Hawesko Holding AG
Hamburg

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Six-month financial report to 30 June 2017

Hamburg, 2 August 2017

Highlights in € (millions)	Six months (1.1.–30.6.)			Second quarter (1.4.–30.6.)		
	2017	2016	+/–	2017	2016	+/–
Consolidated sales	**231.2**	**217.8**	**+6.1 %**	**121.5**	**113.0**	**+7.5 %**
– organic, excluding acquisitions			*+2.9 %*			*+4.4 %*
Result from operations (EBIT, adjusted)*	**11.4**	**11.0**	**+4.4 %**	**6.6**	**6.2**	**+6.9 %**
—(reported)	*11.4*	*13.2*	*–13.1 %*	*6.6*	*8.4*	*–21.3 %*
Consolidated net income excluding non-controlling interests (adjusted)*	**7.7**	**7.1**	**+7.6 %**	**4.4**	**4.0**	**+10.3 %**
—(reported)	*7.3*	*8.4*	*–12.9 %*	*4.3*	*5.4*	*–21.3 %*

*) EBIT: Adjusted for special effects in the previous year – with a positive overall result – particularly for the reversal of personnel provisions
Net income: Adjusted additionally for changes in value of put options (cf. Note 26 in the Consolidated Accounts)

Dear shareholders,
Dear friends of the Hawesko Group,

The first six months of fiscal year 2017 are behind us, the results are positive and we are on the right course: with sales growth of a good 6%, we grew faster than in the comparable periods of the past five years and were able to generate it in equal portions from acquisitions and from organic growth. Moreover, despite expansion costs, we kept profitability stable, while growth in the second quarter accelerated once more with an increase of 7.5%. Our new omnichannel strategy with high rates of online growth was instrumental in this achievement.

The sales of our distance-selling brands and thus those of the digital brand unit rose by 6.3% during the first six months, and in the second quarter by 10.8%, due primarily to the contributions of *WirWinzer* and *Vinos.de*. Sales at *Jacques' Wein-Depot* (the omnichannel brand unit) rose by 2.1% in the first six months and by 4.0% in the second quarter. The B2B brand unit grew by 9.5% in the six-month period, and by 7.4% in the second quarter, with a substantial contribution from our new acquisitions *WeinArt* and *Grand Cru Select*, which have been consolidated since the beginning of the year.

The B2B segment also set the pace with its result from operations – the EBIT here increased by 74.2% compared to the first six months of the previous year and by 24.0% compared to the second quarter of the previous year. Our B2B specialist for Italian wines in Germany, *Weinland Ariane Abayan*, played a key role in this. Due to the investments in the accelerated expansion at *Jacques'* and in the digital transformation of the distance-selling brands, EBIT for the half-year in both areas was below the comparable figures of the previous year.

These investments are essential to the future of the Hawesko Group and to make the product and service offer of our Group companies more attractive to a younger target group and to adapt it to customers' changing habits of getting information, consuming and buying.

However, we do not want to focus our portfolio of brands exclusively on organic growth, but monitor the market at home and particularly in German-speaking foreign countries to identify possible concepts that enable external growth. However, we will only become active in this area when we are firmly convinced – as in the cases of *WirWinzer*, *Weinart* and *Grand Cru Select* – that these concepts will take us further on a sustainable basis.

Finally, we'd like to take a brief look at the current fiscal year 2017: we expect consolidated sales growth of around 5% this year. We assume that the acquisitions of *WirWinzer, WeinArt* and *Grand Cru Select* will make a noticeable contribution. We expect the consolidated EBIT to be on the order of magnitude of just over € 30 million, which corresponds to an unchanged EBIT margin. This is linked to the aforementioned investments that we are pursuing in order to maximize the Group's potential for growth. With regard to the other important financial indicators such as the net result, return on capital employed and free cash flow, we likewise expect figures at the respective levels of the previous year.

Dear shareholders, in the past eighteen months we have given the Group new direction and pointed it with even more focus towards growth and sustainability – things that we continue to work on constantly. We thank you for your trust in the Hawesko Group and look forward to traveling with you on the exciting path to the future of wine trading!

Best regards,

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

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

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

The consumer climate in Germany was excellent at the half-year point. The Gesellschaft für Konsumforschung (GfK) reported that the upswing in the mood of German consumers is continuing. Both the economic and income-related expectations as well as the propensity for consumption increased. German consumers considered the domestic economy to be in excellent shape at the beginning of the summer. Economic expectations reached a three-year high in June. Income expectations rose moderately, even climbing to the highest level since reunification. If Germany is spared major external shocks, such as possible global economic risks due primarily to a change in the direction of American trade policies, private consumption could benefit from moderate growth.

BUSINESS PERFORMANCE

Financial performance

<u>Second quarter</u>

In the period from April to June 2017, consolidated sales rose from € 113.0 million to € 121.5 million, i.e. by 7.5%. Excluding the acquisitions *WirWinzer, WeinArt a*nd *Grand Cru Select,* the Hawesko Group achieved sales growth of 4.4%. In the quarter under review, sales rose at all three brand units (business segments). In the omnichannel brand unit (*Jacques' Wein-Depot*), they rose by 4.0% to € 36.4 million (previous year: € 35.0 million), while in the B2B brand unit (wholesale) sales increased by 7.4% to € 43.1 million previous year: € 40.1 million) and in the digital brand unit (distance selling) they rose by 10.8% over the previous year to € 42.0 million (previous year: € 37.9 million). The consolidated operating result (EBIT) in the second quarter of 2017 was € 6.6 million (in the previous year, this figure was € 6.2 million, adjusted for changes in the provisions; the unadjusted, reported figure is € 8.4 million). In the quarter under review, the EBIT margin remained stable at the level of the previous year at 5.4% (5.5%, adjusted).

Sales at *Jacques' Wein-Depot* (the omnichannel brand unit) rose by 4.0% compared to the same quarter of the previous year. Online sales via the website jacques.de rose by 39.1% compared to the same quarter in the previous year, or about 3% in terms of sales. At the reference date at the end of the quarter, *Jacques'* was operating 300 depots, all of them in Germany (previous year: 293). On a like-for-like basis, sales rose by 2.4% compared to the second quarter of 2016. Average sales receipts and customer frequency were slightly higher than in the same quarter of the previous year, and the number of active customers increased once again. At a strong € 4.0 million, the segment EBIT remained at the level of the previous year (€ 4.1 million).

With a sales increase of 7.4%, the B2B brand unit was able to build upon a very successful first quarter. More than half of this rise in the second quarter was due to the initial consolidation (from 1 January 2017) of *WeinArt* and *Grand Cru Select*; organic growth was 1.8%. The deliveries of the pre-sold Bordeaux subscription wines of the 2014 vintage had a slight dampening effect on sales (approximately 2 percentage points), as these were not as popular as the wines of the 2013 vintage delivered in the previous year. In contrast, the subsidiary *Weinland Ariane Abayan* with its range of premium Italian wines was once again a growth driver. Foreign operations (Switzerland and Austria) experienced positive development. The EBIT of the B2B brands rose to € 2.0 million, up by 24.0% over the same quarter of the previous year (€ 1.6 million). Here as well, *Weinland Ariane Abayan* made the strongest contribution to the result.

The digital brand unit achieved growth of 10.8% in the quarter under review. Even excluding the initial consolidation of *WirWinzer* (as of 1 October 2016), sales rose by 7.3% over the previous year. *Hawesko.de*, *Carl Tesdorpf Weinhandel* and *Vinos*, the subsidiary specializing in Spanish wines, all posted a sales increases – *Vinos* of 16.9%. Sales of *The Wine Company,* the subsidiary focused on the Swedish market, were below the level of the same quarter in the previous year. As of 30 June 2017, the number of active customers in the distance-selling segment increased both including and excluding *WirWinzer*. In the second quarter of 2017, online sales in the digital brand units increased by 22.2% (15.0% excluding *WirWinzer*) compared to the same quarter in the previous year, thus accounting for 53% (52% excluding *WirWinzer*) of segment sales (previous year: 48%). The segment EBIT in the brand unit was maintained at € 2.2 million at the previous year's level (€ 2.1 million) – despite the initial consolidation of the online marketplace *WirWinzer*, which, with its characteristically rapid growth in the start-up phase is not yet profitable.

Consolidated gross profit rose by € 2.9 million to € 51.1 million in the second quarter, corresponding to a margin of 42.1% (previous year: 42.7%). The slight reduction of the trading margin resulted primarily from a change in the product mix. The other operating income of € 5.8 million consisted for the most part of rental and leasing income at *Jacques'* as well as advertising allowances (in the same quarter of the previous year the figure was € 8.3 million, including income resulting from the dissolution of a provision for personnel). Personnel expenses, at just under € 13.8 million in the second quarter, remained at the level of the previous year (€ 13.7 million including a negative non-recurring effect of € 0.8 million) and accounted for 11.3% of sales (previous year: 12.1%, and 11.5% when adjusted for the non-recurring effect).

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

In € millions Rounding differences are possible	1.4.– 30.6.2017	1.4.– 30.6.2016
Advertising	10.0	9.2
Commissions to partners	9.2	8.9
Delivery costs	5.6	5.3
Rental and leasing	3.2	3.0
Other	6.7	6.3
	34.7	32.7

Advertising expenditures amounted to 8.2% of sales, and thus at the level of the previous year. Expenses for commissions declined from 7.9% to 7.5% in the previous year, while expenses for shipping amounted to 4.6% (previous year: 4.7%). Overall, other operating expenses and other taxes amounted to € 34.7 million. In the previous year, this figure was € 32.7 million. These expenses thus accounted for 28.5% of sales in the quarter under review, compared to 28.9% in the second quarter of 2016.

The consolidated operating result (EBIT) in the second quarter of 2017 was € 6.6 million. (previous year, adjusted for non-recurring charges, € 6.2 million, reported figure: € 8.4 million). At 5.4%, the EBIT margin was at the previous year's level of 5.5% on a comparable basis.

The financial result amounted to € –0.1 million, compared to € –0.1 million in the previous year. The result before taxes on income amounted to € 6.5 million (previous year: € 8.2 million). The anticipated rate of tax expenditures in the quarter under review is 31.9% (previous year: 31.3%). Consolidated net income after deductions for non-controlling interests amounted to € 4.3 million (previous year: € 5.4 million). The profit per share amounted to € 0.47, after € 0.60 in the previous year. This is based on the number of 8,983,403 shares for the period under review, as in the previous year.

HAWESKO
HOLDING AG

First six months

In the first six months of fiscal year 2017 (1 January to 30 June), sales rose compared to the previous year (€ 217.8 million) by 6.1% to € 231.2 million. The consolidated gross profit margin decreased from 42.8% in the previous year to 42.1% of sales. Other income and expenditures added up to 37.1% (previous year: 36.8%) of sales; the previous year's figure included non-recurring effects from changes in provisions. Adjusted for the non-recurring effects, this figure was 37.8% for the previous year. In the first half of the year, the operating result (EBIT) amounted to € 11.4 million and 5.0% of sales (previous year, adjusted: € 11.0 million and 5.0% of sales; reported figures: € 13.2 million and 6.0% of sales).

The financial result amounted to € –0.2 million, compared to € –0.3 million in the previous year. The result before taxes on income amounted to € 11.2 million (same period in the previous year: € 12.9 million). Consolidated net income for the first six months after deductions for non-controlling interests amounted to € 7.3 million, compared to € 8.4 million in the same period of the previous year. The profit per share amounted to € 0.82 compared to € 0.94 for the first six months of the previous year. The number of shares in the reporting period was 8,983,403 as in the previous year.

Net worth

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

Assets	30.6.2017		31.12.2016		30.6.2016	
Long-term assets	69.7	*30%*	73.4	*32%*	57.8	*29%*
Short-term assets	165.8	*70%*	157.9	*68%*	142.1	*71%*
Balance sheet total	235.5	*100%*	231.3	*100%*	199.9	*100%*
Liabilities and shareholders' equity						
Shareholders' equity	92.2	*39%*	94.4	*41%*	87.6	*44%*
Long-term provisions and liabilities	11.9	*5 %*	26.0	*11%*	18.0	*9%*
Short-term liabilities	131.4	*56%*	110.9	*48%*	94.3	*47%*
Balance sheet total	235.5	*100%*	231.3	*100%*	199.9	*100%*

Changes since the reference date on 31 December 2016

The balance sheet total at 30 June 2017 was € 235.5 million, corresponding to a rise of € 4.2 million compared to the total at 31 December 2016. Long-term assets declined by € 3.7 million, while the short-term assets rose by € 7.9 million. The main reason for this development was the reclassification of the advance payments for the Bordeaux subscription wines of the 2015 vintage. In addition to this, the increase in inventories from € 91.0 million to € 115.1 million was due to the enlargement of the consolidation group. With regard to short-term assets, a reduction in trade receivables must also be noted (trade receivables typically reach their highest level at 31 December).

Total equity capital declined by € 2.2 million compared to the total at 31 December 2016; this figure includes the payment of the dividend of € 11.7 million. Long-term provisions and liabilities amounted to € 11.9 million and decreased due to a reclassification of the liability that could arise from the exercise of the option to sell by the former partners of *Wein & Vinos GmbH* to short-term liabilities. These also rose due to the expansion of the consolidation group. In contrast, trade payables were reduced due to seasonality (trade payables typically reach their highest level at 31 December.)

Changes from the previous year's reference date 30 June 2016

Compared to the previous year's reference date (30 June 2016), the balance sheet total rose by € 35.6 million, due primarily to the enlargement of the consolidation group. This applies to the rise in both long-term and short-term assets.

The reasons for the changes on the liabilities side compared to the reference date in the previous year are the same as those for the changes compared to 31 December 2016.

Due to acquisitions, the working capital requirement at 30 June 2017 increased by 23% in comparison to the reference date in the previous year, and rose from 29.7% to 34.5% in terms of sales for the half-year period.

Financial performance

<u>Liquidity analysis</u>

Cash flow from current operations amounted to € –14.2 million in the first six months (previous year: € –3.1 million). The difference is due primarily to a higher build-up of inventories. Due to the seasonal nature of the business, cash flow from ongoing business activity is usually negative in the first six months of the fiscal year. The funds employed for investment activities increased to € 6.6 million in the first six months (previous year: € 4.0 million).

Consolidated cash flow in € millions, rounding differences are possible	1.1.– 30.6.2017	1.1.– 30.6.2016
Cash flow from current operations	–14.2	–3.1
Cash flow from investment activity	–6.6	–4.0
Cash flow from financing activities	15.5	–0.5

Free cash flow amounted to € –20.9 million in the first half of 2017, compared to € –7.3 million in the same period of the previous year. It was calculated from the net outflow of payments from current operations (€ –14.2 million), less funds of € 6.6 million employed for investment activities as well as the net of interest received and paid out (€ –0.2 million). Free cash flow excluding investments in acquisitional growth amounted to € –17.6 million in the quarter under review (previous year: € –7.3 million).

<u>Investment analysis</u>

In addition to investments in the acquisition of subsidiaries, investments were divided into those in intangible assets (€ 1.6 million; previous year: € 2.4 million), which were related primarily to software in the omnichannel brand unit (*Jacques'*), and those in tangible assets of € 1.8 million (previous year: likewise € 1.8 million). The latter were related to the expansion and modernization of the depots in the omnichannel brand unit (*Jacques'*) as well as the investments for expansion and replacement equipment in the digital and B2B brand units.

REPORT ON OPPORTUNITIES AND RISK

There were no significant changes in the risks and opportunities of Hawesko Holding AG compared to the situation described in the 2016 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

There were no significant changes in the forecast for fiscal year 2017 of the Hawesko management board compared to the situation described in the 2016 annual report. The general economic and business conditions in Germany are still classified as good. The Hawesko management board notes that the financial figures for the first six months of 2017 are within expectations.

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

Hawesko Holding AG

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

(in € millions, unaudited, rounding differences possible)	1.1.–30.6. 2017	1.1.–30.6. 2016
Sales revenues	**231.2**	**217.8**
Increase (decrease) in finished goods inventories	0.1	0.0
Other production for own assets capitalized	0.3	0.2
Other operating income	10.8	12.5
Cost of purchased goods	–133.9	–124.6
Personnel expenses	–27.4	–26.2
Depreciation and amortization	–4.2	–3.7
Other operating expenses and other taxes	–65.4	–62.9
Result from operations (EBIT)	**11.4**	**13.2**
Financial result		
Interest earnings/expenditures	–0.2	–0.1
Other financial result	–0.4	–0.2
Income from long-term equity investments	0.3	0.1
Result before taxes on income	11.2	12.9
Taxes on income and deferred tax expenses	–3.6	–4.0
Consolidated net income	**7.7**	**8.9**
of which		
— shareholders' equity in Hawesko Holding AG	7.3	8.4
— allocable to non-controlling interests	0.3	0.4
Earnings per share (in €, undiluted = diluted)	0.82	0.94
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983

Hawesko Holding AG

Profit and loss statement for the second quarter of 2017 (as per IFRS)

(in € millions, unaudited, rounding differences possible)	1.4.–30.6. 2017	1.4.–30.6. 2016
Sales revenues	**121.5**	**113.0**
Increase in finished goods inventories	0.1	0.0
Other production for own assets capitalized	0.1	0.1
Other operating income	5.8	8.3
Cost of purchased goods	–70.4	–64.7
Personnel expenses	–13.8	–13.7
Depreciation and amortization	–2.1	–1.9
Other operating expenses and other taxes	–34.7	–32.7
Result from operations (EBIT)	**6.6**	**8.4**
Financial result		
Interest earnings/expenditures	–0.1	–0.1
Other financial result	–0.2	–0.1
Income from long-term equity investments	0.2	0.1
Result before taxes on income	6.5	8.2
Taxes on income and deferred tax expenses	–2.1	–2.6
Consolidated net income	**4.4**	**5.7**
of which is		
— allocable to shareholders' equity in Hawesko Holding AG	4.3	5.4
— allocable to non-controlling interests	0.1	0.3
Earnings per share (in €, undiluted = diluted)	0,47	0.60
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983

Hawesko Holding AG
Consolidated statement of comprehensive income *for the period from 1 January to 30 June*

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6.2017	1.1.–30.6.2016
Consolidated net income	**7.7**	**8.9**
Amounts that may not be rebooked in the profit and loss statement in the future	—	—
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	—	—
Amounts that may be rebooked in the profit and loss statement in the future	*0.0*	*0.1*
Effective portion of profits/losses from cash flow hedges including deferred tax liabilities	0.0	0.1
Currency translation differences	–0.0	–0.0
Other comprehensive income	**0.0**	**0.1**
Total comprehensive income	**7.7**	**8.9**
of which		
– shareholders' equity in Hawesko Holding AG	7.4	8.5
– allocable to non-controlling interests	0.3	0.4

Hawesko Holding AG
Consolidated statement of comprehensive income *for the period from 1 April to 30 June*

(in € millions, unaudited, rounding differences are possible)	1.4.–30.6.2017	1.4.–30.6.2016
Consolidated net income	**4.4**	**5.7**
Amounts that may not be rebooked in the profit and loss statement in the future	—	—
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	—	—
Amounts that may be rebooked in the profit and loss statement in the future	*–0.1*	*0.1*
Effective portion of profits/losses from cash flow hedges including deferred tax liabilities	0.0	0.1
Currency translation differences	–0.1	0.0
Other comprehensive income	**–0.1**	**0.1**
Total comprehensive income	**4.3**	**5.8**
of which		
– shareholders' equity in Hawesko Holding AG	4.2	5.5
– allocable to non-controlling interests	0.1	0.3

Hawesko Holding AG
Consolidated balance sheet (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	30.6.2017	31.12.2016	30.6.2016
Assets			
Long-term assets			
Intangible assets	41.4	39.0	32.4
Tangible assets	20.2	20.9	20.6
Investments accounted for using the equity method	3.6	3.3	0.6
Other financial assets	0.2	0.2	0.2
Advance payments on stocks	1.4	6.3	1.4
Receivables and other assets	1.2	1.2	0.9
Deferred tax liabilities	1.8	2.5	1.7
	69.7	73.4	57.8
Short-term assets			
Inventories	115.1	91.0	99.5
Trade receivables	33.4	46.5	29.3
Receivables and other assets	3.7	4.0	3.6
Receivables from taxes on income	5.3	2.8	2.9
Cash in banking accounts and cash on hand	8.3	13.6	6.8
	165.8	157.9	142.1
	235.5	**231.3**	**199.9**
Liabilities			
Shareholders' equity			
Subscribed capital of Hawesko Holding AG	13.7	13.7	13.7
Capital reserve	10.1	10.1	10.1
Retained earnings	59.8	64.1	58.3
Other reserves	–0.1	–0.2	–0.1
Shareholders' equity in Hawesko Holding AG	**83.4**	**87.7**	**82.0**
Non-controlling interests	8.8	6.7	5.6
	92.2	**94.4**	**87.6**
Long-term provisions and liabilities			
Provisions for pensions	1.1	1.1	1.1
Other long-term provisions	0.8	0.8	1.7
Borrowings	0.7	0.9	1.1
Advances received	1.7	3.9	2.2
Other liabilities	4.7	17.1	11.3
Deferred tax liabilities	2.8	2.3	0.7
	11.9	26.0	18.0
Short-term provisions and liabilities			
Non-controlling interests in the capital of unincorporated subsidiaries	0.1	0.2	0.1
Borrowings	41.0	11.1	24.4
Advances received	8.6	5.2	5.0
Trade accounts payable	47.3	58.3	46.8
Income taxes payable	1.2	1.5	0.9
Other liabilities	33.2	34.6	17.1
	131.4	110.9	94.3
	235.5	**231.3**	**199.9**

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6. 2017	1.1.–30.6. 2016
Result before taxes on income	11.2	12.9
Depreciation and amortization of intangible and tangible assets	4.2	3.7
Other non-cash expenses and income	–0.3	0.0
Interest result	0.5	0.4
Result from the disposal of intangible and tangible assets	–0.1	–0.0
Income from companies reported at equity	–0.3	–0.1
Dividend payments received from investments	0.3	0.1
Change in inventories	–12.0	–5.5
Change in borrowings and other assets	14.4	16.9
Change in provisions	0.6	–0.2
Change in liabilities (excluding borrowings)	–28.9	–27.8
Taxes on income paid out	–3.9	–3.4
Net outflow of payments from current operations	**–14.2**	**–3.1**
Acquisition of subsidiaries net of funds acquired	–3.4	—
Outpayments for tangible and intangible assets Other assets	–3.4	–4.2
Inpayments from the disposal of financial assets intangible and tangible assets	0.2	0.1
Net funds employed for investing activities	**–6.6**	**–4.0**
Outpayments for dividends	–11.7	–11.7
Outpayments to non-controlling interests	–1.2	–1.0
Payment of finance lease liabilities	–0.0	–0.2
Change in short-term borrowings	28.6	12.4
Interest received	0.1	0.1
Interest paid out	–0.3	–0.2
In-/outflow of net funds from financing activities	**15.5**	**–0.5**
Effects of changes in foreign exchange rates on funds (period of up to three months)	**0.0**	**–0.0**
Net decrease of funds	**–5.3**	**–7.7**
Funds at start of period	13.6	14.5
Funds at end of period	**8.3**	**6.8**

Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing items from currency translation	Other reserves: Revaluation components of pension obligations	Other reserves: Reserve for cash flow hedge	Ownership of interest of Hawesko Holding AG shareholders	Non-controlling interests	Total
Status at 1 January 2016	13.7	10.1	61.6	0.0	–0.1	–0.0	85.2	6.2	91.3
Dividends	—	—	–11.7	—	—	—	–11.7	–1.0	–12.6
Consolidated net income	—	—	8.4	—	—	—	8.4	0.4	8.9
Other result	—	—	—	0.0	—	0.0	0.0	–0.0	0.0
Deferred tax on other result	—	—	—	—	—	0.0	0.0	—	0.0
Status at 30 June 2016	13.7	10.1	58.3	0.0	–0.1	0.0	82.0	5.6	87.6
Status at 1 January 2017	13.7	10.1	64.1	0.0	–0.2	–0.0	87.7	6.7	94.4
Change in the consolidation group	—	—	—	—	—	—	0.1	3.0	3.0
Dividends	—	—	–11.7	—	—	—	–11.7	–1.2	–12.9
Consolidated net income	—	—	6.2	—	—	—	6.2	0.3	6.5
Other result	—	—	—	0.0	—	0.0	0.1	–0.0	0.0
Deferred tax on other result	—	—	—	—	—	–0.0	–0.0	—	–0.0
Status at 30 June 2017	13.7	10.1	58.6	0.1	–0.2	0.0	82.3	8.8	91.1

HAWESKO HOLDING AG

Quarterly segment results
(in € millions, unaudited, rounding differences possible)

1.4.–30.6.2017	Omni-channel[1]	B2B[1]	Digital[1]	Miscellaneous/ Consolidation	Group
External sales	**36.4**	**43.1**	**42.0**	**0.0**	**121.5**
Operating result (EBIT)	**4.0**	**2.0**	**2.2**	**-1.6**	**6.6**

1.4.–30.6.2016	Specialist retail[2]	Wholesale[2]	Distance selling[2]	Miscellaneous/ Consolidation	Group
External sales	**35.0**	**40.1**	**37.9**	**0.0**	**113.0**
Operating result (EBIT)	**4.1**	**1.6**	**2.1**	**0.6**	**8.4**

(1) New designation (as of 2017)
(2) Previous designation (until 2016)

Six-month results of the segments
(in € millions, rounding differences are possible)

1.1.–30.6.2017	Omni-channel[1]	B2B[1]	Digital[1]	Miscellaneous/ Consolidation	Group
External sales	**66.3**	**83.8**	**79.1**	**0.0**	**231.2**
Operating result (EBIT)	**6.5**	**3.2**	**4.3**	**–2.6**	**11.4**

1.1.–30.6.2016	Specialist retail[2]	Wholesale[2]	Distance selling[2]	Miscellaneous/ Consolidation	Group
External sales	**66.8**	**76.6**	**74.4**	**0.0**	**217.8**
Operating result (EBIT)	**6.9**	**1.9**	**5.2**	**–0.7**	**13.2**

(1) New designation (as of 2017)
(2) Previous designation (until 2016)

Notes to the six-month report to 30 June 2017

General principles: This interim report was written in accordance with International Accounting Standard (IAS) 34 according to the requirements of the current guidelines of the International Accounting Standards Board (IASB), London and the German Accounting Standard (DRS) 16. The standards and interpretations valid from 1 January 2017 have been applied to the interim financial statement.

The present six-month report does not contain all of the information and data required for a consolidated financial statement and is therefore to be read in conjunction with the consolidated financial statement for 2016.

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

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

Balance sheet and valuation principles: (1) The balance sheet and valuation methods used correspond as a rule to those applied in the last consolidated balance sheet at the end of the fiscal year. A detailed discussion of these methods was published in the annual report for 2016. (2) With respect to the content regarding new standards and interpretations as well as changes in existing standards, please refer to the comments on pages 72 to 74 in the 2016 annual report. The application of the revised standards and interpretations has no significant influence on the net worth, financial situation, earnings or cash flow of the Hawesko Group. (3) Cyclical events which occur during the year, insofar as they are important, are delimited based on corporate planning.

Other information: (1) *Events after the conclusion of the reporting period:* Events of particular significance for the evaluation of the assets, finances and earnings of Hawesko Holding AG and the Group - as defined in IAS 10 - did not occur after the conclusion of the period under review. (2) *Resolution for the appropriation of earnings for 2016:* The annual general meeting of shareholders on 19 June 2017 decided to appropriate the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,572,260.86 as follows: (a) Payout of an ordinary dividend of € 1.30 per entitled share. With a total number of 8,983,403 shares entitled to dividends, this amounts to a total of € 11,678,423.90. b) The remaining amount of € 893,836.96 was carried forward to new account. (3) *No unforeseen development costs* were incurred during the period under review. (4) *The order situation* remains satisfactory. (5) The following changes have occurred in the *composition* of the management board and the supervisory board to the date of the writing of this report: With effect from 1 March 2017, Raimund Hackenberger was appointed to the management board. At the end of the annual general shareholders' meeting am 19 June 2017 Dr. Wolfgang Reitzle resigned from the supervisory board. On the same day, Wilhelm Weil was elected to the supervisory board by the annual general meeting. (6) *Business with closely associated persons:* As disclosed in the Notes to the financial statements for 2016 under point 46, the management board and the supervisory board are considered to be closely associated persons in the sense of IAS 24.5. Material changes since the closing date of the annual accounts have not taken place. Important business transactions were not conducted with closely associated persons in the reporting period. The number of shares and/or the number of votes held by members of the supervisory board is 6,522,376, all of them held by the supervisory board chairman Detlev Meyer. The members of the management board hold no shares and have no votes. (7) *Treasury shares:* Hawesko Holding AG holds no treasury shares as of the date of writing of this report.

Other information	1.1.–30.6. 2017	1.1.–30.6. 2016
Employees (average during the period)	945	924
of which in newly acquired companies:	27	

Declaration of the legal representatives in accordance with Section 37y of the German Securities Trading Law (WpHG)

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

Hamburg, 1 August 2017

/s/ Hermelink /s/ Borwitzky /s/ Hackenberger /s/ von Haugwitz /s/ Siebdrat

Calendar:

Nine-month report to 30 September 2017	7 November 2017
Preliminary report on fiscal year 2017	Early February 2018

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