Balmerk Lithuania****	Vilnius (Lithuania)	-2.041	50	-651
FineWine OÜ****	Tallin (Estonia)	-55	50	-67
SIA Vintage****	Riga (Latvia)	-194	50	-10
Global Wine House OÜ****	Tallin (Estonia)	758	50	189

49 EXPENDITURE ON AUDITOR'S FEES

The expenditure on auditor's fees was made up as follows:

EXPENDITURE ON AUDITOR'S FEES

€ '000	**2023**	**2022**
Audit services	688	640
of which for the international network	117	93
Tax consultancy	0	0
Other services	13	0
of which for the international network	9	0
TOTAL	**701**	640

The fees for audit services comprise the audit of the annual financial statements of the group companies as well as the audit of the consolidated financial statements. The other services in the year under review are in respect of examination of the representation letter on the due payment of charges in connection with Der Grüne Punkt – Duales System.

50 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events affecting the financial position, net worth and financial performance of the group for the year under review of 2023 occurred after the balance sheet date.

Hamburg, 3 April 2024

The Board of Management

Thorsten Hermelink Alexander Borwitzky Hendrik Schneider

The audit report reproduced below also includes a "note on the audit of the electronic reproductions of the financial statements and the management report prepared for disclosure purposes in accordance with Section 317 Paragraph 3b HGB" ("ESEF note"). The subject of the audit on which the ESEF note is based (ESEF documents to be audited) is not attached. The checked ESEF documents can be viewed or accessed from the Federal Gazette.

INDEPENDENT AUDITOR'S REPORT

To Hawesko Holding SE, Hamburg

NOTE ON THE AUDITING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Hawesko Holding SE, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position at 31 December 2023, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the financial year from 1 January to 31 December 2023 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the report on the situation of the company and the Group (hereinafter "combined management report") of Hawesko Holding SE for the financial year from 1 January to 31 December 2023.

In accordance with the requirements of German law, we have not examined the content of those parts of the combined management report listed in the "Other information" section of our Auditor's Report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion of the combined management report does not extend to the content of those parts of the combined management report listed in the "Other information" section of our Auditor's Report.

Pursuant to Section 322 (3) first sentence HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU Regulation on specific requirements regarding statutory audit of public-interest entities (No. 537/2014; hereinafter "EU Audit Regulation") and German generally accepted principles for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW) Under those regulations and principles our responsibility is described further in the section "Responsibility of the Auditor for the Auditing of the Consolidated Financial Statements and of the Combined Management Report of our Auditor's Report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with those requirements. In addition, we declare that, pursuant to Article 10 (2) letter f) of EU Audit Regulation we did not perform any prohibited non-audit services within the meaning of Article 5 (1) of EU Audit Regulation. We are of the opinion that the audit evidence we obtained is adequate and suitable to serve as a basis for our audit opinions on the consolidated financial statements and the combined management report.

Key Audit Matters in the Auditing of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

RECOVERABILITY OF GOODWILL

With regard to the accounting policies applied, we refer to the sections 4 and 5 of the notes to the consolidated financial statements. Disclosures on goodwill amounts and disclosures on the level of impairment applied are also to be found in section 18 of the notes to the consolidated financial statements.

THE RISK FOR THE FINANCIAL STATEMENTS

Goodwill at 31 December 2023 amounts to EUR 25.8 million; representing 21% of consolidated equity, it is a significant component of the assets and liabilities.

Goodwill is tested annually for impairment at the level of the smallest cash-generating unit. If intrayear impairment triggers occur, an ad hoc impairment test is also carried out intrayear. The smallest cash-generating units normally represent individual subsidiaries within the group. Impairment testing involves comparing the carrying amount with the recoverable amount of the smallest cash-generating unit. If the carrying amount exceeds the recoverable amount, impairment is required. The recoverable amount is the higher of fair value less disposal costs or value in use of the company. The relevant date for impairment testing is 31 December 2023.

Testing goodwill for impairment is a complex process and is based on a number of discretionary assumptions. These include, in particular, the expected net cash flows for the next three or four years, the assumed sustainable growth rate and the discount rate applied.

Characterising features of the financial year included the effects of inflation and a subdued consumer climate. This is adversely affecting the future business and earnings prospects of Wein & Co. which was affected particularly badly by these economic effects primarily in the shape of declining consumption and high costs. The reduction in the expected future cash inflows from Wein & Co. has prompted impairment.

As a result of conducting the impairment tests, the company has written off in full the goodwill of Wein & Co. in the amount of EUR 8.2 million. Other than this, no need for impairment was identified at the level of the smallest cash-generating unit.

There is the risk for the consolidated financial statements that other existing impairment was not identified. Also, there is the risk that the associated disclosures in the notes will not be appropriate.

OUR APPROACH IN THE AUDIT

First, we gained an understanding of the process used by the company to assess the recoverability of goodwill from comments by employees in accounting and by appraising the documentation. Based on the information obtained, we assessed which areas of goodwill might require impairment. With the involvement of our measurement specialists, we assessed such matters as the appropriateness of the significant assumptions as well as the calculation method used by selected risk-bearing companies. To achieve that, we discussed the expected net cash flows and the assumed sustainable growth rate with the planners in order to gain an understanding of the assumptions made by the company.

We also reconciled the planning prepared by the Board of Management and approved by the Supervisory Board for the following three years.

Furthermore, we satisfied ourselves of the company's previous forecasting quality by comparing plans for the preceding financial year with the results actually achieved, and analysed deviations. We compared the assumptions and data underlying the discount rate with our own assumptions and with data in the public domain.

To assess the methodological and mathematical accuracy of implementation of the measurement method, we analysed the measurement performed by the company using our own calculations and analysed deviations.

To reflect the existing forecasting uncertainty, we investigated possible changes in the discount rate and the net cash flows as well as the sustainable growth rate compared with the recoverable amount by calculating alternative scenarios and drawing comparisons with the company's figures (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on goodwill impairment and the impairment applied are appropriate.

OUR CONCLUSIONS

The underlying calculation method for impairment testing of goodwill is appropriate and in agreement with the applicable valuation principles.

The company's underlying assumptions and the data used in the measurement are within the acceptable ranges and are appropriate.

The associated disclosures in the notes are appropriate.

Other Information

The Board of Management and the Supervisory Board are responsible for the other information. The other information comprises the following not-audited parts of the combined management report:

- the combined non-financial declaration of the company and the Group, which is contained in the "Combined non-financial declaration" section of the combined management report,
- the combined corporate governance declaration of the company and the Group, which is referred to in the combined management report, and
- the disclosures on the appropriateness and effectiveness of the risk and compliance management system and of the internal control system (ICS) contained in the combined management report, in the Risk Report section, which are non-management-report disclosures and are identified as unaudited
- The other information moreover comprises the remaining sections of the Annual Report. The other information does not include the consolidated financial statements, the content-audited disclosures in the combined management report and our accompanying Auditor's Report.
- Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information; we consequently do not express an audit opinion nor any other form of assurance conclusion thereon.
- In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the content-audited disclosures in the combined management report or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the Board of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Board of Management is responsible for the preparation of the consolidated financial statements, that comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and for ensuring that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the Board of Management is responsible for such internal controls as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of the accounting and damage to assets) or error.

In preparing the consolidated financial statements, the Board of Management is responsible for assessing the ability of the Group to continue as a going concern. In addition it has the responsibility for disclosing, as applicable, matters related to going concern. It is also responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Management is also responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with the requirements of German law and suitably presents the opportunities and risks of future development. The Board of Management is in addition responsible for the precautions and measures (systems) that it has deemed necessary to enable the preparation of a combined management report that is consistent with the requirements of German law, and to enable it to furnish sufficient suitable evidence for the statements made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and of the combined management report.

Responsibility of the Auditor for the Auditing of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraudulent acts or errors, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance means a high level of assurance, but is not a guarantee that an auditconducted in accordance with Section 317 HGB, EU Audit Regulation and German Generally Accepted Standards for the Financial Statement Audit promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise through fraudulent acts or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the consolidated financial statements and in the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraudulent acts is higher than the risk of not uncovering material misstatements resulting from errors, because fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- acquire an understanding of the relevant internal control system for the audit of the consolidated financial statements and the relevant precautions and measures for the audit of the combined management report in order to plan audit procedures that may be appropriate in the circumstances, but not with the aim of submitting an audit opinion on the effectiveness of those systems.

- evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.

- conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we reach the conclusion that a material uncertainty exists, we are obliged to point out the affected disclosures contained in the consolidated financial statements and the combined management report in the Auditor's Report or, if those disclosures are inappropriate, to modify our audit opinion on the matter in question. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence for the accounting information of the enterprises or business activities within the Group to be able to provide audit opinions on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- conduct audit procedures on the future-related statements by the Board of Management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards introduced to eliminate threats to our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Note on the Auditing of the Electronic Reproductions of the Consolidated Financial Statements and the Combined Management Report prepared for Purposes of Disclosure in Accordance with Section 317 (3a) of the German Commercial Code

Pursuant to Section 317 (3a) HGB we have conducted a reasonable assurance audit on whether the reproductions of the consolidated financial statements and the combined management report contained in the file "HWH-2023-12-31-de.zip" (SHA256 hashtag:
7af19ec93e9bc6f7fe8e4cf53b7194fb2502522c6a174c52e3b5c7dda4321529) and prepared for purposes of disclosure (hereinafter also "ESEF documents") in all material respects satisfy the requirements of Section 328 (1) HGB on the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file

In our assessment the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned supplied file and prepared for purposes of disclosure satisfy in all material respects the requirements of Section 328 (1) HGB on the electronic reporting format. Over and above this audit opinion and our audit opinions on the enclosed consolidated financial statements and enclosed combined management report for the financial year from 1 January to 31 December 2023 contained in the above "Note on the Auditing of the Consolidated Financial Statements and the Combined Management Report", we do not express an audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned supplied file in agreement with Section 317 (3a) HGB, in compliance with the IDW audit standard: Audit of Electronic Reproductions of Financial Statements and Management Reports prepared for Purposes of Disclosure in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibility in this respect is further described below. Our audit firm has applied the IDW quality standard: Requirements for Quality Management in the Audit Firm (IDW QMS 1 [09/2022]).

The Board of Management of the company is responsible for preparing the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Section 328 (1) fourth sentence No. 1 HGB, and for tagging the consolidated financial statements in accordance with Section 328 (1) fourth sentence No. 2 HGB.

Furthermore, the Board of Management of the company is responsible for the internal controls that it deems necessary to enable the creation of ESEF documents that are free from material breaches, whether due to fraud or error, of the requirements of Section 328 (1) HGB regarding the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to achieve reasonable assurance about whether the ESEF documents are free from material breaches of the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material breaches, whether due to fraud or error, of the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of the internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.

- assess the technical validity of the ESEF documents, i.e. whether the supplied file containing the ESEF documents satisfies the requirements of the Commission Delegated Regulation (EU) 2019/815 as amended at the balance sheet date regarding the technical specification for this file.

- assess whether the ESEF documents enable a substantively identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.

- assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815 as amended at the balance sheet date enables an appropriate and fully machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 12 June 2023. We were engaged by the Supervisory Board Chair on 30 October 2023. We have been the group auditor of Hawesko Holding SE without interruption since financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of EU Audit Regulation (long-form audit report).

In addition to auditing the financial statements, we performed the following services not declared in the consolidated financial statements or in the combined management report on behalf of the company and the companies under its control:

- Conducting voluntary annual accounts audits for subsidiaries, and
- Providing the "Valuation Data Source" application on the basis of a "software as a service" model

OTHER MATTER – USAGE OF THE AUDITOR'S REPORT

Our Auditor's Report is always to be read in conjunction with the audited consolidated financial statements and the audited combined management report, as well as the audited ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the business register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein are only to be used in conjunction with the audited ESEF documents made available in electronic form.

RESPONSIBLE GERMAN PUBLIC AUDITOR

The German Public Auditor responsible for the engagement is Nina Kastka.

Hamburg, den 4. April 2024

KPMG AG

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Heckert	Kastka
Wirtschaftsprüfer	Wirtschaftsprüferin

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Market conditions in the 2023 financial year were not easy. The war against Ukraine, risen costs for energy and continuing high inflation unsettled consumers and were a barrier to consumer confidence improving across all sectors. The *Hawesko Group* felt the generally prevailing sentiment among consumers, especially in the e-commerce segment. There has so far been no sign of the hoped-for recovery that would lead to increased online activity among our customers. The positive development of the Retail and B2B segments is therefore all the more welcome. Our Retail format *Jacques'* has attracted many lovers of wine with its approachable wine-tasting concept. In B2B business, sales to the hotel and restaurant trades generated a steady stream of demand. On the whole the *Hawesko* Group was able to assert its leading position in the intensely competitive German wine market. Sales of € 660.3 million for financial year 2023 were consequently only slightly down on the previous year's level. Amid still-challenging market conditions, at the start of 2023 the *Hawesko Group* embarked on a programme of consistent cost-cutting measures across all segments to permanently boost its earnings performance. Together with an improvement in gross profit that was also achieved through appropriate price increases, it therefore proved possible to stabilise the operating result at € 34.0 million.

Even this unusual environment, the *Hawesko Group* was still able to demonstrate the strategic strength of its business model and navigated a successful course through the various risks and opportunities. The Supervisory Board believes that the group continues to be in robust health and remains confident about the medium and long-term outlook for business development.

INTERACTION BETWEEN BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Throughout the 2023 financial year the Supervisory Board performed its statutory duties conscientiously and with great care. It was informed of the situation of the company at regular meetings and in committee meetings, advised the Board of Management on key strategic matters, oversaw it throughout and took all the necessary decisions. In addition to providing regular reports, pursuant to Section 90 (1) third sentence of the German Stock Corporation Act the Board of Management also informed the Supervisory Board Chair of other important matters. The reports contained the overall position of the group and current business developments as well as its medium-term strategy with investment, financial and earnings plans, in addition to the development of management. Priority topics for discussion were the economic development of the group companies and the future direction of *Hawesko Holding SE*.

At four ordinary meetings in financial year 2023, supported by meetings of the Audit and Investment Committee and of the Personnel and Nominating Committee, the Supervisory Board considered the strategic planning, the efficiency of the company's management and the lawfulness and adequacy of the company's management. The topics addressed included the current trading position of the group, the principles of corporate governance and their implementation in the company, personnel matters, compliance and risk management within the group, and also the strategic business plans. The following individual topics were considered and discussed in depth:

- The overall economic efforts on high inflation, the specific consequences for the business development of the group and the response of the management to the development
- The sustainability strategy of the group
- The internationalisation strategy of the group
- The direction of the e-commerce segment and the establishment of a higher-level e-commerce unit
- The logistics strategy and investment in the extension of the warehouse in Tornesch near Hamburg
- Discussion of the company's corporate social responsibility (CSR)
- The three-year plan for the financial years 2024 to 2026
- The proposal that the Annual General Meeting of the company appoint KPMG AG Wirtschaftsprüfungsgesellschaft as independent auditor of the consolidated and annual financial statements for the 2023 financial year

Pursuant to Section 9 of the articles of incorporation, an individual investment project involving a sum of more than € 2.5 million, the acquisition of other companies or the disposal of investments in companies with a value of more than € 0.5 million require the prior consent of the Supervisory Board. A majority of two-thirds of the votes is required for this. In financial year 2023 the purchase of 50 percent of the shares of *Dunker Group OÜ*, Tallinn (Estonia), for a net price of € 7.1 million was approved by the Supervisory Board.

Each month the Supervisory Board was sent the key financial data, and its trends compared with the target and prior-year figures and the market expectations were explained. The Supervisory Board has examined the planning and accounting documents and been able to assess their plausibility and appropriateness.

Prof. Dr. Reitzle was absent from the scheduled Supervisory Board meeting on 21 September 2023. That aside, all the members of the Supervisory Board were present at all the scheduled Supervisory Board meetings.

The annual financial statements prepared by the Board of Management as well as the combined management report for the group and the group parent for the 2023 financial year were examined by KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg. The independent auditor was elected by the Annual General Meeting on 12 June 2023. No objections were raised by the independent auditor, which has issued its unqualified audit opinion. The Audit and Investment Committee monitored the independence of the independent auditor and obtained a corresponding declaration.

For the 2023 financial year the Board of Management submitted the annual and consolidated financial statements, the management report for the group parent and the combined management report to the Audit and Investment Committee for review. The audit reports of the independent auditor on the annual and consolidated financial statements and the Board of Management's proposal on the appropriation of earnings were also forwarded for review. At its meeting on 14 March 2024, the committee considered the financial statements of the affiliated companies and discussed them in the presence of the independent auditor. The entire Supervisory Board discussed the annual financial statements and consolidated financial statements of *Hawesko Holding SE* as well as the audit reports of the auditor on 4 April 2024 and examined them in depth.

The Supervisory Board raises no objections. It ratifies the annual and consolidated financial statements for 2023 pursuant to Section 171 AktG. The annual financial statements are thus approved in accordance with Section 172 AktG. The Supervisory Board endorses the proposal of the Board of Management to use the unappropriated profit for the 2023 financial year for the distribution of a dividend of € 1.30 per no par value share.

The subject matter of the audit dated 4 April 2024 also included the dependency report on related parties prepared by the Board of Management pursuant to Section 312 AktG, taking into account the report presented by the independent auditor on the findings of its audit of this report. On the basis of the dependency report the Supervisory Board has assured itself, in the presence of the independent auditor, that *Hawesko Holding SE* has not been disadvantaged in the past financial year by actions of its majority shareholder or by transactions with it. The Supervisory Board has therefore noted and approved the opinion issued by the independent auditor and issued two declarations:

- Based on the conclusive findings of its examination, it raises no objections to the declaration by the Board of Management on related parties.
- *Hawesko Holding SE* received appropriate consideration for each transaction based on the circumstances known to it at the time each transaction was conducted or each action was taken or omitted, and was therefore not disadvantaged by the action taken or omitted.

SUPERVISORY BOARD COMMITTEES AND MEETINGS

	Meetings	of which in person	of which virtual
Supervisory board	4	2	2
Audit and Investment Committee	5	2	3
Personnel and Nominating Committee	4	2	2

WORK OF THE AUDIT AND INVESTMENT COMMITTEE

The Audit and Investment Committee held meetings before the publication of each quarterly financial report and discussed these pursuant to Article 7.1.2. of the German Corporate Governance Code. Various M&A projects were also discussed at the Audit and Investment Committee meetings during 2023. The accounts of the subsidiaries for 2022 were moreover considered in the presence of the independent auditor. At the end of the financial year the audit priorities for the 2024 financial statements were defined and the three-year plan and progress with strategic projects were addressed.

Dr. Jörg Haas was absent from the meeting on 2 August 2023. Apart from that instance, all members of the committee attended all meetings of the Audit and Investment Committee.

WORK OF THE PERSONNEL AND NOMINATING COMMITTEE

The Personnel and Nominating Committee addressed personnel matters with managers of the company at its meetings on 12 April, 12 June, 21 September and 14 December 2023. The new bonus model for the Board of Management was also discussed.

All committee members were present at the meetings of the Personnel and Nominating Committee.

CORPORATE GOVERNANCE

On 12 April 2023 the Board of Management and Supervisory Board submitted the annual Declaration of Compliance in respect of the German Corporate Governance Code. The agreed Declaration of Compliance pursuant to Section 161 AktG is published separately in the Annual Report as part of the Corporate Governance Declaration along with disclosures on the principles of corporate governance and the description of the modus operandi of the Board of Management and Supervisory Board (see pages 213ff.). The Annual Report is available online at www.hawesko-holding.com. The Supervisory Board examined the efficiency of its activities by way of self-evaluation, to assure effective control of the Board of Management, drawing on the specific professional knowledge and experience of the members of the Supervisory Board. Supervisory Board members fundamentally have the opportunity to receive professional training in the context of their duties, though this option was not taken up in the year under review.

CHANGES IN THE COMPOSITION OF THE EXECUTIVE BODIES

Board of Management

Raimund Hackenberger surrendered office as Chief Financial Officer with effect from 31 March 2023. Hendrik Schneider then took over the position of Chief Financial Officer from 1 January 2024.

Supervisory Board

There were no changes among the members of the Supervisory Board in 2023.

Conflicts of interest

The Chair has not been notified of any conflicts of interest.

The Supervisory Board would cordially like to thank the Board of Management, the directors of the affiliated companies, the employee council and all employees of affiliated companies of *Hawesko Holding SE*, the *Jacques'* agency partners and the distribution partners in the B2B segment for their commitment and hard work.

Hamburg, 4 April 2024

The Supervisory Board

Detlev Meyer

Chairman

CORPORATE GOVERNANCE DECLARATION

A. FUNDAMENTALS OF CORPORATE GOVERNANCE AT HAWESKO SE

The concept of corporate governance refers to a responsible, transparent corporate governance approach that strives for sustainable value creation and spans the entire management and supervisory system of an enterprise, including its organisation, principles of business policy and guidelines as well as the internal and external control and supervisory mechanisms. *Hawesko Holding SE* is committed to responsible corporate governance and supervision directed towards increasing the value of the company. The principles of sustainable corporate governance and continuous development of the business are presented transparently and comprehensibly in order to create, maintain and strengthen trust among customers, business partners and shareholders. With this declaration pursuant to Principle 23 and Article F.4 of the German Corporate Governance Code as amended on 28 April 2022 (GCGC 2022) as well as Sections 289f and 315d of the German Commercial Code (HGB), the Board of Management and Supervisory Board report on the principles of corporate governance. As a European company, in addition to the German Stock Corporation Act *Hawesko Holding SE* is subject to special European SE regulations and the German act implementing the SE regulations (SEAG) as well as the Act on the Participation of Employees in a European Company. With its dual system of governance (Board of Management and Supervisory Board) and stock exchange listing, all material principles of the stock corporation also apply to *Hawesko Holding SE*.

B. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO SECTION 161 AKTG

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Board of Management and Supervisory Board of publicly quoted stock corporations shall declare each year that the recommendations of the Government Commission on the German Corporate Governance Code (GCGC), published in the official section of the Federal Gazette by the Federal Ministry of Justice, have been and are complied with, or which of those recommendations have not been or are not complied with.

The Supervisory Board and Board of Management of *Hawesko Holding SE*, Hamburg, addressed corporate governance matters on multiple occasions in the 2023 financial year and on 4 April 2024 issued the following joint Declaration of Compliance according to Section 161 AktG:

"The Board of Management and Supervisory Board of *Hawesko Holding SE* declare that, based on due examination, the recommendations of GCGC as amended on 28 April 2022 (GCGC 2022, published in the official section of the Federal Gazette on 27 June 2022) were complied with from 12 April 2023 (date of submission of the previous Declaration of Compliance) and will be complied with in the future, excepting the discrepancies stated under Nos. 1 to 6:

1. No sustainability-related objectives in the corporate planning

Article A.1 of GCGC 2022 recommends that the Board of Management shall systematically identify and assess the risks and opportunities associated with social and environmental factors, as well as the ecological and social impacts of the enterprise's activities. In addition to long-term economic objectives, the corporate strategy shall also give appropriate consideration to ecological and social objectives. Corporate planning shall include corresponding financial and sustainability-related objectives. In 2021 the Board of Management of *Hawesko Holding SE* approved a comprehensive sustainability strategy, embedded it at all companies of the group and is convinced that the long-term, sustainable further development of the group is not achievable without regard for the social and environmental factors of the enterprise's activities. The multi-year plan for the years beyond 2023 does not yet contain any non-financial or sustainability-related objectives. The Board of Management takes account of the relevant environmental and social factors in all entrepreneurial decisions, within its wider assessment, but believes it is reasonable always to consider all possible factors when reaching entrepreneurial decisions, without treating certain aspects as fundamentally more important than others.

2. No sustainability-related objectives in the internal control system and the risk management system

Article A.3 of GCGC 2022 recommends that the internal control system and the risk management system shall also cover sustainability-related objectives, unless in any case required by law. This shall include processes and systems for collecting and processing sustainability-related data. As explained under Article 1, the Board of Management of *Hawesko Holding SE* has not previously approved any non-financial or sustainability-related objectives as part of the multi-year plan and has therefore not captured any firm non-financial or sustainability-related objectives in the internal control system and the risk management system. However its overall risk assessment identifies and assesses all risks, so environmental and social risks are likewise given consideration.

3. No stipulation of an age limit for service on the Supervisory Board

Article C.2 of GCGC 2022 recommends stipulating an age limit for service on the Supervisory Board. Until now, the Supervisory Board of *Hawesko Holding SE* has not specified an age limit for serving on the Supervisory Board. In the opinion of the Supervisory Board, the decision on whether to remain a member is best left to the individual Supervisory Board member. An age limit to serving on the Supervisory Board would result in inappropriate restrictions.

4. Independence of the Chair of the Audit Committee

Article C.10 of GCGC 2022 recommends that the Chair of the Audit Committee shall be independent of the controlling shareholder. The Chair of the Audit Committee Thomas R. Fischer, in his capacity as Board of Management member of Marcard, Stein & Co. AG, has business relations with Tocos Beteiligung GmbH (a major shareholder of *Hawesko Holding SE*) and with Detlev Meyer (Chair of the Supervisory Board of *Hawesko Holding SE*) and is therefore not independent of the controlling shareholder. The Supervisory Board is nevertheless convinced that Mr. Thomas R. Fischer is in every respect suited to the position of Chair of the Audit Committee in light of his qualifications, and bases his actions on the interests of the *Hawesko Group*.

5. *Public availability of the consolidated financial statements*

Article F.2 of GCGC 2022 recommends that the consolidated financial statements and group management report be made available to the public within 90 days of the end of the financial year. The consolidated financial statements and group management report of *Hawesko Holding SE* will be published within 120 days of the end of the financial year, instead of within 90 days. This assures appropriate interest.

6. *Performance-related component of the remuneration of the Supervisory Board members*

Article G.18 of GCGC 2022 recommends that performance-related remuneration of the Supervisory Board members be based on long-term corporate development. The remuneration of the Supervisory Board members of *Hawesko Holding SE* includes a performance-related component that is based on the unappropriated profit for the year in question. The Board of Management and Supervisory Board are of the opinion that this year-specific remuneration component appropriately reflects the consultative and supervisory function of the Supervisory Board. In addition, time-based determination of the variable remuneration more closely reflects in-year changes in the composition of the Supervisory Board as a result of the exit or arrival of new Supervisory Board members."

Hamburg, 4 April 2024

The Supervisory Board **The Board of Management**

The current Declaration of Compliance – together with the Declarations of Compliance for previous years – can also be consulted by shareholders and the public on the website of *Hawesko Holding SE* at www.hawesko-holding.com/ueber-uns/corporate-governance/

C. RELEVANT DISCLOSURES ON CORPORATE MANAGEMENT PRACTICES, THE MODUS OPERANDI OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD, AND THE COMPOSITION AND MODUS OPERANDI OF THE SUPERVISORY BOARD COMMITTEES

I. Organisation and management

The structure of the *Hawesko Group* is characterised by a balance of non-central units and corporate governance and organisational decisions: as many decisions as possible about business operations are taken and implemented by the individual subsidiaries. This organisational structure is useful because the wine trade depends to a great extent on nurturing and exploiting personal contacts with both producers and customers. The parent company *Hawesko Holding SE* normally holds 100 percent or a majority of the shares in the subsidiaries, which are active predominantly in the wine trade. The significant operationally active incorporated firms within the group of consolidated companies, above all *HAWESKO* and *Jacques'*, are integrated into the group by means of profit transfer agreements with the holding company. The parent company *Hawesko Holding SE* and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. The subsidiaries not based in Germany are all domiciled in other European Union countries or in Switzerland.

The *Hawesko Group* is essentially divided into three business segments (please refer to the "Structure of the group" section in the combined management report). The Board of Management uses sales growth, operating EBIT, ROCE and free cash flow as the basis for its management approach.

The target minimum rates of return are presented in the "Management system" section of the combined management report. The targets and the development of the individual segments based on these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level.

Since 1 January 2011 a compliance code passed and regularly reviewed by the Board of Management and Supervisory Board has been in place for all *Hawesko* group companies. The code of conduct for employees and the social media guidelines can be accessed at https://www.hawesko-holding.com/ueber-uns/corporate-governance/.

II. Shareholders and Annual General Meeting

The shareholders of Hawesko Holding SE exercise their right to have a say in the running and supervision of the company through the Annual General Meeting. All shares are no par value bearer shares equipped with identical rights and obligations. Every share in Hawesko Holding SE carries one vote. The principle of "one share, one vote" is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Annual General Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Annual General Meeting. The Annual General Meeting is held during the first six months of each financial year. Chairing of the Annual General Meeting is the responsibility of the Supervisory Board Chair or another member of the Supervisory Board nominated by the Chair. The Annual General Meeting fulfils all the tasks assigned to it by law. A resolution shall normally be carried by a simple majority or, in certain cases (including for resolutions on capital measures and amendments to the articles of incorporation) by a majority of at least three-quarters of the capital stock represented.

Detlev Meyer is a Supervisory Board member and the biggest shareholder of Hawesko Holding SE, holding 72.6 percent of the shares through Tocos Beteiligung GmbH. There then follow the heirs of Michael Schiemann, with a 5.6 percent shareholding via Augendum Vermögensverwaltung GmbH. The remaining approx. 21.8 percent are held by institutional and private investors. There are no employee shares within the meaning of Sections 289a (1) first sentence No. 5 and 315a (1) first sentence No. 5 HGB.

III. Supervisory Board

The Supervisory Board advises and oversees the Board of Management. To conduct important and fundamental transactions, the Supervisory Board must first give its consent by a two-thirds majority specifically to individual investments of a value of more than € 2.5 million and to the acquisition of other companies or the disposal of investments in companies with a value of more than € 0.5 million. A reporting system informs the Supervisory Board members monthly of key financial data compared with the target and prior-year figures, and explains these. At least four ordinary meetings of the Supervisory Board as well as meetings of its committees take place each year.

According to the articles of incorporation the Supervisory Board comprises six members, elected by the Annual General Meeting. From among its members it elects a person to act as Chair, and one or more Deputy Chairs. Declarations of intent by the Supervisory Board are issued by the person acting as Chair or, if they are prevented from attending, by their Deputy. The Supervisory Board has a quorum if all members have been invited and at least half of the members take part in the vote. Resolutions of the Supervisory Board are carried by a simple voting majority, unless otherwise specified by law or the articles of incorporation. In the event of a tied vote, a majority may resolve to conduct a fresh debate; otherwise a new vote must be held without delay. When voting anew on the same matter, the Chair has two votes if the result is once again a tie.

1. *The Supervisory Board committees*

The Supervisory Board has formed two committees that perform the functions assigned to them on behalf of the whole Supervisory Board. The committees are convened by the person acting as their Chair and meet as often as is deemed necessary. There is currently a Personnel and Nominating Committee, and also an Audit and Investment Committee, each comprising three members.

a) Personnel and Nominating Committee

The Personnel and Nominating Committee prepares the personnel decisions to be dealt with by the Supervisory Board, attends to long-term succession planning jointly with the Board of Management, and also pays heed to diversity in the composition of the Board of Management. It prepares the passing of resolutions by the whole Supervisory Board on the determination of Board of Management remuneration and the review of the remuneration system for the Board of Management, and deals with Board of Management contracts unless the German Stock Corporation Act specifies that they must be concluded, amended and terminated by the whole Supervisory Board. In addition, it proposes suitable candidates to the Supervisory Board for the election of Supervisory Board members by the Annual General Meeting, taking into account the statutory requirements, the recommendations of GCGC and the requirements profile for the Supervisory Board resolved by the Supervisory Board. In doing so, in each case it assures itself that the person candidating is able to set aside the anticipated time required. On personnel affairs, the committee also has the task of examining the appointment or dismissal of senior executives of the group to establish whether such actions serve the interests of early and balanced succession planning.

The Chair of the Personnel and Nominating Committee is Detlev Meyer. The other members are Wilhelm Weil and Kim-Eva Wempe.

b) Audit and Investment Committee

The Audit and Investment Committee deals with the supervision of accounting, the financial reporting process and the effectiveness of the auditing of financial statements. It also prepares the resolution proposal of the Supervisory Board to the Annual General Meeting on the election of the auditors. If there is the intention to rotate auditors, the Audit and Investment Committee is responsible for the selection process. Following election by the Annual General Meeting it issues the mandate for the audit of the consolidated and annual financial statements, agrees the fee and specifies the audit priorities. It continuously monitors the independence of the independent auditor and discusses with it the threats to its independence as well as the precautions taken to reduce those threats. In that connection the Audit and Investment Committee is also responsible for monitoring and approving the services provided by the auditors over and above the audit of the financial statements (non-audit services).

The Audit and Investment Committee discusses the audit services provided by the independent auditor, evaluating the quality of those audit services provided. Based on the positive findings of the quality evaluation of the financial statements audit presented at the meeting on 14 March 2024, the Audit and Investment Committee recommends that the annual financial statements be approved.

The Chair of the Audit and Investment Committee is Thomas R. Fischer. The other members are Prof. Dr.-Ing. Wolfgang Reitzle and Dr. Jörg Haas. The function of financial expert according to Section 100 (5) AktG is performed by Thomas R. Fischer. All committee members are familiar with the finance and accounting area. In line with the recommendation in Article D.3 of GCGC 2022, all members of the Audit and Investment Committee possesses particular knowledge and experience in the application of accounting policies and internal control systems as well as risk management systems, and are familiar with the auditing of financial statements.

2. Target for the proportion of women on the Supervisory Board

On the basis of the requirements profile for the Supervisory Board (please refer to Article 3.), the Supervisory Board looks beyond the professional and personal qualifications of the candidates, and also takes diversity aspects into consideration when making its election proposals to the Annual General Meeting. By way of a target for the proportion of women on the Supervisory Board, it was specified that the board and the Personnel and Nominating Committee are to maintain the status quo of at least one woman member until 30 June 2025. This target is currently achieved.

3. Requirements profile for the Supervisory Board

In respect of the various requirements and recommendations for the composition of the Supervisory Board, in April 2018 it approved a requirements profile, which it reviewed again and confirmed in April 2020. This profile contains the statutory requirements and regulations of GCGC on the composition of the Supervisory Board, as well as its objectives for its composition, the competency profile for the whole board within the meaning of Article C.1 of GCGC 2022 and the diversity concept for the Supervisory Board according to Section 289f (2) No. 6 HGB.

a) Objective

The Supervisory Board aims for a composition that means its members assure comprehensive qualified monitoring of and consultancy for the Board of Management at all times. The Supervisory Board holds the view that diversity aspects, alongside specialist and personal requirements, play an important role in the effective work of the Supervisory Board, and therefore in the sustainable development of the company. A variety of personalities, experience and knowledge avoids groupthink, provides for a rounded view and thus guarantees the quality of Supervisory Board's work. As such, the following requirements serve as a guideline for long-term succession planning and the selection of suitable candidates, and create transparency regarding the key criteria governing appointments.

b) Requirements of the individual members

(i) General requirements

Every Supervisory Board member is to be in a position to carry out the duties of a Supervisory Board member in an internationally active, listed enterprise on the strength of their personal and specialist competencies, and to uphold the public image of the *Hawesko Group*. With regard to that, every Supervisory Board member should meet the following requirements:

- Sufficient expertise, in other words the ability to carry out the duties that normally arise on the Supervisory Board
- Dedication, integrity and personality
- General understanding of the business of *Hawesko Holding SE*, including the market context and customer requirements
- Entrepreneurial or operational experience, ideally in the form of experience from working in corporate management, as a senior executive or in supervisory bodies
- Compliance with the limits on mandates according to Section 100 AktG and according to Article C.5 of GCGC 2022

(ii) Time availability

Every Supervisory Board member ensures that they can set aside the time required to carry out their Supervisory Board mandate properly. Above all it should be noted that there are at least four Supervisory Board meetings per year; these require appropriate preparation, especially the meeting at which documentation for the annual and consolidated financial statements is examined. Depending on membership of one or more committees, additional time will need to be set aside for preparing for and attending their meetings. Finally, extraordinary meetings of the Supervisory Board or of the committees may be necessary to deal with special topics.

c) Requirements and goals for the whole board

With regard to the composition of the whole board, including in the interests of diversity the Supervisory Board seeks a composition where the members complement each other in terms of their personal and professional background, experience and specialist knowledge, so that the whole board can draw on as wide as possible a range of experience and specialist knowledge.

(i) General requirements

The Supervisory Board of *Hawesko Holding SE* must at all times be composed such that its members as a whole possess the necessary knowledge, skills and specialist experience to be able to perform the duties of the Supervisory Board properly. In addition, the members of the Supervisory Board must as a whole be familiar with the wine trade. At least one member of the Supervisory Board must possess know-how in financial reporting, and at least one further member in the auditing of financial statements.

(ii) Specific knowledge and experience

The Supervisory Board of *Hawesko Holding SE* as a whole is to cover all competency areas that are necessary for it to carry out its duties effectively. Above all – in keeping with the business model of the company – this includes more extensive knowledge and experience in the following areas:

- Accounts, finance, controlling
- Procurement end of the market, for example from running a winery
- Online sector, with active responsibility for the restructuring of print-based marketing activities into IT-led marketing and sales activities
- Traditional corporate culture from the perspective of a comparable family form – corporate identity, corporate culture, sustainability
- Corporate governance, compliance

The Supervisory Board strives for a composition where at least one member is available as an expert point of contact on each of the above aspects.

(iii) Independence and conflicts of interest

Taking account of the company-specific situation of *Hawesko Holding SE* and the ownership structure, the Supervisory Board is to have at least four independent members in accordance with Articles C.6 to C.9 of GCGC 2022. In addition, no persons who serve on corporate bodies or provide consultancy for key competitors of the company are to serve on the Supervisory Board. Where conflicts of interest arise in individual cases – particularly as a result of a consultative or board function at suppliers, customers, lenders or other third parties – the Supervisory Board member in question is obliged to disclose this to the person in charge of the Supervisory Board. The Supervisory Board provides information on conflicts of interest arising and how they have been handled in its yearly report to the Annual General Meeting. Members are to surrender their mandate in the event of material conflicts of interest of a Supervisory Board member that are more than merely temporary.

(iv) Diversity

For the target quota of women on the Supervisory Board, the Supervisory Board of *Hawesko Holding SE* has specified that it is to include at least one woman. Diversity for the Supervisory Board is also reflected in such aspects as individual career background and area of activity, as well as in the horizon of experience of its members (for example, industry experience). To that extent, in the interests of diversity the Supervisory Board seeks a composition where the members complement each other in terms of background, experience and specialist expertise. In this regard it is also desirable for some of the members to possess an international horizon of experience.

d) Implementation status

In the current composition of the Supervisory Board, the above targets are met. The same applies to the requirement for there to be at least four independent members of the Supervisory Board. Despite now having served on the Supervisory Board for over twelve years, Kim-Eva Wempe is considered by the Supervisory Board to be independent of the company and the Board of Management. This assessment is based on the personality, integrity, professionalism and many years of professional experience of Kim-Eva Wempe, along with the manner of her conduct in office both previously and now. Furthermore, lengthy service on the Supervisory Board constitutes just one of several indicators under Article C.7 (2) of GCGC, whereas the other indicators expressly stated there are not met.

	D. Meyer	**T. Fischer**	**K. Wempe**	**Prof. Dr.-Ing. W. Reitzle**	**Dr. J. Haas**	**W. Weil**
Gender	M	M	F	M	M	M
Appointed since	Sep 2010	Jun 2009	Jun 2011	Jun 2022	Dec 2017	Jun 2017
Committees	Family businesses (C)	Audit (C)	Personnel	Audit	Audit	Personnel
Independent	No	No	Yes	Yes	Yes	Yes
EXPERTISE						
Corporate governance	x	x	x	x	x	x
Accounting/financial reporting		x		x	x	
HR and remuneration	x	x	x	x		
e-commerce/IT					x	
Retail	x		x			
Viticulture/wine sector	x			x		x
Sustainability			x			x
Family businesses	x		x		x	x

e) Self-assessment

The Supervisory Board, the Personnel and Nominating Committee and the Audit and Investment Committee each assessed the efficiency of their activities and members at their meeting on 4 April 2024, with a view to assuring effective control of the Board of Management of *Hawesko Holding SE*. Among other aspects the profiles and experience contributed by the individual members were discussed and critically evaluated in light of the prevailing needs of the company.

Further information on the activities of the Supervisory Board and its committees as well as on its work alongside the Board of Management in the period under review is provided in the report of the Supervisory Board. For further information on the composition of the Supervisory Board and its committees, please refer to the summary "Board of Management and Supervisory Board" at the end of the Annual Report. The curricula vitae of the current members of the Supervisory Board, updated annually, can be found on the website of the company.

IV. Board of Management

1. Modus operandi of the Board of Management

The Board of Management is independently responsible for the running of the company and represents it in transactions with third parties. It coordinates the strategic direction of the group with the Supervisory Board and, in accordance with the legal requirements, informs the Supervisory Board regularly, promptly and comprehensively of all matters of relevance to the company with regard to planning, business developments and risks. The work of the Board of Management is set out in more detail in rules of procedure for the Board of Management.

The Board of Management reaches its decisions by a simple voting majority. The Board of Management members are responsible for their defined portfolio and area of work according to the allocation of duties schedule, independently of their collective responsibility for the management of the group. At the same time, the Board of Management members work together collegially and continually inform each other of important measures and events in their areas of work.

When filling management functions in the Hawesko Group, the Board of Management strives for diversity and in the long term seeks a gender balance that reflects the employee structure.

Conflicts of interest of Board of Management members are to be disclosed without delay to the person holding the position of Chair of the Supervisory Board. The remaining Board of Management members are equally to be informed of the matter. Board of Management members may only take up secondary occupations, in particular non-executive directorships of companies outside the group, with the consent of the Supervisory Board. Material transactions between the group companies on the one hand and the Board of Management members as well as parties related to them on the other require the consent of the Supervisory Board. These transactions must meet arm's-length requirements. No such contracts existed in the period under review. Nor did conflicts of interest arise in the year under review.

2. Diversity concept for the Board of Management

According to Article 7 of the articles of incorporation, the Board of Management of *Hawesko Holding SE* comprises at least two persons. The members of the Board of Management are appointed by the Supervisory Board. The latter attends to long-term succession planning together with the Board of Management and pays heed to diversity in the composition of the Board of Management. In the interests of tailoring diversity aspects more accurately, the Supervisory Board approved a diversity concept for the Board of Management in April 2018 and supplemented this diversity concept in April 2023 with essential expertise in sustainability in light of the provisions of GCGC 2022.

a) Objective of the diversity concept

The Board of Management performs the pivotal role in the further development of *Hawesko Holding SE* and of the group. The Supervisory Board considers that diversity aspects, alongside the specialist skills and experience of the Board of Management members, play an important role in the sustainable development of the company. A variety of personalities, experience and knowledge avoids groupthink, allows a rounded view and thus enriches the work of the Board of Management. The following diversity aspects serve as guidelines for long-term succession planning and the selection of suitable candidates.

b) Diversity aspects

The Supervisory Board seeks a composition for the Board of Management where the members complement each other in terms of their personal and professional background, experience and specialist knowledge, so that the Board of Management as a whole can draw on as wide as possible a range of experience, knowledge and skills. Notwithstanding the following diversity aspects, the Supervisory Board is convinced that an all-round appraisal of each individual is the only basis for appointment to the Board of Management of *Hawesko Holding SE*.

(i) Proportion of women on the Board of Management

The Supervisory Board takes the equal participation of women and men as its basis for the composition of the Board of Management and actively promotes that goal, including by specifically searching for female candidates to join the Board of Management. In view of the modest size of the Board of Management and the generally limited pool of suitable candidates, it is nevertheless not always possible to assure equal numbers of women and men. The legislator plans not to oblige an enterprise with a three-member Board of Management to include a woman among the members. Against this backdrop, the Supervisory Board has set a proportion of 0 to 35 percent as the target level for women on the Board of Management of *Hawesko Holding SE*, to be achieved by 30 June 2026.

(ii) Educational and professional background

Diversity on the Board of Management is also reflected in the individual horizons of training and experience as well as in the variety of career backgrounds of its members (for example, industry experience). A variety of backgrounds in education, profession and experience is therefore expressly desired. Every Board of Management member must, however, be equipped to perform the duties of a Board of Management member in an internationally active, listed enterprise on the strength of their personal and specialist competencies, and to uphold the public image of the *Hawesko Group*. The members of the Board of Management should moreover possess an in-depth understanding of the business of the *Hawesko Group* and generally possess several years of leadership experience. In addition, with regard to the group's business model at least one member should possess particular expertise in each of the following areas, bearing in mind that this expertise need not necessarily have been acquired through university studies or another form of training; it may also have been acquired by other means or within the *Hawesko Group*:

- Strategy and strategic leadership
- Logistics business including the relevant markets and customer requirements

- Sales, preferably in e-commerce
- Operations and technology including IT and digitalisation
- Legal, corporate governance and compliance
- Personnel, specifically human resources management and development, as well as experience with code-termination
- Finance, including financing, accounty, controlling, risk management and internal control procedures
- Sustainability

(iii) Age

Board of Management members should generally possess several years of leadership experience at the time of their appointment, and that presupposes a degree of professional experience. Meanwhile the specified age cap is reaching their 65th birthday. For reasons of diversity and in the interests of long-term succession planning, a heterogeneous age structure within the Board of Management is sought, though age is not considered to be of pivotal importance compared to the other criteria.

(iv) Implementation status

In the current composition of the Board of Management, the above targets are met. The Board of Management comprises individuals with a variety of career backgrounds and horizons of experience, and possesses expertise in the areas stated. The defined target for the proportion of women is met. The Supervisory Board as well as its Personnel and Nominating Committee will take account of the above diversity aspects as part of their long-term succession planning and in their search for suitable candidates for the Board of Management of *Hawesko Holding SE*.

(v) Succession planning

According to Article B.2 of GCGC 2022, the Supervisory Board is to attend to long-term succession planning jointly with the Board of Management. For that reason, it is envisaged that on personnel matters the Personnel and Nominating Committee must approve the appointment or dismissal of senior executives on the first tier below Board of Management or of the managing directors of group companies. In addition, either the Supervisory Board or one of its committees regularly invites prominent, key people from the *Hawesko Group* to attend its meetings as guests, and to discuss with them current business developments that affect their specific area. This approach enables the Supervisory Board to regularly form its own, direct impression of especially important management functions, incorporating both personal and professional perspectives. Furthermore, group-wide, internal management development programmes were implemented in recent years so that key positions within the group can increasingly be filled internally.

D. FINANCIAL REPORTING AND AUDITING OF FINANCIAL STATEMENTS

The separate financial statements of *Hawesko Holding SE* are prepared in accordance with the accounting standards of the German Commercial Code (HGB). Since the 2000 financial year, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and the additional HGB requirements according to Section 315e (1) HGB. Further explanatory notes of the IFRS are provided in this Annual Report in the notes to the consolidated financial statements. Following their compilation by the Board of Management, the consolidated financial statements are examined by the independent auditor, then examined and approved by the Supervisory Board. The consolidated financial statements are made available to the public within 120 days of the end of the financial year. The separate financial statements of *Hawesko Holding SE* are the sole basis for the appropriation of earnings.

The selection of the independent auditor, its mandate, monitoring of its independence and of the additional services it provides are handled in accordance with the statutory requirements. The following was agreed with the independent auditor:

- The person chairing the Audit and Investment Committee shall be informed without delay if potential reasons for exclusion or conflicts of interest that cannot be rectified without delay come to light during the audit
- The independent auditor shall report on all findings and occurrences identified while conducting the audit of the financial statements that are materially significant for the work of the Supervisory Board.
- If the independent auditor should, while conducting the audit of the financial statements, identify facts that have led to a misstatement in the Declaration of Compliance issued by the Board of Management and Supervisory Board in respect of the Corporate Governance Code (Section 161 AktG), it shall note this in the audit report and inform the person chairing the Supervisory Board of this.

E. TRANSPARENCY

Hawesko Holding SE attaches high importance to the policy of providing uniform, comprehensive and timely information. The trading position and the results of the company are reported on through the Annual Report, at the Annual Press Conference, in the Quarterly Financial Reports at 31 March and 30 September, and in the Interim Financial Report. Further information is published in the form of press releases and ad hoc announcements in accordance with Article 17 of the Market Abuse Regulation (MAR). One constantly used, up-to-date communications medium is the website www.hawesko-holding.com, which makes all relevant information available in German, English, French, Italian and Spanish. In addition to providing comprehensive information about the *Hawesko Group* and *Hawesko* shares, it includes the Financial Calendar, which gives an overview of all important events. The Investor Relations department is moreover the point of contact for enquiries from shareholders, investors and analysts. Shareholders and the public can also access the current Corporate Governance Declaration on the website of *Hawesko Holding SE* at https://www.hawesko-holding.com/ueber-uns/corporate-governance.

F. REMUNERATION REPORT

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate remuneration report for 2023, as well as in the notes to the consolidated financial statements and notes to the financial statements of *Hawesko Holding SE* or on the website of *Hawesko Holding SE* at https://www.hawesko-holding.com/ueber-uns/corporate-governance/. No stock option schemes or similar securities-based incentive systems are used.

Hamburg, 4 April 2024

The Supervisory Board **The Board of Management**

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT

Thorsten Hermelink, Chief Executive Officer, Hamburg

Thorsten Hermelink, born 1969, has been Chief Executive Officer of Hawesko Holding since December 2015.

Thorsten Hermelink graduated in Business Administration from the University of Lüneburg in 1994. He then worked for international consultancy and commercial companies, including KPMG, Tchibo Holding AG, Lidl Stiftung Co. KG and Ludwig Görtz GmbH. He therefore possesses many years of international commercial, product management and marketing experience. He is also immensely knowledgeable about the strategic orientation and expansion of international trading companies and about developing e-commerce and multichannel sales systems.

As CEO of Hawesko Holding SE, Thorsten Hermelink is responsible for the company's sustainable development and takes the lead on group strategy and the e-commerce and B2B segments, as well as the areas of Corporate HR (People and Culture) and Corporate Development within the holding company.

Alexander Borwitzky, Member for Omnichannel, Hamburg

Alexander Borwitzky, born 1968, graduated as an MBA from the University of Nottingham in 1992. After holding senior positions at international consumer goods and retail groups, he served as Jacques' director from 2013 until April 2020.

He has extensive experience in the retail sector and has been a Board of Management member of Hawesko Holding SE since January 2015. Alexander Borwitzky holds the Board of Management portfolio for the Multi-Channel Retail area.

Hendrik Schneider, Chief Financial Officer, Hamburg

Hendrik Schneider, born 1971, took up office as Chief Financial Officer on 1 January 2024.

He graduated in Business Administration from the University of Economics and Politics in Hamburg then went on to hold senior positions within Otto Group, latterly as Chief Financial Officer of Hermes Germany GmbH. Hendrik Schneider is an industry- experienced retail and e-commerce expert and has extensive knowledge of logistics.

As CFO of Hawesko Holding SE, he is in charge of the Corporate Finance, Corporate Audit, Corporate Legal, Investor Relations, Corporate Communications, IT and Logistics areas.

MEMBERS OF THE SUPERVISORY BOARD

Detlev Meyer[1]

– Chair –

- Managing Partner of Tocos Beteiligung GmbH, Hamburg

Thomas R. Fischer[2]

– Deputy Chair –

- Chief Executive Officer of Marcard, Stein & Co. AG, Hamburg, as well as
- Chair of the Lumia Foundation, Hannover

Member of the following statutorily constituted controlling bodies of commercial enterprises:

- CLOSED Beteiligungs GmbH, Hamburg
- GENUI GmbH, Hamburg
- Hannover 96 GmbH & Co. KGaA, Hanover
- Warburg Invest Kapitalanlagengesellschaft mbH, Hamburg

Dr. Jörg Haas[2]

- Chief Executive Officer of HW Partners AG, Bonn
- Chief Executive Officer of Scopevisio AG, Bonn

Member of the following statutorily constituted controlling bodies of commercial enterprises:

- Carmato GmbH, Bonn
- Deutsche Autohaus AG, Bonn
- Digitaler Hub Region Bonn AG, Bonn
- IHK Digital GmbH, Berlin

Prof. Dr.-Ing. Wolfgang Reitzle[2]

- Entrepreneur, Meggen, Switzerland

Member of the following statutorily constituted controlling bodies of commercial enterprises:

- Axel Springer SE, Berlin
- Continental AG, Hannover
- Ivoclar Vivadent AG, Schaan, Liechtenstein

Wilhelm Weil[1]

- Director of Weingut Robert Weil, Kiedrich

Kim-Eva Wempe[1]

- Personally liable managing partner of Gerhard D. Wempe GmbH & Co. KG, Hamburg

[1] Member of the Personnel and Nominating Committee.
Detlev Meyer is Chair of the committee.

[2] Member of the Audit and Investment Committee.
Thomas R. Fischer is Chair of the committee. The members Thomas R. Fischer and Prof. Dr.-Ing. Wolfgang Reitzle possess expertise in the field of financial reporting and the field of auditing of financial statements and meet the requirements of Section 100 (5) AktG.

KEY FIGURES HAWESKO-KONZERN

€ '000	2023	2022	2021	2020	2019
Net sales	660,3	671,5	680,5	620,3	556,0
Gross profit	290,4	293,7	300,6	274,4	240,7
– in % of net sales	44,0%	43,7%	44,2%	44,2%	43,3%
Operating result before depreciation (EBITDA)	56,1	61,8	75,2	65,6	50,6
– in % of net sales	8,5%	9,2%	11,1%	10,6%	9,1%
Depreciation	-31,9	-22,7	-22,1	-23,4	-21,5
Operating result (EBIT)	24,2	39,1	53,1	42,2	29,2
– in % of net sales	3,7%	5,8%	7,8%	6,8%	5,2%
Consolidated annual profit (after taxes and excluding non-controlling interests)	8,1	25,6	33,6	23,8	15,8
Cash generated from operations	27,0	36,8	49,0	81,0	33,6
Cash flow from investing activities	-31,6	-17,3	-2,1	-10,3	2,5
Free cash flow (before acquisitions)	-4,3	16,6	37,3	71,6	31,7
Dividend distribution for the current year (Holding SE)	-17,1	-22,5	-18,0	-15,7	-11,7
Long-term assets	233,5	219,7	208,4	204,1	197,7
Current assets	211,1	213,9	229,1	223,6	197,3
Equity after distribution	109,0	113,1	114,7	101,3	99,2
– in % of the balance sheet total after distribution	24,5%	26,1%	26,2%	23,7%	25,1%
Total assets	444,6	433,7	437,5	427,7	394,9
Bound capital	273,7	242,1	219,1	225,6	236,5
Return on assets	5,5%	9,0%	12,3%	10,0%	7,4%
Return on Capital Employed	8,8%	20,0%	24,2%	18,7%	12,3%
Earnings per share (€)	0,90	2,85	3,74	2,65	1,76
Regular dividend per share (€)	1,30	1,90	1,90	1,60	1,30
Bonus dividend per share (€)	0,00	0,00	0,60	0,40	0,45
Total dividend per share (€)	1,30	1,90	2,50	2,00	1,75
Number of shares (annual average outstanding, in thousands)	8.983	8.983	8.983	8.983	8.983
Share price at the end of the year (€)	31,70	39,60	52,00	44,40	35,30
Market capitalization at the end of the year (€)	284,8	355,7	467,1	398,8	317,1
Number of employees (annual average)	1.283	1.261	1.193	1.183	1.243

€ '000	**2018**	**2017**	**2016**	**2015**	**2014**
Net sales	524,3	507,0	480,9	476,8	472,8
Gross profit	223,3	212,9	204,4	198,4	198,0
– in % of net sales	42,6%	42,0%	42,5%	41,6%	41,9%
Operating result before depreciation (EBITDA)	36,2	38,6	37,0	27,4	26,9
– in % of net sales	6,9%	7,6%	7,7%	5,7%	5,7%
Depreciation	8,5	8,2	7,4	7,3	6,8
Operating result (EBIT)	27,7	30,4	29,6	20,1	20,1
– in % of net sales	5,3%	6,0%	6,2%	4,2%	4,2%
Consolidated annual profit (after taxes and excluding non-controlling interests)	22,0	18,5	18,5	12,2	14,8
Cash generated from operations	26,1	13,9	28,9	26,1	19,3
Cash flow from investing activities	-14,9	-10,5	-15,4	-5,8	-5,1
Free cash flow (before acquisitions)	20,2	6,2	21,3	19,7	13,1
Dividend distribution for the current year (Holding SE)	-11,7	-11,7	-11,7	-11,7	-11,7
Long-term assets	90,8	75,6	73,4	60,3	60,3
Current assets	198,2	184,1	157,9	159,5	156,9
Equity after distribution	100,8	93,1	82,7	79,6	79,4
– in % of the balance sheet total after distribution	34,9%	35,8%	35,8%	36,2%	36,6%
Total assets	289,0	259,7	231,3	219,8	217,2
Bound capital	165,8	154,9	139,5	137,3	137,5
Return on assets	10,1%	11,6%	13,1%	9,2%	8,9%
Return on Capital Employed	16,7%	19,6%	21,2%	14,7%	14,6%
Earnings per share (€)	2,45	2,06	2,06	1,36	1,65
Regular dividend per share (€)	1,30	1,30	1,30	1,30	1,30
Bonus dividend per share (€)	0,00	0,00	0,00	0,00	0,00
Total dividend per share (€)	1,30	1,30	1,30	1,30	1,30
Number of shares (annual average outstanding, in thousands)	8983	8983	8983	8983	8983
Share price at the end of the year (€)	41,00	51,00	43,30	41,50	41,50
Market capitalization at the end of the year (€)	368,3	458,2	389,0	372,6	372,9
Number of employees (annual average)	1.027	954	940	933	925

FINANCIAL CALENDAR

02/02/2024	Press release on provisional trading figures for financial year 2023
18–19/04/2023	Capital Market Days
14/05/2023	Quarterly Financial Report at 31 March 2024
12/06/2024	Annual General Meeting
09/08/2024	Half-year report at 30 June 2024
11/11/2024	Quarterly Financial Report at 30 September 2024
EARLY FEBRUARY 2025	Provisional trading figures for financial year 2024

STOCK EXCHANGES	Frankfurt XETRA, Hamburg
CODE	HAW, HAWG
ISIN	DE0006042708
SHARES OUTSTANDING	8.983.403 no par value bearer shares
SUBSCRIBED CAPITAL	€ 13.708,934.14
INDUSTRY SEGMENT	Retail, wholesale, Internet trade (B2B, B2C), trade

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CONCEPT AND DESIGN
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For the sake of the environment, this annual report is available only in digitised form.

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