FRANZ HANIEL & CIE. GMBH

HANIEL

Annual Report 2023

Indicators

SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS

EUR million	2022	2023	Change
Revenue and profits			
Revenue	4,223	4,431	+5%
Operating profit (EBITA)	310	270	–13%
Profit after taxes	–108	–75	+31%
Cash flow			
Cash flow from operating activities	588	512	–13%
Capital expenditure	661	468	–29%
Operating free cash flow	250	100	–60%
Dividend of Franz Haniel & Cie. GmbH	78	58	–26%
Statement of financial position			
Total assets	6,570	6,468	–2%
Equity	2,684	2,532	–6%
Equity ratio (in percent)	41%	39%	-2% points
Net financial position	1,541	1,761	+14%
Employees			
Annual average number of employees (headcount)	21,519	21,915	+2%

Looking back at 2023

Haniel consistently pursuing its transformation:

- Consolidated revenue up 5 percent – with nearly every portfolio company contributing to growth
- Operating profit remains below expectations in a challenging environment
- Growth capital portfolio expands further: investments in climate venture capital funds and direct investments in clean tech
- Bolt-on acquisition at CWS Fire Safety bolsters security technologies
- Progress made with customer-centric reorganization of CWS into divisional structures
- CFO position successfully filled
- Next phase in the Group's development launched

Haniel has launched the next phase in its evolution Report of the Supervisory Board

In 2023, Haniel worked systematically to reposition itself. It was a year of highs and lows.

In a macroeconomic environment that remains challenging, Haniel only partially achieved its targets. On the whole, operating performance fell short of expectations. While nearly every portfolio company was able to lift its revenue, operating profit fell – primarily due to TAKKT and Emma, which struggled in a weakened market environment in the second half of the year in particular. The positive revenue trend for the portfolio as a whole was not reflected in the Group's operating free cash flow. This metric declined as compared to the previous year. A change in the accounting treatment for the Ceconomy shares and rising interest rates had a negative impact on the Group's pre-tax profit.

On the positive side, the investments in the Growth Capital segment were increased further, for instance with Aerones and Ecoworks. We participated in the financing round for 1KOMMA5°, thereby further expanding our position.

A change in the top management

In April 2023, I succeeded Doreen Nowotne as Chair of the Supervisory Board as planned. I would like to take this opportunity to thank her for her support in the Company's transformation process. She has laid the groundwork for future development. I have used my first few months in this role to gain a deeper understanding of the Haniel Group, to seek dialogue with the management, the Supervisory Board and the shareholders and to discuss strategic issues. I am extraordinarily grateful to the family for their trust in me and to the employees for their support.

In September, Thomas Schmidt and the Supervisory Board agreed by mutual consent not to renew Thomas Schmidt's contract. On behalf of the entire Supervisory Board, I would like to thank Thomas Schmidt for his hard work and the cultural change he ushered in.

Henk Derksen, who joined Haniel's management team as CFO on October 1, 2023, will take over the management tasks on an interim basis. We are extremely pleased to have brought him on board, and will benefit from his financial expertise, international experience and strong leadership personality. The Supervisory Board is confident that he will bring to bear his many years of experience in the management of corporate groups and expertise in the fields of corporate finance and M&A and make an important contribution to Haniel's further development.

Henk Derksen succeeded Florian Funck, who had notified us at the end of 2022 that he did not intend to renew his contract. We would like to thank him for his loyal service to the Company over nearly 25 years. He spent almost half of that time as CFO and member of the management, providing support throughout various phases of our transformation and making his mark on Haniel.

With effect from February 1, 2024, the Supervisory Board also appointed Dr. Alexandra Albrecht-Baba, who has been Head of Legal & GRC since 2022, as an interim member of the management team. In order to enable the Company to carry out the CEO succession process with the due care and prudence, while continuing to meet all legal and internal requirements in the meantime, Alexandra Albrecht-Baba will take on the second management position on an interim basis.

Haniel's shareholder family and management stand behind the ambition of being *enkelfähig*. Going forward, Haniel will work to create value for generations and strive towards its aspiration of promoting sustainable entrepreneurship. In the past year, we therefore initiated steps that will enable us to achieve the next phase of our transformation, further refine our strategic positioning and drive forward value creation at our portfolio companies.

Close collaboration between management and Supervisory Board

The collaboration between the Supervisory Board and the management was marked by a spirit of openness, mutual trust and a shared desire to successfully develop the Company.

Aside from the regular meetings of the Supervisory Board, I was also in constant contact with the management team. We discussed important operational and strategic issues affecting the Group. The Supervisory Board continually and carefully monitored the Group's management and business development based on regular written and oral reports of the management team. We examined in depth all the decisions requiring our consent in advance of meetings and passed the necessary resolutions at four regular meetings and two extraordinary meetings, as well as two resolutions in writing and one constituent meeting. At the meetings, we discussed the current state of the business, the Group's strategic alignment, the acquisition of Wellmann Sicherheitstechnik by CWS Fire Safety, the reorganization of CWS, as well as personnel matters.

The Audit Committee held four regular meetings and one extraordinary meeting in fiscal year 2023. It monitored the accounting process and the effectiveness of the internal control system, the risk management system, the Internal Auditing office, and the compliance management system. Furthermore, the Committee discussed the independence of the auditor and approved permitted non-audit services. The Personnel Committee met five times in 2023, primarily to discuss changes in the management and matters pertaining to the management team's contracts and remuneration.

Annual financial statements and consolidated financial statements
BDO AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Franz Haniel & Cie. GmbH and the report of the Management Board for the 2023 fiscal year. The auditors confirmed that the annual financial statements and Report of the Management Board comply with legal provisions and the Company's articles of association. The auditors issued an unqualified auditors' report on the annual financial statements and the report of the Management Board, as well as for the consolidated financial statements and Group report of the Management Board. The auditor participated in the Supervisory Board's meeting on the financial statements and in all meetings of the Audit Committee. The management submitted the consolidated financial statements, the Group report of the Management Board and the Group auditors' report for 2023 to the Supervisory Board for its examination. Following an in-depth examination, the Supervisory Board approved the consolidated financial statements and the Group report of the Management Board. The Supervisory Board also approved the annual financial statements of Franz Haniel & Cie. GmbH and the management's profit appropriation proposal. The annual financial statements are thereby adopted and the consolidated financial statements approved. After conducting its own detailed review, the Supervisory Board concurred with the management's proposal that a dividend totaling EUR 50 million be distributed to the shareholders for fiscal year 2023.

Thanks for steadfast commitment in difficult times
Last but not least, I would like to thank every Haniel employee. Given the geopolitical uncertainty and changes in our business, I was impressed to see the great dedication displayed by employees at every level.

On behalf of the entire Supervisory Board, I would therefore like to thank the management team, the executives and every employee for their optimism, energy and hard work over the past fiscal year. That includes the employee representatives and members of the Works Council for their constructive feedback. We do not take their commitment for granted and we appreciate it very much.

We must assume that the challenges will not diminish in 2024. However, we are in a different position than we were in last year: We know which topics we have to work on – our strategic objectives are clear, as are our priorities. We have already begun to implement important adjustments and are already seeing initial progress. The task now is to make every effort to improve the operating performance of the portfolio. As the Supervisory Board we will advise and support the management in the work and decisions to come.

Duisburg, April 2024

Maximilian Schwaiger
Chairman of the Supervisory Board

Group Report of the Management Board

Group structure and business models

Haniel manages a portfolio of independent companies of which it is the majority shareholder. The portfolio also features a variety of investments in start-ups via funds and minority stakes. When selecting and managing its investments, the Company focuses on performance orientation as well as sustainability criteria.

As part of its enkelfähig philosophy, Haniel builds up sustainable companies for a future worth living**.**

Performance with sustainable orientation
When selecting and managing its investments, Haniel focuses on a consequent performance orientation with focus on sustainability criteria. Haniel assesses acquisition and investment opportunities not only on the basis of financial criteria but also places a strong focus on environmental, social and governance aspects. This evaluation is performed on the basis of the "Future Worth Living" (FWL) rating, which was devised by Haniel and offers a transparent methodology for regular assessments of both new acquisitions and the existing portfolio to determine the status quo and potential for sustainable transformation. Based on this assessment, the portfolio companies work closely together with the Holding Company to develop strategic initiatives that promote profitable growth through sustainable solutions while simultaneously reducing costs through sustainable means.

A tradition-steeped family company
Franz Haniel & Cie. GmbH is a 100 percent family-owned company which has been headquartered in Duisburg since it was founded in 1756. There is one thing in particular that sets Haniel apart from other family-owned companies: its management has been the remit of non-family members since the beginning of the 20th century. No family member works at the Group. This means that business decisions are made independently of familial obligations.

As a family-owned enterprise with an almost 270-year tradition, Haniel has extensive experience in developing and transforming portfolio companies, as well as in adjusting its portfolio to accommodate evolving economic conditions.

Shared operating model HOW
Haniel's portfolio companies are generally independent from an operational standpoint. In order to keep the focus on the Group's sustainable transformation to create value for future generations, we rely on a shared operating model – the Haniel Operating Way (HOW).

With its focus on talent management, operational excellence and sustainable entrepreneurship, the objective of the operating model is to establish a uniform leadership philosophy and to standardize selected processes within the Haniel Group without taking the individual companies of their freedom to shape their business activities independently. Depending on the portfolio companies' business model and the business-specific requirements, experts at Haniel assist them in implementing essential elements of the operating model and, if necessary, with their continued development.

Portfolio companies
Haniel's investments operate independently of each other in their respective markets. Except for BekaertDeslee and BauWatch, every portfolio company is headquartered in Germany. The business models differ in terms of sector, business drivers, customer structure, cyclicality and strategy, thereby ensuring adequate risk diversification throughout Haniel's portfolio.

BauWatch offers temporary outdoor security solutions and technology-based services. The company's access control, alarm and video systems are presently deployed primarily at construction sites. On average, BauWatch employed 483 people in 2023 (previous year: 420).

BekaertDeslee develops and produces woven and knitted mattress textiles as well as ready-made mattress covers. BekaertDeslee employed an average of 3,939 people in 2023 (previous year: 3,907).

CWS offers sustainable service solutions in its four divisions Hygiene, Workwear, Cleanrooms and Fire Safety. The textiles are properly prepared in the company's own laundries using environmentally friendly processes, and delivered to customers of all sizes and industries at regular intervals under long-term service agreements. In October 2023, CWS Fire Safety acquired Wellmann Sicherheitstechnik GmbH, thereby further bolstering its market position as a one-stop shop for services and products for preventative fire protection and safety technology. On average, CWS employed 12,146 people in 2023 (previous year: 11,742).

Emma – The Sleep Company offers bedding and sleep technology as a D2C sleep brand. Founded in 2013 as an online platform for mattresses, Emma has since evolved into an internationally operating sleep innovation provider. Emma employed an average of 1,071 people in 2023 (previous year: 856).

KMK kinderzimmer is an early-childhood education provider with dynamic growth ambitions that operates nurseries and daycare centers in Germany and the United Kingdom. KMK kinderzimmer employed an average of 674 people in 2023 (previous year: 664).

ROVEMA designs and builds packaging machines and equipment that meet the complex needs of the modern circular economy. The portfolio company's ambition is to develop holistic packaging solutions which from the very beginning take into account the environment, the market and the product. ROVEMA employed an average of 842 people in 2023 (previous year: 880).

TAKKT specializes in B2B omnichannel retailing for business equipment. The divisions and brands of the company focus on the sale of durable, stable-priced equipment and specialist items to corporate clients. On average, the TAKKT Group employed 2,615 people in 2023 (previous year: 2,692).

Financial investments

The financial investment **CECONOMY** is a platform for consumer electronics brands and concepts in Europe. Their operating activities focus on the two omnichannel brands MediaMarkt and Saturn.

Through its **Growth Capital** portfolio, Haniel invests in start-ups via venture capital funds and direct investments. As a growth investor, Haniel focuses on ambitious cleantech companies. Examples of direct investments include 1KOMMA5°, an up-and-coming company that installs carbon-neutral energy systems, Aerones, which sells robot-enabled wind turbine maintenance systems, and Ecoworks, a firm that specializes in climate-neutral serial refurbishments.

Value-oriented management system

Creating value for generations is at the core of the activities of the portfolio companies and the Haniel Holding Company. In order to ensure that the conduct of all participants is oriented on this goal, financial performance indicators are utilized within the portfolio companies and the Haniel Holding Company. At Group level, the management uses operating profit and operating free cash flow alongside revenue to steer the development of the portfolio companies.

Haniel portfolio

Portfolio Companies

People

BauWatch

100%

BauWatch offers temporary outdoor security solutions and technology-based services.

People

BekaertDeslee

100%

BekaertDeslee develops and produces woven and knitted mattress textiles as well as ready-made mattress covers.

Planet

CWS

100%

CWS offers sustainable service solutions in the fields of hygiene, workwear, cleanrooms and fire safety.

People

Emma

58.18%

Emma – The Sleep Company is a D2C sleep brand offering bedding and sleep technologies.

People

KMK kinderzimmer

60%

KMK kinderzimmer is an early-childhood education provider with dynamic growth ambitions.

Progress

ROVEMA

100%

ROVEMA designs and builds packaging machines and equipment that meet the complex needs of the modern closed-loop economy.

Transformation

TAKKT

65.83%*

TAKKT specializes in B2B omni-channel retail for business equipment.

*Voting interest

Growth Capital

Growth Investments
Minority interests in growth companies focusing on clean tech.

Growth Funds
Investments in venture capital funds focusing on clean tech.

Financial Investments

CECONOMY

16.7%

CECONOMY is a leading developer of consumer electronics brands and concepts in Europe.

As at 31 December 2023

Haniel Group
Revenue and earnings performance

In this challenging macroeconomic environment, Haniel only partially achieved its targets. On the whole, operating performance fell short of expectations. The Haniel Group's revenue increased year on year by 5 percent to EUR 4,431 million. Nearly every portfolio company contributed to this development. Operating profit was down year on year by 13 percent at EUR 270 million.

Weaker growth rates throughout the global economy
According to the International Monetary Fund (IMF)[1], the global economy expanded by 3.1 percent in real terms in 2023 overall (previous year: 3.5 percent). Inflation rates decreased more quickly than expected (2023: 6.8 percent globally). The base interest rates in the United States rose in 2023 from 4.5 percent to 5.5 percent, and from 2.5 percent to 4.5 percent in the eurozone.[2]

According to the IMF, eurozone economic growth fell in real terms to a mere 0.5 percent (previous year: 3.5 percent). By contrast, the economy in the United States grew in real terms by 2.5 percent (previous year: 1.9 percent). Economic growth in emerging and developing economies remained constant in real terms at 4.1 percent, although there were regional differences.

In particular, the economic development in Europe and the USA had an impact on the revenue and earnings performance of the Haniel Group. Exchange rate trends affected revenue and operating profit only slightly.

Positive revenue trend
The **Haniel Group** posted revenue of EUR 4,431 million in 2023, representing an increase of 5 percent (previous year EUR 4,223 million). This increase is mainly due to the EUR 179 million increase in revenue at **CWS**. The increase is mostly due to price adjustments and, to a lesser extent, an increase in volume, partly as a result of new customers and acquisitions. Despite a weak market environment and temporary weaknesses in delivery performance, **Emma** continued to contribute to this with an increase in revenue of EUR 70 million. Emma's largest markets remained France, Germany, the UK and the Netherlands. However, markets outside of Europe exhibited stronger growth, for instance in Brazil and Mexico, which made significant contributions to revenue growth. **TAKKT**'s revenue development had the opposite effect: In a challenging market environment, revenue fell by EUR 97 million. In this environment, TAKKT focused on improving the gross profit margin, strict cost management and cash flow.

Adjusted for acquisitions and currency translation effects, revenue grew by 5 percent. Overall, this growth was driven primarily by price effects. As projected, the Haniel Group's organic revenue was up year on year and thus within the management's expectations. With the exception of TAKKT, whose revenue declined organically, all other portfolio companies contributed to revenue growth, as projected.

Operating profit decreases
At EUR 270 million, the Haniel Group's operating profit in 2023 was 13 percent lower than the previous year's figure of EUR 310 million. This is primarily due to the lower profit contributions from Emma, TAKKT and Bekaert-Deslee compared to the previous year. **Emma**'s operating profit fell by EUR 45 million year on year. The reasons for this decline were a reduced contribution margin as well as increased personnel and IT costs and one-off expenses. **BekaertDeslee** was able to increase its adjusted operating profit thanks to good cost control. However, due to non-recurring effects stemming from a one-off transaction in the previous year, profit at BekaertDeslee was EUR 24 million lower. The decline in revenue at **TAKKT** resulted in a EUR 17 million drop in operating profit year on year, despite an improved gross margin and lower costs. **CWS**'s operating profit was down year on year by EUR 2 million in 2023. This is primarily due to one-off expenses for site optimization and reorganization as well as strategic projects to promote long-term growth in the Workwear and Hygiene divisions. The Fire Safety and Cleanrooms divisions were able to increase their earnings.

Moreover, the operating profit for 2023 was negatively impacted by non-recurring measures to adjust the cost structure for 2024. These measures were carried out primarily in

[1] World Economic Outlook Update January 2024
[2] Statista

Europe in response to the persistently subdued macroeconomic trend, resulting in a year-on-year decrease in earnings, particularly in Q4 2023. Accordingly, in a challenging macroeconomic environment, the Haniel Group's operating profit fell short of the expectations of the management, which had forecasted a slight increase in operating profit for 2023.

Profit before and after taxes eroded by non-recurring items

The Haniel Group's profit before taxes – which consists of the operating profit, the investment result and the result from financing activities as well as the effects from purchase price allocations on earnings – fell from EUR 101 million in the previous year to EUR -51 million in the year under review.

This was caused, among other things, by factors such as the inflationary environment and the resulting rise in interest rates, fair value adjustments in the Growth Capital segment, and valuation adjustments to reflect muted expectations as to the development of individual portfolio companies. The investment result declined from EUR -25 million in 2022 to EUR -131 million in 2023, primarily driven by the reclassification of the Ceconomy investment and measurement effects in relation to other equity investments.

The general rise in interest rates is also reflected in our other net financial income: expenses rose from EUR -69 million to EUR -81 million.

Profit after taxes improved from EUR -108 million in 2022 to EUR -75 million in 2023. In the previous year, profit after taxes was weighed down by the EUR 154 million loss from discontinued operations.

In fiscal year 2023, research and development expenses amounted to EUR 4 million (2022: EUR 4 million). Research and development activities at the portfolio companies are geared towards the development of innovative and sustainable solutions for customers, thereby sharpening the companies' competitive edge.

Employees

The Haniel Group's employee headcount in 2023 was at the same level as in the previous year. The acquisition-related increase was offset by a decrease at the portfolio companies. In total, the Group employed on average 21,915 people in 2023. In 2022, the average employee headcount was 21,519.

Haniel Group
Financial position

Haniel has a sound financial structure with a constant focus on liquidity management. This is also confirmed by the Haniel Holding Company's investment-grade rating from Moody's. In 2023, the Haniel Holding Company did not add any new investments to its core portfolio. Instead, CWS Fire Safety strengthened its business with a bolt-on acquisition and the Growth Capital segment was further expanded.

Balanced financial governance
The ultimate objective of financial management is to cover the financing and liquidity needs at all times while maintaining entrepreneurial independence and limiting financial risks.

While staying within the guidelines set out by the Holding Company, the portfolio companies manage their own financing based on their own financial and liquidity planning. Cash management is also the responsibility of the portfolio companies. In order to leverage economies of scale and technological advantages, the Holding Company and its finance company support the portfolio companies and, together with partner banks, offer cash pools in various countries, among other things. Combining central directives with the autonomy of the portfolio companies in terms of their financing takes into account the portfolio companies' individual requirements for financial management.

Investment-grade ratings confirmed
Haniel's ratings are investment-grade: Moody's again confirmed its Baa3 rating in H2 2023. The European rating agency Scope also confirmed its BBB- investment-grade rating, and also issued a stable outlook.

Haniel's financial policy is distinguished by a moderate target net financial debt level of up to EUR 1 billion at the level of the Holding Company coupled with a solid long-term financing structure. Total cash cover and market value gearing, both of which are essential KPIs for the rating, remained solid in 2023 and were in line with the benchmarks for investment-grade ratings.

Broad-based financing
In its financial management, the Haniel Group pursues a strategy of diversification: different financing instruments with a variety of business partners secure reliable access to liquidity and reduce the Group's dependence on individual financing instruments and business partners. A further key pillar of financial management is the ability to obtain funding on the capital market. The Haniel Holding Company has a commercial paper programme for this purpose as well as a single European Debt Issuance Programme which it may utilize at any time.

Overall, the financial liabilities reported in the Haniel Group's statement of financial position amounted to EUR 2,121 million as of December 31, 2023, as compared to EUR 1,952 million as of December 31, 2022. The increase in liabilities was attributable primarily to acquisitions at CWS and other fund and direct investments in the Haniel Holding Company's Growth Portfolio. In addition, further funds were used to expand the business of the portfolio companies.

The portfolio companies BekaertDeslee, CWS, ROVEMA and TAKKT finance themselves independently, primarily via their own lines of credit with banks, although they also use other financing instruments as the opportunity arises. The portfolio company BauWatch is currently successfully establishing its own financing in line with the Haniel Holding Company's requirements.

Solid financial buffer
The net financial liabilities of the Haniel Group, i.e., financial liabilities less cash and cash equivalents, increased to EUR 1,967 million as of December 31, 2023 compared to EUR 1,767 million at the end of 2022. This was attributable mainly to acquisitions at CWS, fund and direct investments in the Haniel Holding Company's Growth Portfolio and investments to expand the business.

The net financial position rose from EUR 1,541 million as of December 31, 2022 to EUR 1,761 million as of December 31, 2023. The net financial position comprises net financial liabilities less the Haniel Holding Company's investment position, excluding current and non-current receivables from affiliates.

Cash flow from operating activities decreases
Cash flow from operating activities is used to assess the strength of the Group's liquidity position in its current business activities. This indicator takes into account cash expenses and income recognized in the income statement, as well as the change in current net assets. In 2023, cash flows from operating activities fell slightly to EUR 512 million. In the previous year, this figure had amounted to EUR 588 million.

Haniel invests in the development of portfolio companies
Cash flow from investing activities, that is the balance of payments for investing activities and proceeds from divestment activities, was EUR -455 million in 2023. Overall, payments of EUR 468 million were offset by proceeds from divesting activities of EUR 13 million. Funds were used to strengthen the business of the portfolio companies through acquisitions. In addition to acquisitions by CWS's Fire Safety division, the Haniel Holding Company invested in growth capital funds and start-ups in 2023, thereby further strengthening the Growth Capital investment segment. The portfolio companies again invested considerable amounts in property, plant and equipment and intangible assets.

Cash flows from financing activities amounted to EUR -85 million in 2023. This figure included payments to shareholders and share increases at already consolidated portfolio companies as well as the issuance and repayment of liabilities. In the previous year, cash flows from financing activities amounted to EUR 121 million.

Operating free cash flow amounted to EUR 100 million during the year under review and was influenced significantly by changes in working capital and increased operating investments. In the previous year, this figure had amounted to EUR 250 million. Operating free cash flow indicates how much of the reported net profit or loss for the period is reflected in cash flows from operating activities after changes in net current assets, leasing payments and investments in non-current assets.

The management had projected operating free cash flow for 2023 that would be below the amount for 2022 due to non-recurring expenses in the preceding year, albeit significantly above the level recorded in 2021 (EUR 116 million).

In a challenging macroeconomic environment, the Haniel Group's operating free cash flow of EUR 100 million fell significantly short of management's expectations.

In 2023, a EUR 58 million dividend was distributed to the shareholders of Franz Haniel & Cie. GmbH (previous year: EUR 78 million).

Haniel Group
Assets and liabilities

The Haniel Group's equity ratio fell slightly from 41 percent to 39 percent, thus remaining at a very solid level. This underscores the potential for future investment by Haniel.

Decrease in total assets

The total assets of the Haniel Group decreased slightly from EUR 6,570 million as of December 31, 2022 to EUR 6,468 million as of December 31, 2023.

Non-current assets remained virtually constant at EUR 5,145 million, as compared to EUR 5,123 million in the previous year. Additions due to acquisitions at CWS and in the Holding Company's Growth Capital segment were offset in particular by decreases in assets due to purchase price allocations and in the carrying amount for the financial investment CECONOMY, which is no longer consolidated in accordance with the equity method but is instead held as a financial instrument.

Current assets amounted to EUR 1,324 million as of December 31, 2023, compared to EUR 1,447 million as of December 31, 2022. The decrease was attributable primarily to the change in trade receivables, inventories and current financial assets.

Equity decreases

The equity of the Haniel Group decreased from EUR 2,684 million as of December 31, 2022 to EUR 2,532 million as of December 31, 2023. The decrease was attributable mainly to the net loss for the year and payments to shareholders. Haniel's equity ratio declined slightly from 41 percent to 39 percent. The continuing solid level of the equity ratio underscores the investment potential of the Haniel Group.

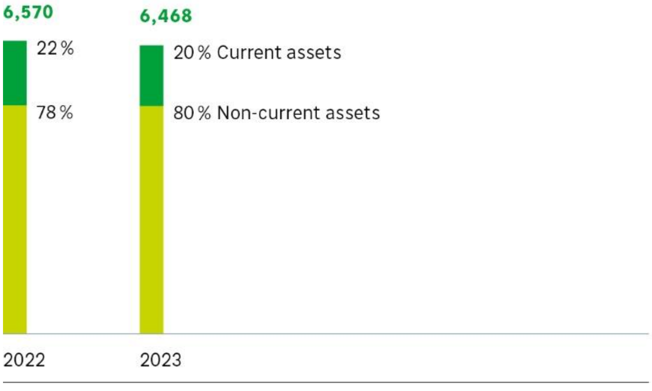
Non-current liabilities remained virtually constant at EUR 2,272 million, as compared to EUR 2,306 million in the previous year.

Current liabilities increased from EUR 1,580 million as of December 31, 2022 to EUR 1,664 million as of December 31, 2023. The fact that the maturities of current assets and liabilities did not match as of the reporting date is mitigated by undrawn credit lines, among other things. This was caused primarily by the increase in financial liabilities due to investing activities.

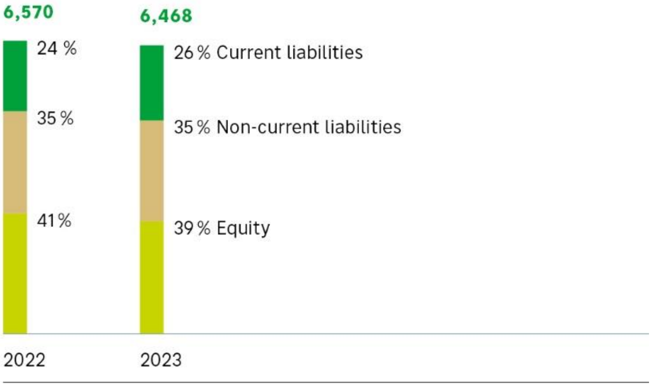
Recognized investments down year on year

Recognized investments amounted to EUR 587 million in 2023, down as compared to the previous year's figure of EUR 773 million due to reduced investing activities.

ASSET STRUCTURE
EUR million



EQUITY AND LIABILITY STRUCTURE
EUR million



Holding Company Franz Haniel & Cie.

The Holding Company manages a portfolio of independent companies with the aim to sustainably increase the value of the investment portfolio in the long term. To this end, the Holding Company creates a diversified portfolio of investments in companies from various industries and at various levels of maturity. In order to achieve this, Haniel aligns the portfolio along clear performance and sustainability criteria.

Haniel's objective is to render its portfolio future-proof and to continue to develop it in order to generate significant growth.

Expansion of Growth Capital investments
Alongside its focus on established companies, Haniel continues to expand its Growth Capital segment. Once again in 2023, Haniel invested a portion of its funds companies in the early stages of development via venture capital funds and direct investments.

A change in management at Haniel
On August 31, 2023, the Supervisory Board of Franz Haniel & Cie. GmbH announced that Henk Derksen had been appointed Chief Financial Officer and member of the management team. On October 1, 2023, he succeeded Florian Funck, who had notified the Company at the end of 2022 that he did not intend to renew his service agreement.

In September, Thomas Schmidt and the Supervisory Board agreed by mutual consent not to renew Thomas Schmidt's service agreement. Thomas Schmidt has therefore stepped down as CEO at Franz Haniel & Cie. GmbH as of November 9, 2023. The Supervisory Board has initiated a structured succession process. Until the CEO position is filled, Henk Derksen will take over the management tasks on an interim basis. Florian Funck left the Company on January 31, 2024. On February 1, 2024, Dr. Alexandra Albrecht-Baba was appointed to the management team for the interim.

Level of debt up
Due to investments in the portfolio company Emma and the Growth Capital segment, the Haniel Holding Company's net financial liabilities increased from EUR 628 million as of December 31, 2022 to EUR 734 million as of December 31, 2023.

As of December 31, 2023, the financial assets of the Haniel Holding Company amounted to EUR 421 million as compared to EUR 432 million in the previous year. The net financial position of the Haniel Holding Company, defined as net financial liabilities minus financial assets, amounted to EUR 313 million as of December 31, 2023 (December 31, 2022: EUR 185 million).

The debt target is regularly analyzed against the development of the Holding Company's cash flows and development of the portfolio's market value. Even after the planned acquisition of new portfolio companies, Haniel currently aims to maintain debt appropriate for an investment-grade rating up to EUR 1 billion. In that connection, the Haniel Holding Company has access to firmly committed long-term lines of credit of EUR 740 million, a commercial paper programme which it may utilize at any time and a Single European Debt Issuance Programme which it may utilize at any time, and is therefore in a comfortable aggregate liquidity situation.

Ratings in investment-grade category
The Haniel Holding Company continues to boast investment-grade ratings from both commissioned rating agencies. Moody's confirmed its Baa3 investment-grade rating and Scope confirmed its rating of BBB-.

Condensed corporate governance declaration: Diversity is the key to forward-thinking entrepreneurship
Haniel's Supervisory Board and management team recognize and affirm that diversity, equality of opportunity and inclusion are vital to Haniel's ability to create value for future generations through its portfolio companies. Haniel promotes a culture in which everyone feels respected in order to tap the full potential of its employees. To promote this culture of diversity and commitment, the Supervisory Board and management team at Haniel have set ambitious targets to ensure the equal participation of everyone. One

indicator that serves to measure equal participation is the share of women in leadership positions.

In keeping with the condensed corporate governance declaration, the Supervisory Board and the management of Franz Haniel & Cie. GmbH have accordingly set targets for opportunities for women to serve in leadership positions within the Holding Company. A target of zero percent[3] by December 31, 2024 has been set for the Management Board and Supervisory Board. As of December 31, 2023, the share of management team positions occupied by women was zero.

The target share of women occupying positions in the first two levels of management below the Management Board by December 31, 2026 is 50 percent. As of December 31, 2023, the share of leadership positions held by women at the first level beneath the management team was already 75 percent, and 60 percent at the second level.
Two women are to be represented on the Supervisory Board by December 31, 2026[4]. As of December 31, 2023, two seats on the Supervisory Board were held by women.

[3] The grounds for this were stated in the text of the resolution as follows: The Supervisory Board supports in principle the targets set out in the Acts Promoting Equal Participation of Women and Men in Leadership Positions (*Gesetze zur Gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen*, “FüPoG I+II”) and strives to achieve these targets at Franz Haniel & Cie. GmbH. In keeping with the Haniel family’s canon of values and the policies set out by the management team (Management Board) as part of the current transformation process (“Becoming *enkelfähig*”), the Supervisory Board recognizes the great importance of systematically offering opportunities to women – not only on the management team (Management Board) but also at less senior levels of management. However, in the interest of successfully concluding the fundamental and comprehensive transformation process which the Haniel Group is currently undergoing, continuity of the management team (Management Board) is indispensable. Any change in the composition of the management team (Management Board) at the present juncture cannot be supported by the Supervisory Board – the success of the transformation process must not be jeopardized in any event. The binding contractual terms of the members of the management (Management Board) also play a considerable role in this connection. Due to the successful work of the two members of the Management Board, the Supervisory Board wishes to continue this collaboration. However, the members of the Supervisory Board agree without reservation that in the event it is deemed expedient in future to increase the size of the Management Board, the agreed targets should be reassessed and a resolution in this regard should be passed. The common view is that this may also take place before the end of 2024. This is intended to ensure that the equal participation of women and men in leadership positions, which the Supervisory Board also strives for, is adequately taken into account in the event of any changes.

[4] The Supervisory Board supports in principle the targets set out in the Acts Promoting Equal Participation of Women and Men in Leadership Positions (*Gesetze zur Gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen*, “FüPoG I+II”) and strives to achieve these targets at Franz Haniel & Cie. GmbH. In keeping with the Haniel family’s canon of values and the policies set out by the management team (Management Board) as part of the current transformation process (“Becoming *enkelfähig*”), the Supervisory Board recognizes the great importance of systematically offering opportunities to women throughout the entire Haniel Group. The members of the Supervisory Board agree that the targets set out in FüPoG I+II should be achieved. However, achieving this requires a number of preparations – both for shareholder and for employee representatives. In the Haniel family, female members in particular would have to be prepared to serve on the Supervisory Board. A number of decisions and measures would need to be implemented within the shareholder family.
On the employee representatives’ side, the targets set out in FüPoG I+II must be adopted and enforced by the competent works councils, general works councils and trade unions, which meet in conventions. The resulting nominations for Supervisory Board elections should ideally reflect the objectives of FüPoG I+II. As such, limits are set by the existing freedom of choice.
Against this background, the Supervisory Board deems it appropriate to set the target at two. Doing so provides the Company the necessary leeway to gradually achieve the objective of the Acts Promoting Equal Participation on a sustainable basis.”

Report on opportunities and risks

Being a successful entrepreneur means seizing opportunities that present themselves and dealing with risk appropriately. The objective is to identify both opportunities and risks for the Haniel Group's business development early on, to analyze them in detail and take measures accordingly.

Haniel manages a portfolio of independent companies of which it is the majority shareholder. As part of its *enkelfähig* philosophy, Haniel builds up sustainable companies for a future worth living. This entrepreneurial commitment inevitably entails potential opportunities and risks. Therefore, the responsible management of risks is a key fundamental of our risk management policy and an integral component of our corporate policy. A readiness to accept calculable risks is a necessary requirement for any entrepreneurial activity.

Seizing opportunities to increase value

In the Haniel Group, opportunities are viewed as entrepreneurial courses of action that must be leveraged in order to attain additional profitable growth. Opportunities are identified primarily by continually and systematically observing markets.

Opportunity management is closely integrated into the process of strategy development. As part of that process, entrepreneurial options are assessed based on a comprehensive understanding of markets, the competition and trends, and initiatives are devised to seize those options to create value.

The strategy and its implementation are discussed in depth by the members of Haniel's management team with the management of the portfolio companies in regularly scheduled meetings. In addition, the Holding Company's strategy is subject to regular validation and is modified as need be. To that end, Haniel's management team engages in regular dialog with the Supervisory Board.

Options for sustainable and profitable growth

The Holding Company and portfolio companies continually examine options for securing sustainable and profitable growth. The opportunities identified in the Haniel Group are listed below:

Optimizing the investment portfolio: Haniel regularly reviews the strategic alignment of the portfolio and options for further developing it through targeted acquisitions and divestments. New portfolio companies should be able to make a long-term value contribution to the economic success of the Group and be in harmony with its ecological and social values at the same time. The *enkelfähig* strategy is based on the conviction that only sustainable business models which make a positive contribution to a future worth living in are also economically successful in the long run.

Leveraging market potential: The portfolio companies enact targeted sales and service initiatives in order to continually expand their business in previously established markets with both existing and new customer segments. To accomplish this, they seek to improve customer communications and align their service and product range to the needs of their customers. This strategy opens up promising opportunities to consistently expand their market share and strengthen their position in the competitive environment.

International expansion: All of Haniel's portfolio companies operate primarily in Europe, although some companies, such as BekaertDeslee, ROVEMA and TAKKT, also have a footprint in North America, featuring different business models. Expansion opportunities for the majority interests are for the most part concentrated on expanding business within the European Union. At the same time, the companies seize business model-specific opportunities arising outside of Europe, for instance in North America and Asia. Beyond this, the Company believes that there are opportunities in the expansion of the financial investments, with a focus on fund investments in Europe and North America.

"*Enkelfähig*" – Sustainability as a competitive factor: Haniel assesses acquisition and investment opportunities not only on the basis of financial criteria but also places a strong focus on environmental, social and governance aspects. This assessment is performed using Haniel's own "Future Worth Living" (FWL) rating. This rating provides transparent criteria for initial maturity evaluations of not only new acquisitions but also existing portfolio companies. Based on this assessment, the portfolio companies work closely together with experts from the Holding Company to develop strategic initiatives that promote profitable growth through sustainable solutions while reducing costs through sustainable means. This ensures continuous improvement in the FWL rating system. In light of rising customer demand for products and services which set themselves apart from the competition by meeting sustainability criteria, these initiatives are of material significance to growth and profitability.

Organizational and process optimization: Haniel's portfolio companies are generally independent from an operational standpoint. In order to keep the focus on the Group's sustainable transformation to create value for future generations, we rely on a shared operating model – the Haniel Operating Way (HOW). With its focus on talent management, operational excellence and sustainable entrepreneurship, this model helps to establish a uniform leadership philosophy and to standardize selected processes within the Haniel Group without robbing the individual companies of their freedom to shape their business activities independently. Depending on the portfolio companies' business model and the business-specific requirements, experts at Haniel assist them in implementing essential elements of the model and, if necessary, with their continued development.

Digitalization: Digitalization has fundamentally changed the behavior of private consumers and business customers. Access to and analysis of large quantities of data open up new ways to shape and optimize value chains, and thus to improve customer communications in a targeted manner. This gives rise to new business models. The rapid pace at which AI solutions are developing also makes personalized customer communications possible, as well as internal process optimizations along the entire value chain. Automation initiatives offer significant potential, particularly in corporate services and manufacturing trades, in which Haniel portfolio companies are active.

Rising standard of living: The standard of living is steadily rising around the world, particularly in the major economies. This increase has led to increased demand for products that preserve and promote people's health and well-being. This trend is beneficial to companies such as Emma – The Sleep Company and BekaertDeslee, whose product ranges are targeted to the increased need for high-quality sleep products and materials. Haniel believes that there are opportunities for long-term growth, not only in the already established markets but also in particular in developing economies, such as in certain Asian countries; these opportunities stem from the rise in living standards and the associated increase in demand for products that promote good health.

Security: In our increasingly networked world, the megatrend of security is growing ever more important. Whether privately or in a business context, people are increasingly searching for solutions that provide them with a sense of security and protection. This is reflected in the rising demand for state-of-the-art surveillance, access control and fire safety solutions. This trend is beneficial to companies such as BauWatch, which offers modern surveillance and access control solutions for various end markets, and the CWS Fire Safety division, which provides companies throughout Germany comprehensive fire protection and security solutions.

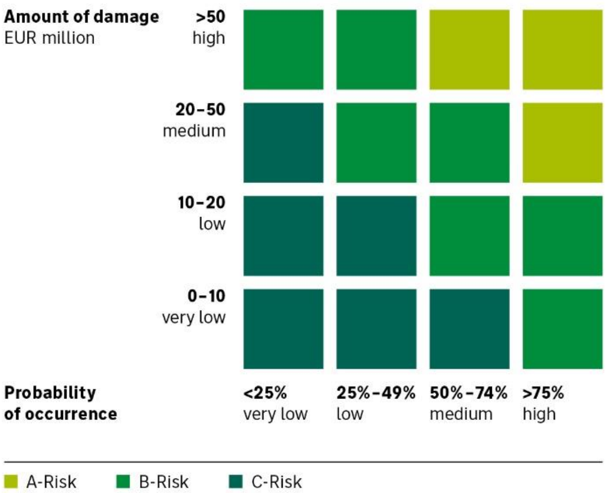
From an overall perspective, several opportunities remain open to the Haniel Group for sustainable and profitable growth in the future.

Risk management as a strategic pillar

Haniel has established a risk management system that enables it to keep its business risks in check. Every portfolio company is responsible for organizing its own risk management system to ensure that it is suitable in light of their respective business model, organizational structure and management. Minimum standards apply throughout the Group which ensure that every portfolio company has established an appropriate risk management system and that risks are duly reported to the Haniel Holding Company. The risk management process is one in which individual risks are identified, documented, and analyzed, and appropriate measures to manage and monitor them are defined, both at the Group and the portfolio company level. Risks are evaluated in accordance with the net principle, taking into account existing steering and safeguarding measures. The horizons over which risks are monitored and the categories to which they are classified are linked to short- and medium-term business planning and entrepreneurial objectives.

All relevant risks are evaluated from a quantitative perspective according to “Loss amount in relation to EBITA” and “Probability of occurrence”. Depending on the probability of occurrence and the amount of loss involved, risks are classified either as A-risks (light green), B-risks (green) or C-risks (dark green). This risk classification guides how a risk is managed: A-risks are avoided, B-risks are reduced, and C-risks are accepted and monitored. The scales by which these two variables are measured and the resulting risk classification matrix are presented below.

Haniel Risk Matrix



Risk clusters
Risk clusters are used not only to monitor individual risks in isolation but also to identify overarching themes in order to gain a better overview of potential threats. Clustering focuses on creating a deeper understanding of the dynamics between the various factors which together shape the risk landscape.

During the year under review, four significant risk clusters emerged which can be considered the cause or amplifier of material risks:

Stagflation
The Haniel Group has identified stagflation – characterized by high inflation, low growth and rising unemployment – as a material risk cluster in the current economic environment. Various B- and C-risks were pinpointed which can be assigned to this cluster. These include in particular the declining frequency of customer orders and lower average values of these orders in weaker economic phases. In addition, there is the risk of direct investments in young companies and growth funds, which entail high default risks and volatility in value. On the cost side, companies are confronting historically high inflation rates, leading to an increase in costs for raw materials and labor. However, rising prices cannot be passed on to customers due to their weaker purchasing power, particularly in markets where contracts are index-linked or set out fixed prices. Overall, the Haniel Group proactively identifies steering and safeguarding measures and takes strategic action to counteract the manifold challenges presented by stagflation. These include making adjustments in the operating business as well as strategic investment decisions to secure the Group’s long-term growth and financial stability.

Geopolitical crises
The persistent threat from geopolitical crises presents a multitude of challenges. Uncertainty with respect to sanctions, regulatory changes and political instability shapes every portfolio company’s risk landscape. This is reflected in various individual risks, which are for the most part classified as B- and C-risks. These risks range from difficulties in relation to the investment and financial position to the integrity of value chains down to reputational concerns, cyber security and corporate security. The unpredictability of geopolitical events can cause a decline in the order backlog, increased operating costs and greater difficulty in

adjusting to global economic changes. Companies are confronted by a complex situation that can materially influence their operating efficiency, financial stability and long-term growth prospects. The Haniel Group implements appropriate measures to address the risks arising in connection with geopolitical crises. These include continuously monitoring economic indicators, increasing international diversification, expanding the product range, adjusting capacities and budgets according to the current situation and strict cost management. All of this is supplemented by implementing IT security strategies to protect the Group's digital infrastructure.

Cyber attacks

The Haniel Group has identified a number of C-risks that can arise in connection with cyber attacks. The potential consequences of such attacks include substantial financial losses due to fraud or theft, which can directly impact cash flows and profitability. In addition, the restoration of compromised systems and data and shoring up security infrastructure can require significant resources. Another significant risk is the potential loss of faith on the part of customers and business partners, which can result in a decline in the order backlog and business volume. This risk is particularly severe because it can harm the reputation of the Group over the long term and weaken customer loyalty. Operational interruptions can also be caused by cyber attacks, resulting in consequences ranging from a temporary inability to do business to a complete standstill of operations and production. Such interruptions have the potential not only to harm operations in the immediate term but also can have long-term implications for the supply chain and customer service.

Finally, if personal data is lost or compromised this can result in a data breach which can harm the Company's public image as well as exposing it to legal consequences. This risk is particularly significant in regions with strict data protection laws, where companies can receive considerable fines for such breaches. The Haniel Group has implemented countermeasures in response to these risks. These include conducting IT security training for employees, establishing standardized processes and controls to prevent fraud and improving the technical security architecture. Furthermore, business continuity and disaster recovery plans have been drawn up to strengthen the Company's ability to maintain operations. The Group has developed these measures in order to minimize risks and reduce the potential impacts of cyber attacks.

Climate change

Multiple C-risks were identified which can be assigned to the climate change cluster. These risks encompass a wide range of effects, from increased natural disasters such as fires, hurricanes or floods to the challenges posed by statutory carbon reduction requirements. Such events and requirements can significantly impair production processes and supply chains, cause operational interruptions and lead to financial losses. In addition, the rising requirements for sustainability and stricter reporting obligations are raising the pressure on companies to reduce their dependence on fossil fuels and develop transparent sustainability strategies. Failure to satisfy ESG requirements can have a negative influence on the Company's financial profile, which can lead to higher interest rates and insurance premiums. It can also be harmful to the Group's reputation. The Haniel Group has implemented countermeasures in response to these challenges. These include regular monitoring of sustainability goals, capturing and reporting data and integrating sustainability KPIs into the Company's management system. Sustainability officers have been appointed to monitor strategies. In addition, business continuity plans have been established and insurance taken out against operational interruptions. The integration of environmental and climate risks into risk management strengthens the Company's ability to react to the effects of climate change and increases resiliency.

Material risks in connection with the portfolio companies

In its role as a holding company, the Haniel Group is faced with the challenge of managing a broad spectrum of risks that can affect the Holding Company itself as well as its investment portfolio. Specific B-risks have been identified for the Holding Company which arise in direct connection from its activities as a holding company. These include potential misjudgments of markets or business models, which could result in adjustments to the strategic direction coming too late or being insufficient. Equally, M&A activities entail the risk of incorrect valuations, resulting in impairments. In addition, the investment results from certain equity investments or the sale of shares can be jeopardized by market fluctuations or business developments. At the same time, the portfolio companies have identified a number of B-risks which arise in connection with their business activities but could potentially affect the Haniel Group. These include, for instance, risks in connection with the cyclical nature of certain business units, increased online competition, structural shifts in demand and challenges in implementing transformation programs. These risks can adversely affect the portfolio companies' financial position and earnings performance as well as their market position, and thus also directly harm the Holding Company.

Strict cost management and stronger digital infrastructure and cyber security are other key elements of the risk minimization strategy. In addition, business continuity plans have been established and insurance taken out against operational interruptions in order to bolster the Group's resilience and long-term growth.

Risks from the use of financial instruments
Financing requirements for the operating business are secured in the Haniel Group through equity and debt capital. When outside financing is used, the Company seeks to diversify its financing instruments and its circle of investors in order to be able to respond flexibly to developments on the capital markets and in the banking sector. In addition to committed bilateral lines of credit, which are drawn upon only to a limited extent, the Haniel Holding Company also has secured access to capital markets, for example via the current commercial paper programme and the existing external rating. When financing with borrowed capital, it is of benefit that the Holding Company and its portfolio companies, both as established and reliable partners, enjoy a high degree of trust from banks and other investors. The Haniel Group is thus able to ensure the continuation of the operating business, even if for example economic conditions cause declines in incoming payments from business activities.

For further disclosures relating to financial risk management, please refer to the 2023 Annual Report, note 29.

At present, no risks have been identified which could jeopardize the Group's ability to continue as a going concern, whether individually or in the aggregate.

Assessment of effectiveness
The effectiveness of the risk management system is monitored regularly, and improvements are introduced where necessary.

Risk-bearing capacity
Every portfolio company has developed a tailored concept for assessing its risk-bearing capacity, which considers at a minimum its operational resilience, as measured against EBITA, as well as its capital resilience, as reflected in the lines of credit available to it. Regular reviews assess whether the overall risk situation exceeds the defined thresholds. There are no recognizable individual or aggregate risks which jeopardize the Haniel Group as a going concern, nor are there any noteworthy risks beyond the normal entrepreneurial risk.

Report on expected developments

Haniel anticipates that all portfolio companies will report a slight organic revenue growth in fiscal year 2024. Operating profit is expected to increase significantly, driven by organic growth at the portfolio companies.

Macroeconomic environment to remain challenging
The IMF[5] expects 2024 to be marked by a continuing recovery of the global economy from the consequences of various events, including the COVID-19 pandemic, Russia's invasion of Ukraine and the cost of living crisis. Nevertheless, real global economic output is expected to increase by only 3.1 percent, which is still below the average for the years 2000–2019. Inflation in 2024 is expected to fall more rapidly than originally projected, namely from 6.8 percent (2023) to 5.8 percent. At the same time, the IMF expects that high interest rates will continue to weigh down the economy. It forecasts only 0.9 percent real growth in the eurozone and 2.1 percent in the United States. Emerging and developing economies are expected to achieve real growth of 4.1 percent.

Since the various portfolio companies are active internationally, the results of the Haniel Group are also influenced by the development of various exchange rates, particularly the US dollar, the British pound and the Swiss franc.

Increases in profits expected
Thanks to the measures launched in 2023 to reduce Haniel's cost structure, the management looks to 2024 with optimism, although it is conscious of the economic imponderabilities described above. Haniel will continue to concentrate on implementing its transformation. A particular focus will lie on refining our strategic approach and enhancing the operational performance of the existing portfolio.

However, the previously mentioned political and economic risks could give rise to deviations from the outlined general economic conditions and thus to revenue and earnings forecasts.

On the whole, Haniel's management expects organic revenue growth in fiscal year 2024 at every portfolio company and therefore assumes that the Haniel Group's revenue overall will increase organically year on year by 4 to 8 percent. The organic increase in revenue is expected to result from a mix of price increases and volume increases. Operating profit is expected to increase by 10 to 20 percent.

Because of the expected organic growth, together with other operating measures, particularly cost management and the optimization of working capital, the management assumes that operating free cash flow in 2024 will be 50 to 70 percent higher than in 2023.

Acquisition activities at the level of the Haniel Holding Company and the portfolio companies will remain in focus: Haniel plans to continue to expand the portfolio in 2024, and to invest in the Growth Portfolio in particular. As a result, the amount of recognized investments remains tangibly high.

Revenue and profits could deviate from the development presented due to the acquisition of additional portfolio companies or supplementary acquisitions by the existing portfolio companies, as well as the disposal of portfolio companies.

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[5] IMF World Economic Outlook Update January 2024

Consolidated financial statements

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Haniel Group
Statement of financial position

ASSETS

EUR million	Note	Dec. 31, 2023	Dec. 31, 2022
Property, plant and equipment	1	1,072	984
Intangible assets	2	3,262	3,359
Investments accounted for at equity	3	6	260
Financial assets	4	713	430
Other non-current assets	5	25	23
Deferred taxes	6	67	68
Non-current assets		**5,145**	**5,123**
Inventories	7	430	466
Trade receivables and similar assets	8	501	524
Financial assets	9	62	89
Income tax assets	6	32	32
Cash and cash equivalents	10	154	185
Other current assets	11	145	150
Current assets		**1,324**	**1,447**
Total assets		**6,468**	**6,570**

EQUITY AND LIABILITIES

EUR million	Note	Dec. 31, 2023	Dec. 31, 2022
Equity of shareholders of Franz Haniel & Cie. GmbH		2,288	2,411
Non-controlling interests		244	273
Equity	12	**2,532**	**2,684**
Financial liabilities	13	1,311	1,236
Pension provisions	14	283	254
Other non-current provisions	15	73	89
Other non-current liabilities	16	380	470
Deferred taxes	6	225	256
Non-current liabilities		**2,272**	**2,306**
Financial liabilities	13	810	716
Current provisions	15	119	99
Trade payables and similar liabilities	17	350	433
Income tax liabilities	6	60	58
Other current liabilities	18	324	274
Current liabilities		**1,664**	**1,580**
Total equity and liabilities		**6,468**	**6,570**

Haniel Group
Income statement

EUR million	Note	2023	2022
Revenue	19	**4,431**	**4,223**
Changes in inventories of finished goods and work in progress		6	2
Other own work capitalized		23	18
Gross revenue		**4,460**	**4,243**
Cost of materials		–1,568	–1,596
Gross profit		**2,893**	**2,647**
Other operating income	20	25	64
Total operating income		**2,917**	**2,711**
Personnel expenses	21	–1,128	–1,064
Other operating expenses	22	–1,159	–1,007
EBITDA		**630**	**640**
Depreciation and amortization (other than of intangible assets from purchase price allocation)		–357	–329
Impairment of property, plant and equipment and intangible assets (other than of intangible assets from purchase price allocation)		–3	–1
Operating profit (EBITA)		**270**	**310**
Amortization of intangible assets from purchase price allocation		–73	–69
Impairment of intangible assets from purchase price allocation		–37	–47
EBIT		**160**	**194**
Result from investments accounted for at equity	3	–87	–16
Other investment result	23	–43	–9
Finance costs	24	–141	–56
Other net financial income	25	60	–12
Net financial income		**–211**	**–94**
Profit before taxes		**–51**	**101**
Income tax expenses	26	–23	–55
Profit after taxes from continuing operations		**–74**	**46**
Profit after taxes from discontinued operations	27	–1	–154
Profit after taxes		**–75**	**–108**
of which attributable to non-controlling interests		4	25
of which attributable to shareholders of Franz Haniel & Cie. GmbH		–79	–133

Haniel Group
Statement of comprehensive income

EUR million	Note	2023	2022
Profit after taxes		**–75**	**–108**
Remeasurements of defined benefit plans recognized in other comprehensive income		–26	128
Deferred taxes on remeasurements of defined benefit plans recognized in other comprehensive income		6	–36
Remeasurements of defined benefit plans		**–20**	**91**
Pro-rata other comprehensive income not to be reclassified to profit or loss from investments accounted for at equity		**–12**	**–2**
Income and expenses recognized in equity from remeasurement of equity instruments		–1	–11
Deferred taxes on remeasurement of equity instruments		0	0
Remeasurement of equity instruments		**–1**	**–11**
Total other comprehensive income not to be reclassified to profit or loss		**–33**	**79**
Income and expenses recognized in equity from remeasurement of derivative financial instruments		–1	0
Reversals recognized in profit or loss		–0	1
Deferred taxes on remeasurement of derivative financial instruments		0	–0
Remeasurement of derivative financial instruments		**–1**	**1**
Income and expenses recognized in equity from remeasurement of debt instruments		1	–2
Deferred taxes on remeasurement of debt instruments		0	1
Remeasurement of financial investments in debt instruments		**1**	**–2**
Income and expenses recognized in equity from foreign currency translation		–3	29
Reversals recognized in profit or loss		–0	5
Currency translation effects		**–3**	**34**
Income and expenses recognized in equity from changes recognized directly in equity of investments accounted for at equity		–16	25
Reversals recognized in profit or loss		64	16
Other comprehensive income from investments accounted for at equity		**47**	**41**
Total other comprehensive income to be reclassified to profit or loss and reversals recognized in profit or loss		**45**	**74**
Total other comprehensive income		**13**	**153**
of which attributable to non-controlling interests		–4	9
of which attributable to shareholders of Franz Haniel & Cie. GmbH		17	143
Comprehensive income	12	**–62**	**45**
of which attributable to non-controlling interests		–0	34
of which from discontinued operations		0	0
of which from continuing operations		–0	34
of which attributable to shareholders of Franz Haniel & Cie. GmbH		–62	10
of which from discontinued operations		–1	–150
of which from continuing operations		–61	161

Haniel Group
Statement of changes in equity

CHANGES IN 2023

EUR million	Subscribed capital	Capital reserve	Accumulated other comprehen-sive income	Retained earnings	Treasury shares	**Equity of shareholders of Franz Haniel & Cie. GmbH**	Non-controlling interests	**Equity**
As of Jan. 1, 2023	1,000	678	–115	931	–83	**2,411**	273	**2,684**
Dividends				–59		**–59**	–22	**–81**
Changes in the scope of consolidation			77	–77		**0**		**0**
Changes in shares in companies already consolidated				2		**2**	–7	**–4**
Changes in treasury shares					–4	**–4**		**–4**
Comprehensive income			17	–79		**–62**	–0	**–62**
of which profit after taxes				–79		**–79**	4	**–75**
of which other comprehensive income			17			**17**	–4	**13**
As of Dec. 31, 2023	**1,000**	**678**	**–20**	**717**	**–87**	**2,288**	**244**	**2,532**

CHANGES IN 2022

EUR million	Subscribed capital	Capital reserve	Accumulated other comprehen-sive income	Retained earnings	Treasury shares	**Equity of shareholders of Franz Haniel & Cie. GmbH**	Non-controlling interests	**Equity**
As of Jan. 1, 2022	1,000	678	–288	1,293	–34	**2,650**	305	**2,955**
Dividends				–79		**–79**	–26	**–106**
Changes in the scope of consolidation			30	–30		**0**		**0**
Changes in shares in companies already consolidated				–121		**–121**	–44	**–165**
Capital measures				0		**0**	5	**5**
Changes in treasury shares					–49	**–49**		**–49**
Comprehensive income			143	–133		**10**	34	**45**
of which profit after taxes				–133		**–133**	25	**–108**
of which other comprehensive income			143			**143**	9	**153**
As of Dec. 31, 2022	**1,000**	**678**	**–115**	**931**	**–83**	**2,411**	**273**	**2,684**

For further explanatory comments concerning equity, see note 12.

Haniel Group
Statement of cash flows

EUR million	Note	2023	2022
Profit after taxes		–75	–108
Depreciation and amortization, impairment losses and reversals on non-current assets		470	457
Change in pension provisions and other non-current provisions		–14	11
Income/expenses from changes in deferred taxes		–23	–6
Non-cash income/expenses and dividends of investments accounted for at equity		88	30
Gains/losses from the disposal of non-current assets and consolidated companies and from remeasurement for changes in shares		–3	84
Other non-cash income and expenses and other payments		17	39
Change in inventories, receivables and similar assets		41	–82
Change in other current non-interest-bearing liabilities, current provisions and similar liabilities		11	163
Cash flow from operating activities		**512**	**588**
Proceeds from the disposal of property, plant and equipment, intangible assets and other assets		9	85
Payments for investments in property, plant and equipment, intangible assets and other assets		–439	–410
Proceeds from the disposal of consolidated companies and other business units		4	0
Payments for acquisitions of consolidated companies and other business units		–29	–251
Cash flow from investing activities		**–455**	**–576**
Proceeds from contributions to equity		0	5
Payments to shareholders		–85	–155
Payments from changes in shares in companies already consolidated		–53	–104
Proceeds from issuance of financial liabilities		1,991	2,023
Repayments of financial liabilities		–1,938	–1,648
Cash flow from financing activities		**–85**	**121**
Cash and cash equivalents at the beginning of the period		185	53
Increase/decrease in cash and cash equivalents		–28	133
Non-cash increase/decrease in cash and cash equivalents		–3	0
Cash and cash equivalents acquired in business combinations		0	–10
Cash and cash equivalents at the end of the period	33	**154**	**185**

The cash flow from operating activities includes dividends received in the amount of EUR 1 million (previous year: EUR 15 million), interest income of EUR 16 million (previous year: EUR 10 million) and interest payments of EUR 110 million (previous year: EUR 47 million). EUR 45 million was paid in income taxes (previous year: EUR 42 million).

The increase/decrease in cash and cash equivalents includes operating free cash flow (OFCF) of EUR 100 million (previous year: EUR 250 million). The notes to the statement of cash flows contain an explanation of how operating free cash flow is calculated (note 33).

Notes to the consolidated financial statements

A. General basis of presentation

Accounting principles

The consolidated financial statements of Franz Haniel & Cie. GmbH for the year ended December 31, 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) in effect on the reporting date and adopted by the Commission of the European Union, and in accordance with the supplementary requirements applicable under section 315e (1) HGB (*Handelsgesetzbuch* – German Commercial Code). Franz Haniel & Cie. GmbH is domiciled in Duisburg, Germany, and entered in the commercial register of the Duisburg Local Court (*Amtsgericht*) under number HR B 25. These consolidated financial statements were prepared by the management on April 2, 2024. They were approved by the Supervisory Board at its meeting on April 11, 2024.

The reporting currency is the euro; figures are shown in EUR million. This may result in rounding differences. For enhanced transparency of presentation, certain items in the statement of financial position and the income statement have been combined. These are explained in the notes. In accordance with IAS 1, the statement of financial position has been classified into non-current and current items. The income statement has been prepared using the nature of expense method.

New accounting standards and interpretations

The following standards, amendments and interpretations that were revised or newly-issued by the IASB (International Accounting Standards Board) or the IFRS Interpretations Committee (IFRS IC), as adopted by the Commission of the European Union, were applicable for the first time beginning with the 2023 fiscal year:

IFRS 17 Insurance Contracts including Amendments to IFRS 17
Disclosure of Accounting Policies (Amendment to IAS 1)
Definition of Accounting Estimates (Amendment to IAS 8)
Deferral Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)
Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

IFRS 17 Insurance Contracts became applicable for the first time as of January 1, 2023. The Standard covers the accounting for insurance contracts and replaces the transitional standard IFRS 4. Its scope covers insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The Standard is also mandatory for non-insurance companies and will therefore be adopted by Haniel beginning in fiscal year 2023. A detailed analysis of the resulting impacts was performed in 2023. Neither Haniel's portfolio companies nor Franz Haniel & Cie. GmbH have entered into contracts falling under the scope of IFRS 17. Consequently, the standard does not affect the presentation of the Haniel Group's assets, liabilities, financial position, and financial performance.

Following the amendments to IAS 1 and IFRS Practice Statement 2, entities are required to disclose their material accounting policy information rather than their significant accounting policies.

The amendments to IAS 8 which become applicable in 2023 are intended to clarify the difference between accounting policies and accounting estimates. To that end, the respective definitions were amended. Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. A change in an accounting estimate that results from new information or new developments is not the correction of an error.

The amendment to IAS 12 restricts the scope of application of the exemption, according to which no deferred tax assets or liabilities are recognized upon initial recognition of an asset or liability. The exemption no longer applies to transactions where both deductible and taxable temporary differences arise on initial recognition that result in the recognition of deferred tax assets and liabilities of the same amount.

A further amendment to IAS 12 permits temporary exemptions from the obligation to recognize deferred taxes resulting from the implementation of Pillar Two rules. In addition, disclosures must be made which enable users of financial statements to assess the impact of Pillar Two rules and the resulting income taxes for the Company. The Haniel Group has taken action to ensure compliance with the requirements of the German Minimum Tax Act (*Mindeststeuergesetz*, "MinStG") by January 1, 2024. At present, it is not possible to reliably assess the quantitative impact of implementation.

Initial calculations on the basis of prior-year figures indicate that the effective tax rate is not likely to be significantly affected. The deferred taxes exemption in accordance with IAS 12.4A is applied.

Because Haniel already applies IFRS 9, the amendment – which relates to the first-time application of IFRS 9 and IFRS 17 – is of no relevance.

The IASB and the IFRS IC have issued new and amended rules whose application is not mandatory for the Haniel Group until fiscal year 2024 or later. For these standards to be applicable, the required endorsement by the Commission of the European Union is still pending in some cases. The relevant Standards and Interpretations are:

Standard/Interpretation	Effective date
Endorsed by the Commission of the European Union	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	2024
Classification of Liabilities as Current or Non-current including Deferral of Effective Date (Amendment to IAS 1)	2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	2024
Not yet endorsed by the Commission of the European Union	
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	2025

The amendments to IFRS 16 integrate rules on subsequent measurement of lease liabilities in a sale and leaseback transaction. Previously, IFRS 16 had contained specific rules on initial measurement of a liability arising in connection with a sale and leaseback but no specific rules concerning subsequent measurement of that liability. The amendments to IFRS 16 require the lease liability to be subsequently measured in a way that does not result in the recognition of any amount of the gain or loss that relates to the right of use that is retained. In accordance with IAS 8, the amendments are applicable retrospectively after the date of initial application of IFRS 16. It is not expected that this will have any material effects on the presentation of the Group's assets, liabilities, financial position, and financial performance. The option of early application of standards already issued was not otherwise exercised. Currently there are also no plans to apply any of the standards issued by the IASB early. The Haniel Group does not foresee any effects from the initial application of the aforementioned standards on the presentation of the Group's net assets, financial position, and results of operations.

Consolidation principles

Subsidiaries directly or indirectly controlled by Franz Haniel & Cie. GmbH in accordance with IFRS 10 are fully consolidated in the consolidated financial statements. Control exists if Haniel has power over another entity, is exposed to variable returns from its involvement, such as interest or profit sharing, and can use its power to affect these returns.

Joint ventures as defined by IFRS 11 and associates as defined by IAS 28 are accounted for using the equity method. In the case of joint ventures, the Haniel Group exercises joint control with partners and has an interest in the net assets and/or profits of the joint venture. Associates are companies on which significant influence is exercised. This is normally assumed to be the case with an equity investment of between 20 and 50 percent. To the extent the Haniel Group has an interest in a joint operation as a joint operator, the joint operation's assets and liabilities as well as income and expenses that relate to Haniel's interest are recognized in Haniel's consolidated financial statements.

The reporting date for the separate financial statements of the consolidated subsidiaries is identical with the date for the consolidated financial statements, namely December 31, 2023. The previous year's equity-accounted investment CECONOMY AG has a different financial year as at 30 September 2022. However, the investment was included in Haniel's consolidated financial statements based on annual reports and published quarterly statements using results from January 1 through December 31. The separate financial statements of the domestic and foreign subsidiaries consolidated are prepared in accordance with uniform accounting policies.

Acquisitions are accounted for using the acquisition method on the basis of the fair values as of the date control was obtained (IFRS 3). The portion of the consideration that was transferred in expectation of future positive cash flows from the acquisition and that cannot be allocated to identified or identifiable assets as part of their remeasurement to fair value is reported as goodwill under intangible assets. The full goodwill method was not applied. Non-controlling interests are therefore measured at the proportionate fair value of the identifiable net assets. If the acquisition took place below market value – i.e., the carrying amount of the assets acquired exceeds the amount of consideration transferred – the resulting bargain purchase gain is recognized in profit or loss on the acquisition date. Before recognizing a gain on a bargain purchase, the Company reassesses whether it has correctly identified and recognized all of the assets acquired and all of the liabilities assumed.

In accordance with IFRS 3, goodwill is not amortized. Rather, a write-down to the lower recoverable amount is made if necessary depending on the results of an annual impairment test, or an interim test if there are indications of impairment (triggering events). The recoverable amount corresponds to the higher of the value in use and the fair value less costs of disposal. Any goodwill impairment loss is recognized in profit or loss.

Transactions that change the ownership interest in a subsidiary without resulting in a loss of control are accounted for as equity transactions. Transactions that result in a loss of control are recognized in profit or loss as a gain or loss on disposal. If shares continue to be held after the loss of control, the remaining equity interest is measured at fair value. Any difference between the existing carrying amount of those shares and their fair value is included in the gain or loss on disposal.

Intra-Group profits and losses, sales, income and expenses as well as receivables and payables between companies included in the consolidated financial statements are eliminated. Intercompany profits and losses contained in non-current assets and inventories from intra-Group transactions are adjusted to the extent that they are not of minor significance.

Non-controlling interests are initially measured as of the acquisition date as the acquirer’s proportionate share in the recognized amounts of the acquiree’s identifiable net assets. Non-controlling interests in fully consolidated subsidiaries are reported in equity separately from the equity of the owners of the parent. The entity’s profit or loss and other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is also attributed even if this results in the non-controlling interests having a deficit balance. Changes in Franz Haniel & Cie. GmbH’s ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and recognized in other comprehensive income.

Scope of consolidation

Aside from Franz Haniel & Cie. GmbH, 296 domestic and foreign companies were included in full in the consolidated financial statements as of December 31, 2022. In the fiscal year, the number of subsidiaries changed as follows:

Additions due to acquisition of shares or obtaining control	5
Additions due to new company formation	25
Disposals due to sale of shares or loss of control	0
Disposals due to mergers or liquidation	16

Accordingly, in addition to Franz Haniel & Cie. GmbH, a total of 310 subsidiaries are included in the consolidated financial statements as of December 31, 2023. Of that figure, 24 companies belong to BauWatch, 29 to BekaertDeslee, 66 to CWS, 30 to Emma, 16 to ROVEMA, 82 to KMK kinderzimmer and 50 to TAKKT. 13 subsidiaries are allocated to the Holding Company and other companies.

In the previous year, Haniel leased real estate from an asset leasing company. The corresponding agreement was accounted for in accordance with IFRS 16. In these arrangements and based on the contractual provisions, the Group has neither a legal interest in the company nor can it direct activities that are significant for the returns. The leased property affected has been under the ownership of a Haniel Group subsidiary since the fiscal year and is no longer accounted for in accordance with IFRS 16. In the previous year, the lease liability to this unconsolidated leasing company presented in financial liabilities totaled EUR 5 million. The corresponding right-of-use asset was reported at EUR 6 million in the previous year.

The Haniel Group also holds equity shares of less than 10 percent each in venture capital funds and through direct investments in the Growth Capital segment. Under the contractual provisions, Haniel does not participate in the funds' investment and disposal decisions that are material for the returns from these involvements and thus does not exercise any control. As of the reporting date, the carrying amount of the funds in the Growth Capital segment corresponding to the fair value was EUR 227 million (previous year: EUR 213 million) and is presented in non-current financial assets. In addition to the amounts already paid-in, Haniel committed itself to make additional capital contributions of EUR 71 million and USD 98 million (previous year: EUR 73 million and USD 103 million) to the funds, which the fund managers can call in for additional investments by the funds. The maximum loss exposure for Haniel from the Growth Capital segment thus corresponds to their carrying amount and the outstanding capital contributions. The increase in other contribution commitments resulted from the subscription of additional funds.

Aside from the fully consolidated subsidiaries, 5 (previous year: 4) associates are accounted for in Haniel's consolidated financial statements using the equity method. As in the previous year, no joint ventures are included in the consolidated financial statements.

Foreign currency translation

Business transactions in foreign currency are translated into the functional currency in the separate financial statements by applying the spot rate prevailing at the time of the transaction. Gains and losses arising from the settlement of such transactions and from the translation of foreign currency monetary assets and liabilities as of the reporting date are recognized in profit or loss.

Franz Haniel & Cie. GmbH's reporting currency is the euro. The foreign currency amounts indicated in the financial statements of companies outside the eurozone that are included in the consolidated financial statements are translated using the concept of functional currency in accordance with IAS 21. Given that the subsidiaries operate as financially, economically and organizationally independent entities, their respective local currency is generally the functional currency. The assets and liabilities of companies outside the eurozone are translated at the closing rate, while their income statement items are translated at average annual exchange rates. Goodwill resulting from the acquisition of foreign companies is assigned to the acquired company and translated at the closing rate. All resulting exchange differences are recognized in other comprehensive income. The currencies that are most relevant for Haniel's consolidated financial statements are:

	2023		**2022**	
EUR	Average exchange rate	Closing rate	Average exchange rate	Closing rate
US dollar (USD)	1.0810	1.1050	1.0512	1.0666
UK pound Sterling (GBP)	0.8697	0.8691	0.8522	0.8869
Swiss franc (CHF)	0.9715	0.9260	1.0044	0.9847

Since 1 July 2018, Argentina has been classified as a hyperinflationary economy. Since 1 July 2022, Turkey has also been classified as a hyperinflationary economy. Thus, IAS 29 Financial Reporting in Hyperinflationary Economies is applied to Bekaert Textiles Argentina SA, Bekaert Tekstil Pazarlama Dagrim ve Ticaret Ltd. and ROVEMA Makine Sanayi ve Ticaret Turkey A. S. The effects resulting from this are immaterial for the Haniel Group.

Accounting policies
The consolidated financial statements are generally prepared based on historical cost. A material exception to that are certain derivative and non-derivative financial instruments measured at fair value.

Property, plant and equipment (tangible assets) are recognized at cost less depreciation and, if applicable, impairment losses. Impairment testing is carried out in respect of items of property, plant and equipment only if there are indications of impairment. At a minimum, the Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If the reasons for an impairment loss no longer exist, appropriate reversals are recognized, provided that the resulting carrying amount does not exceed the depreciated cost of the asset. The cost of internally generated property, plant and equipment includes direct costs as well as directly attributable overheads. Allocable borrowing costs are recognized in the cost of qualifying assets.

Property, plant and equipment, with the exception of land, are mainly depreciated over their estimated useful lives using the straight-line method. Depreciation is based on the following useful lives:

Buildings	2 to 50 years
Technical equipment and machinery	2 to 16 years
Operating and office equipment	2 to 25 years

A **lease** is a contract that conveys the right to control the use of an identified asset (leased asset) for a period of time in exchange for consideration.

The Haniel Group generally accounts for all leases as a lessee – with the exception of leased assets of low value and short-term leases (less than 12 months). Right-of-use assets are recognized with respect to the leased assets, and liabilities are recognized with respect to the payment obligations resulting from the lease.

The lease liability is measured as the present value of the future lease payments and comprises the following elements: fixed lease payments, less any lease incentives received; variable lease payments; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease.

The discount rate for lease payments is generally calculated using incremental borrowing rates for the specific lease terms and currencies with comparable payment profiles, as the interest rate implicit in the lease cannot be readily determined. Lease liabilities are subsequently measured by reducing the carrying amount of the liability to reflect the lease payments made (effective interest rate method). Interest expenses are presented in finance costs.

Right-of-use assets are measured at cost, which comprises the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

Right-of-use assets are subsequently measured at amortized cost, depreciated on a straight-line basis over the term of the lease and recognized under property, plant and equipment.

The right-of-use assets in relation to leased assets are presented within line items that reflect the nature of the respective leased assets. Thus, the Land, buildings and similar assets, Technical equipment and machinery, and Operating and office equipment line items under Property, plant and equipment include right-of-use assets for leased assets.

The practical expedients for leases for which the underlying asset is of low value and short-term leases (less than 12 months) were applied, and the payments continue to be recognized on a straight-line basis under other operating expenses. Furthermore, the standard is not applied to leases of intangible assets.

Certain leases contain extension and termination options. When determining the term of the leases, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease are taken into consideration. Changes in lease terms resulting from the lessee's decision to exercise or not exercise such options are only taken into account if they are reasonably certain.

A lessor shall classify each of its leases as either an operating lease or a finance lease. Under a finance lease, an asset must be recognized in the statement of financial position and presented as a receivable in the amount of the net investment value. Under an operating lease, the leased asset is recognized at amortized cost under property, plant and equipment. The lease payments received during the period under review are presented under other operating income.

Purchased **intangible assets** are recognized at cost less amortization and, if applicable, impairment losses. With the exception of goodwill, brand names and works of art with an indefinite useful life, all useful lives are definite. An indefinite useful life is attributable to the Company's intention to continue using the relevant assets. Intangible assets with finite useful lives are generally amortized over their contractual or estimated useful lives using the straight-line method. This period is between 2 and 10 years. Internally generated intangible assets from which the Group is likely to benefit in future, and which can be measured reliably, are stated at their cost of production. The cost of production includes all costs directly attributable to the development process as well as appropriate portions of the attributable overheads. Attributable borrowing costs for qualifying assets are included. Research and development costs are treated as current expenses if the requirements for capitalization of development costs under IAS 38 are not met. If there are indications that a recognized individual asset may be impaired, an impairment test is performed with respect to this intangible asset – or a corresponding cash-generating unit (CGU) if it is not possible to perform an impairment test for the individual asset. A corresponding impairment loss is recognized in profit or loss. If the indications of impairment no longer exist, some or all of an impairment loss previously recognized is reversed. The increased carrying amount of the asset may not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

In accordance with IAS 36, the carrying amount of goodwill is tested for impairment annually and upon the occurrence of indications of impairment (triggering events) on the basis of cash-generating units or groups of units, on the basis of which the values are monitored by management for internal purposes. The Haniel Group performs the regular impairment tests during the fourth quarter of each year.

As of the reporting date, there were a total of 18 cash-generating units within the Haniel Group (previous year: 19). TAKKT has been managed via five CGUs since this year (previous year: 6). The carrying amounts of the individual or groups of cash-generating units are compared with their recoverable amount, which is equivalent to the higher of the value in use and the fair value less costs of disposal, determined in a second step if necessary. The fair value is the best estimate of the amount that an independent third party would pay for the (groups of) cash-generating units on the reporting date. Any disposal costs that would be incurred according to best estimate are deducted.

The value in use is measured based on detailed plans of the future cash flows, on the basis of the cash flows before interest and taxes, less maintenance and replacement investments and a perpetual annuity for the years after the detailed planning period. The detailed plans are generally based on five-year financial plans adopted by the responsible management and are used for internal purposes as well. The underlying sales trend and the operating profit margin constitute key planning assumptions. The detailed plans are formulated according to past developments and projected market trends. During the fiscal year, the Group continued to monitor the consequences of the war in Ukraine on the general economic environment as well as the specific impacts on the portfolio companies. The perpetual annuity is calculated based on expected average market growth, while factoring in expected future company growth. The cash flows thus determined are discounted at a rate reflecting the weighted average cost of capital before taxes (WACC), assigned individually for each cash-generating unit or group of cash-generating units, to determine the value in use of the cash-generating unit. The average cost of capital is determined using market inputs as the weighted average of the costs of equity and debt. The cost of equity used reflects the risk-equivalent return expected from equity investors with respect to the cash-generating units. In addition, business model-specific parameters are also taken into account. The cost of debt used represents the long-term financing terms of companies with comparable creditworthiness.

If the recoverable amount is less than the carrying amount of the individual cash-generating unit or group of cash-generating units, an impairment loss with respect to goodwill is recognized in profit or loss and, if applicable, as well as to other assets of the unit. Subsequent reversals of impairment losses on goodwill are not permitted if the grounds for recognizing impairment losses on goodwill no longer apply.

The table below summarizes the parameters applied in the fiscal year to determine the values in use in the context of the annual impairment tests for each portfolio company as well as for cash-generating units with significant goodwill:

	Weighted average cost of capital before taxes	Expected future company growth (perpetual annuity)	Goodwill as of Dec. 31, 2023
	%	%	EUR million
BauWatch	11.0	2.0	233
BekaertDeslee	12.2 to 12.3	2.0 to 3.0	168
CWS	10.3 to 11.0	2.0	1,037
of which Hygiene	10.7	2.0	552
Emma	15.3	2.0	325
KMK kinderzimmer	9.6	2.0	105
ROVEMA	11.1	2.0	137
TAKKT	10.6 to 12.1	1.0 to 2.0	638
of which Industrial & Packaging	11.8	1.0	325

The table below summarizes the parameters applied in the previous year to determine the values in use in the context of the annual impairment tests for each portfolio company as well as for cash-generating units with significant goodwill:

	Weighted average cost of capital before taxes	Expected future company growth (perpetual annuity)	Goodwill as of Dec. 31, 2022
	%	%	EUR million
BauWatch	10.7	2.0	233
BekaertDeslee	12.7 to 13.3	2.0 to 3.0	187
CWS	12.7 to 13.9	2.0	1,011
of which Hygiene	12.9	2.0	553
Emma	16.2	2.0	325
KMK kinderzimmer	8.7	2.0	105
ROVEMA	10.5	2.0	137
TAKKT	9.4 to 10.1	1.0 to 2.0	668
of which Ratioform Group	10.1	2.0	310

In addition to goodwill, the Haniel Group also has EUR 167 million (previous year: EUR 171 million) in other intangible assets with indefinite useful lives. These relate predominantly to brand names acquired through business combinations. Their recoverability is reviewed during impairment tests at the level of the cash-generating units. In relation to the total carrying amount of intangible assets with indefinite useful lives, the BekaertDeslee Americas and ROVEMA cash-generating units have significant brand names with indefinite useful lives amounting to EUR 34 million (previous year: EUR 35 million) and EUR 26 million (previous year: EUR 26 million), respectively. The weighted average cost of capital before taxes is 12.3 percent (previous year: 13.3 percent) for BekaertDeslee Americas and 11.1 percent (previous year: 10.5 percent) for ROVEMA; the expected future company growth rate for the years after the detailed planning period amounts to 3.0 percent (previous year: 3.0 percent) for BekaertDeslee Americas and 2.0 percent (previous year: 2.0 percent) for ROVEMA.

Due to annual impairment testing at the level of the CGUs, EUR 37 million (equivalent to USD 40 million) in impairment of goodwill was recognized in the fiscal year in accordance with IAS 36 in relation to the portfolio company TAKKT's D2G CGU based on the values in use as determined. Goodwill before impairments amounted to USD 94.0 million; the carrying amount of the net assets was equivalent to USD 128.9 million and the recoverable amount, which corresponded to the value in use of the cash-generating unit, was USD 88.9 million. Impairments were recognized on the basis of a deterioration in the earnings outlook due to the recession as well as a sharp increase in the cost of capital, which amounted to 11.5 percent pre-tax (previous year: 9.4 percent) for this unit for the impairment test as of December 31, 2023.

The evidence for recoverability at all cash-generating units is based on the value in use. The values in use as determined in the course of the regular impairment tests were checked for plausibility using scenarios relating to key assumptions. A hypothetical increase in the pre-tax weighted average cost of capital by 0.5 percentage points would result in a hypothetical impairment for the Europe and Americas CGUs if the portfolio company BekaertDeslee. A hypothetical decrease in cash flows before interest and taxes by 5 percentage points during the detailed planning period would also result in an impairment for the Europe CGU (BekaertDeslee). A hypothetical decrease in cash flows before interest and taxes during the detailed planning period by 10 percentage points would result in a hypothetical impairment for ROVEMA, which is a cash-generating unit. For all other CGUs, neither a hypothetical 5 percent reduction in cash flows before interest and taxes during the detailed planning period, nor a 0.5 percentage-point increase in the pre-tax weighted average cost of capital, nor a decrease in the expected growth rate after the detailed planning period would not result in a hypothetical impairment.

Associates and **joint ventures** are accounted for using the equity method defined in IAS 28 and IFRS 11, respectively. Based on the acquisition cost of the shares in associates and joint ventures at the date of acquisition, the carrying amount of the investments is increased or decreased by the Haniel Group’s share of the post-acquisition profits or losses of the investment and other equity changes in the investment. Goodwill included in the carrying amount and determined in accordance with the full consolidation principles is not amortized. An impairment test is conducted if there is objective evidence of a possible impairment of the total carrying amount of the investment.

Financial assets include in particular investments (equity instruments), securities and loans (debt instruments). Financial assets are classified as financial assets recognized at amortized cost, as assets recognized at fair value through other comprehensive income or as assets recognized at fair value through profit or loss depending on the contractual cash flow characteristics of the financial assets and the underlying business model according to which they are managed. Since the cash flow characteristics of equity instruments do not consist exclusively of interest and repayments of outstanding principal, they must generally be classified as financial instruments measured at fair value through profit or loss. An exception to this is made for equity instruments which are not held for trading purposes; the Group may exercise the option to irrevocably classify such instruments as financial instruments measured at fair value through other comprehensive income. Depending on the underlying business model, debt instruments whose cash flow characteristics consist exclusively of interest and repayments of outstanding principal are classified as financial instruments measured either at amortized cost (“hold”) or as financial instruments measured at fair value through other comprehensive income (“hold and sell”). All remaining debt instruments are classified as financial instruments measured at fair value through profit or loss, as is generally the case with equity instruments. The classification is determined at the date of acquisition and reviewed as of each reporting date. All financial assets are initially recognized at fair value and, provided they are not classified as at fair value through profit or loss, plus transaction costs.

Debt instruments measured at amortized cost are recognized based on the effective interest method. In the Haniel Group, this category also includes listed bonds and commercial paper. They are also subject to the impairment requirements set out in IFRS 9. To determine the expected credit loss for debt instruments measured at amortized cost, each financial instrument is assigned a ratings-based likelihood of default and a default ratio which is customary for the relevant market. The Haniel Group applies the practical expedient for financial instruments with low credit risk when assessing whether the credit risk has materially increased since initial recognition. The credit risk allowance to be recognized for these financial assets is calculated based on the 12-month expected credit loss.

Debt instruments measured at fair value through other comprehensive income are subsequently measured at fair value as of the reporting date. The changes in value are recognized in other comprehensive income and presented cumulatively in equity under accumulated other comprehensive income. Financial assets in this measurement category are subject to the impairment requirements of IFRS 9. The Haniel Group reports trade receivables eligible for forfaiting under that category.

Equity instruments, debt instruments and derivatives measured at fair value through profit or loss are subsequently measured at fair value as of the reporting date, with fair value changes recognized in profit or loss in this instance. Any transaction costs are recognized in profit or loss upon posting. Financial assets in this measurement category are not subject to the impairment requirements of IFRS 9. In the Haniel Group, mainly venture capital funds and derivatives for which no formal hedge accounting is applied are classified under this measurement category.

If the option to measure equity instruments which are not held for trading purposes at fair value through other comprehensive income is irrevocably exercised upon initial recognition, the resulting unrealized gains and losses and deferred taxes thereon are recognized in other comprehensive income and presented cumulatively in equity under other comprehensive income. The changes in value recognized in other comprehensive income are not reclassified to profit or loss. By contrast, dividend payments are recognized through profit or loss. Financial assets in this measurement category are not subject to the impairment requirements of IFRS 9. This option is exercised on a case-by-case basis and is currently utilized in the Haniel Group exclusively for both listed and unlisted investments in corporations.

Regular way sales and purchases of non-derivative financial assets of all categories are recognized as of the settlement date.

Financial assets and liabilities are presented at net in the statement of financial position if there is a legal right to offset at the present time. In addition, there must be an intention to settle on a net basis or to realize the asset and settle the related liability simultaneously. Otherwise, the financial assets and liabilities are presented at gross in the statement of financial position.

Inventories are stated at cost in general. In addition to the direct material and production costs, production-related portions of the required material and production overheads, as well as depreciation of property, plant and equipment attributable to production, and amortization of intangible assets are included in the cost. Borrowing costs are not taken into account. Depending on the specific circumstances of each portfolio company, different inventory cost formulas are applied. Normally, the costs of inventories are assigned by using a weighted average or a first-in, first-out (FIFO) cost formula. In addition, the standard cost method is also applied. Supplier remuneration classified as a reduction in cost reduces the carrying amount of inventories. If acquisition or production costs exceed the net realizable value at the end of the fiscal year, inventories are written down accordingly. Write-downs are recognized in respect of merchandise for which the net realizable value is lower than the carrying amount. Net realizable value is the estimated selling price less the estimated direct costs necessary to make the sale. If the grounds for recognizing a write-down on merchandise no longer apply, a corresponding reversal is recognized. If products are sold subject to rights of return, revenue is recognized only in the amount of the consideration to which the Company expects to be entitled. The share of those products which the Company expects to be returned is estimated and excluded from the transaction price. The amount for the right of return by a customer is presented under assets from rights of return.

Trade receivables and **other current assets** are initially recognized at the transaction price, which corresponds to the consideration paid in exchange for the transfer of goods or rendering of services to a customer. They are subsequently measured at amortized cost in accordance with the effective interest method. **The performance obligations in relation to assets from construction contracts** and **assets from other contracts with customers** are satisfied over a certain period. Revenue and profits from long-term contracts are recognized relative to the percentage of completion of the respective project. The percentage of completion is calculated as the ratio of the contract costs already incurred up to the end of the fiscal year to the estimated total project costs (cost-to-cost method) or the work hours performed up to the end of the fiscal year and estimated hours planned. If the cumulative performance per contract (contract costs and contract results) exceeds the prepayments received, the construction contracts are reported as assets. If a negative net amount remains after the prepayments received, this amount is recognized as a **liability from construction costs**. Losses on long-term contracts with customers are immediately recognized in full in the fiscal year in which the loss was identified, irrespective of the stage of completion. An expected credit loss allowance is recognized immediately upon initial recognition before any losses are actually incurred. The simplified approach is applied, under which the valuation allowance is calculated on the basis of the lifetime expected credit loss. Allowances are calculated based on historical experience and current expectations as to credit losses, with adequate methods being applied to reflect the different business activities of the portfolio companies.

Tax assets and **tax liabilities** are recognized at the amount expected to be reimbursed from or paid to the tax authorities.

Derivative financial instruments, such as forward contracts, options and swaps, are generally used for hedging purposes to minimize exchange rate, interest rate and other market price risks arising from the operating business and/or from the associated financing requirements. Under IFRS 9, all derivative financial instruments must be recognized at their fair values, irrespective of the purpose or intention for which they were concluded. Changes in the fair values of derivative financial instruments to which hedge accounting applies are reported either in the income statement (fair value hedge) or, in the case of a cash flow hedge, in other comprehensive income, taking deferred taxes into account. Derivative financial instruments which are not subjected to hedge accounting are classified as equity instruments, debt instruments and derivatives measured at fair value through profit or loss in accordance with IFRS 9.4.1.4.

Derivatives used to hedge items in the statement of financial position are referred to as fair value hedges. The gains and losses from the fair value measurement of the hedging instruments are recognized in profit or loss. The changes in value of the underlyings attributable to the hedged risk are also recognized in profit or loss as adjustments to the carrying amounts. Derivatives used to hedge against future cash flow risks from existing or planned transactions are referred to as cash flow hedges. The changes in fair values of the derivatives attributable to the effective portion of the hedge are initially reported in other comprehensive income. In accordance with IFRS 9, the treatment of amounts recognized under other comprehensive income depended on the nature of the underlying hedged item. If the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the amount recognized under other comprehensive income is included in the calculation of the acquisition costs or the carrying amount. For all other types of hedged items, the amount is reclassified to the income statement at the same time as the impact of the hedged item on profit or loss. The changes in the fair values of the derivatives attributable to the ineffective portion of the hedge are immediately recognized in the income statement. In cases where hedge accounting is not applied, the changes in the fair value of derivative financial instruments are immediately recognized in profit or loss.

Non-current assets and groups of assets are classified as **held for sale** if their carrying amounts are mainly derived from their potential sale and not from their ongoing use. This condition is deemed to be fulfilled if, among other things, the sale is highly probable, the asset or the group of assets is available for immediate sale and the sale is expected to be completed within one year starting from the time of the classification.

Non-current assets and groups of assets classified as held for sale are no longer depreciated as from the reclassification date but measured at the lower of the carrying amount and the fair value less costs to sell. These fair values are normally determined based on concluded purchase contracts or purchase price offers that are already sufficiently specific. Assets and groups of assets and their respective liabilities (disposal groups) held for sale are shown separately from other assets and liabilities in the statement of financial position, each as a separate current item, as from the reclassification date. The previous year's figures in the statement of financial position are not adjusted to reflect reclassifications. If the disposal group comprises a material business segment or operation, the profit or loss after taxes from discontinued operations is reported separately in the income statement. The previous year's income statement is adjusted accordingly. The profit after taxes from discontinued operations comprises the operation's current earnings, the result of the measurement described above, and the gain or loss on disposal. In the statement of cash flows, the incoming and outgoing payments of the discontinued operations are presented together with the corresponding payments of the continuing operations. The portfolio company classified as held for sale is presented separately.

Deferred taxes are recognized for temporary differences between the values in the tax accounts of the individual companies and the carrying amounts in the consolidated statement of financial position – with the exception of goodwill that is not deductible for tax purposes – as well as for tax loss carryforwards. Deferred tax assets are recognized only if their realization is ensured with reasonable certainty. Deferred taxes are determined on the basis of the tax rates that will be in effect in future under current legislation. Deferred tax assets and liabilities are offset in accordance with IAS 12 if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority for the same taxable entity. The planning horizon over which the tax-relevant interest carryforwards are calculated is four years.

Cash and cash equivalents are recognized at fair value, which generally corresponds to their nominal amount. Cash on hand, checks and bank deposits in foreign currency are translated at the closing rate as of the reporting date. The ECB's reference rate is applied as the exchange rate.

In accordance with IAS 19, **provisions for pensions** are determined using the actuarial projected unit credit method. In addition to biometric calculation principles, this method primarily takes into account the current long-term capital market interest rate as well as assumptions about future increases in salaries and pensions. Remeasurements are recognized in full directly in other comprehensive income and cumulatively in equity under accumulated other comprehensive income. These amounts are not reclassified to profit or loss. Remeasurements comprise actuarial gains and losses as well as the difference between the actual return on plan assets and the expected return recognized in net interest expense. Plan assets are measured at fair value and are deducted when calculating the plan surplus or deficit. In addition, effects from an asset ceiling may be included in the remeasurement. The net interest expense presented in the finance costs includes the expense from compounding the present value of defined benefit obligations and the expected return on plan assets.

With respect to **cash-settled share-based payments**, a **provision** is recognized in accordance with IFRS 2 for the services received, which is measured at fair value upon granting of the payments. The provision is recognized as an accrued expense over the agreed vesting period. Until the liability is settled, the fair value of the liability is remeasured at every reporting date and on the settlement date. All changes in fair value are recognized in profit or loss.

With the exception of provisions for personnel calculated in accordance with IAS 19 or IFRS 2, all **other provisions** are recognized on the basis of IAS 37 if there is a present legal or constructive obligation as a result of past business transactions or events. The outflow of resources embodying economic benefits required to settle the obligation must be probable, and it must be possible to estimate the amount reliably. Provisions with a maturity of more than one year are discounted at market interest rates that are in line with the risk and the period until settlement.

Financial liabilities, with the exception of derivative financial instruments, contingent consideration from business combinations, and financial liabilities held for trading, are initially recognized at fair value plus transaction costs and subsequently at amortized cost using the effective interest method.

Portions of assets and liabilities originally recognized as non-current with a remaining maturity of less than one year are generally reported under current items in the statement of financial position.

Revenue comprises revenue contracts with customers, less discounts and rebates. Revenue is generally recognized when control over the products or services transfers to the customer. This occurs either at a certain point in time or over a certain period of time. A product or service is deemed to be transferred once the customer has obtained control over such assets. This is the case when the customer has the ability to use the asset and direct its further use. The Haniel Group manufactures and sells a variety of products and services through its portfolio companies. While BekaertDeslee, Emma and TAKKT tend to satisfy their performance obligations at a certain point in time, BauWatch, CWS, KMK kinderzimmer and ROVEMA satisfy their performance obligations primarily over a certain period of time. BekaertDeslee generates sales revenue through the manufacture of mattress fabrics and mattress covers, and TAKKT generates sales revenue as a B2B direct marketing specialist which sells business equipment. BauWatch offers temporary outdoor security solutions and technology-based services. CWS generates revenue from services relating to washroom hygiene products and textile solutions as well as fire safety and security solutions. KMK kinderzimmer operates a large number of childcare facilities. ROVEMA manufactures packaging machines and equipment. In general, input-oriented methods are used at CWS and ROVEMA to determine the percentage of completion for performance obligations satisfied over a period of time. BauWatch and KMK kinderzimmer use output-oriented methods. The various products and services are sold at customary payment terms and do not comprise any financing components. The consideration received does not comprise any variable purchase price components. The customers' rights of return are taken into account through the recognition of an asset from return claims and the recognition of a reimbursement liability. If amounts are collected as an agent for third parties, such amounts are not revenue because they do not represent an inflow of economic benefits. Only the compensation for brokering the business is accounted for as revenue in such transactions.

Other operating income is recognized if the economic benefits are probable and the amount can be reliably determined.

Dividends are recognized when a legal right to receive payment is established. Interest income and interest expenses not requiring capitalization in accordance with IAS 23 are recognized in the proper period using the effective interest method.

In accordance with IAS 20, **government grants** are recognized at fair value only if there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Grants received as compensation for expenses are recognized as income in the same period in which such expenses are incurred. Grants received for the acquisition or production of assets are deferred as a general rule.

Advertising costs are expensed as soon as there is a right to access the advertising material or services were received in connection with the advertising activities.

The consolidated financial statements are prepared on the basis of certain **assumptions** and **estimates** which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities. The assumptions and estimates primarily concern the items set forth below.

Goodwill may arise in the course of business combinations. All identifiable assets, liabilities and contingent liabilities are measured at fair value upon first-time consolidation. The recognized fair values represent key estimates. If intangible assets are identified, the fair value is determined by recognized valuation methods depending on the type of asset. These valuations are closely related to the management's assumptions concerning the future development of the assets and the applied discount rates. Similar assumptions are necessary in the accounting and valuation of investments accounted for at equity.

In addition to the determination of fair values of the assets, liabilities and contingent liabilities acquired, the valuation of contingent consideration for business combinations is based on estimates and assumptions made by the management regarding the future development of the acquired entity. If the actual development of the entity in the future deviates from the expected development, this may affect the amount of contingent consideration and the profit after taxes.

Impairment tests of goodwill, other intangible assets with indefinite useful lives and investments are based on forward-looking assumptions. Paying due regard to past developments and assumptions concerning the future development of markets, the test is generally performed on the basis of a five-year planning period. The key assumptions when assessing impairment are estimated growth rates after the detailed planning period, weighted average cost of capital and tax rates. Further key planning assumptions relate to the future sales trend and the operating profit margin. The premises above and the underlying calculation model can significantly influence the individual values and ultimately the amount of a possible impairment.

The allowance for expected credit losses in relation to trade receivables is calculated primarily on the basis of estimates and assumptions. For instance, at every reporting date an analysis of allowances is conducted to measure the expected credit losses. The rates used to derive the allowances are based on days overdue for groups of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by guarantee credits and similar forms of credit insurance). The calculation reflects the probability-weighted result, the time value of money and appropriate and supported information that is available at the reporting date pertaining to past events, current conditions and forecasts of future economic conditions. Actual cash inflows may deviate from the carrying amounts recognized in respect of the receivables. In addition, when assessing customer-specific construction contracts, the timing and amount of revenue and profit recognition depend on assumptions made by the management.

The key assumptions and estimates for the measurement of provisions, especially those for pensions, real estate, litigations, pending losses, those related to business combinations and disposals and restructuring measures, concern the probability of the provisions being used, the amount of the obligation and, in the case of non-current provisions, the interest rates applied. In addition, pension obligations under defined benefit plans require actuarial assumptions regarding salary growth and pension growth, life expectancies and employee turnover. The actual development, and hence actual payments due in the future, may deviate from the expected development and the recognized provisions.

Deferred tax assets and liabilities are measured on the basis of assumptions and estimates made by management. In addition to the interpretation of the tax regulations applicable to the taxable entity concerned, the key factor in the calculation of deferred tax assets in respect of temporary differences and tax loss carryforwards is an assessment of the likelihood that adequate taxable income will be generated in future or that appropriate tax strategies for utilizing tax loss carryforwards will be implemented.

All assumptions and estimates are based on the circumstances prevailing on the reporting date. Future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. This also applies in particular to obligations whose existence, amount and timing of occurrence are uncertain. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

The impacts of the continuing war in Ukraine, particularly the resulting increased energy costs, have been factored into assumptions and estimates as well as valuation allowances on trade receivables. In addition, the impacts of inflation and rising interest rates are taken into account when measuring provisions (particularly pension provisions) and performing goodwill impairment tests.

B. Notes to the statement of financial position

1 Property, plant and equipment

EUR million	Land, buildings and similar assets	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	Total
Cost					
As of Jan. 1, 2023	**780**	**368**	**765**	**49**	**1,962**
Foreign exchange rate adjustments	4	–1	3	0	**7**
Additions to scope of consolidation	5	0	1		**6**
Additions	81	14	298	38	**431**
Reclassifications	34	9	1	–48	**–3**
Disposals	38	35	242	–0	**315**
As of Dec. 31, 2023	**866**	**356**	**826**	**39**	**2,088**
Accumulated depreciation/write-downs					
As of Jan. 1, 2023	**354**	**214**	**410**	**0**	**978**
Foreign exchange rate adjustments	1	0	2	0	**3**
Depreciation	62	24	243		**329**
Impairments	0	2	0	0	**3**
Reversals of impairment losses					**0**
Reclassifications	0	0	–0		**0**
Disposals	25	34	239	0	**298**
As of Dec. 31, 2023	**393**	**207**	**416**	**1**	**1,016**
Net carrying amounts					
As of Dec. 31, 2023	**473**	**150**	**410**	**39**	**1,072**
As of Jan. 1, 2023	**426**	**154**	**355**	**49**	**984**

Additions to the scope of consolidation during the fiscal year resulted from acquisitions by the portfolio company CWS. Business combinations in the fiscal year are explained under note 32. As in the previous year, the additions and disposals of operating and office equipment during the fiscal year relate primarily to textiles and hand towel dispensers to be rented out by the portfolio company CWS.

EUR million	Land, buildings and similar assets	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	**Total**
Cost					
As of Jan. 1, 2022	**713**	**344**	**649**	**35**	**1,741**
Foreign exchange rate adjustments	3	6	–0	1	**10**
Additions to scope of consolidation	26	9	5		**40**
Additions	54	13	240	41	**348**
Reclassifications	10	6	8	–26	**–2**
Disposals	26	9	138	2	**175**
As of Dec. 31, 2022	**780**	**368**	**765**	**49**	**1,962**
Accumulated depreciation/write-downs					
As of Jan. 1, 2022	**306**	**197**	**327**	**0**	**830**
Foreign exchange rate adjustments	1	3	–0	–0	**4**
Depreciation	60	24	215		**300**
Impairments	0		0	0	**0**
Reversals of impairment losses	0		0		**0**
Reclassifications	0	–4	4		**0**
Disposals	14	6	135		**156**
As of Dec. 31, 2022	**354**	**214**	**410**	**0**	**978**
Net carrying amounts					
As of Dec. 31, 2022	**426**	**154**	**355**	**49**	**984**
As of Jan. 1, 2022	**407**	**147**	**323**	**34**	**911**

As in the previous year, legally and economically owned property, plant and equipment are not subject to any restrictions on title. EUR 3 million in property, plant and equipment was pledged as collateral for liabilities (previous year: EUR 8 million). No property, plant or equipment has been provided as collateral for third-party liabilities (previous year: EUR 0 million). Purchase commitments for property, plant and equipment amounted to EUR 12 million (previous year: EUR 12 million).

2 Intangible assets

EUR million	Goodwill	Other intangible assets from purchase price allocation	Other intangible assets	Prepayments	Total
Cost					
As of Jan. 1, 2023	**2,731**	**1,001**	**285**	**7**	**4,024**
Foreign exchange rate adjustments	–10	–4	–0	–0	**–15**
Additions to scope of consolidation	24	9	0	0	**33**
Additions			20	0	**20**
Reclassifications		–2	8	–3	**3**
Disposals	30		39	2	**71**
As of Dec. 31, 2023	**2,714**	**1,003**	**273**	**3**	**3,994**
Accumulated amortization / Impairment losses					
As of Jan. 1, 2023	**65**	**392**	**207**	**3**	**665**
Foreign exchange rate adjustments	–1	–2	–0		**–3**
Amortization		73	28		**100**
Impairments	37		0	0	**38**
Reversals of impairment losses					**0**
Reclassifications					**0**
Disposals	30		37	2	**68**
As of Dec. 31, 2023	**71**	**462**	**198**	**1**	**732**
Net carrying amounts					
As of Dec. 31, 2023	**2,643**	**541**	**76**	**2**	**3,262**
As of Jan. 1, 2023	**2,666**	**609**	**79**	**5**	**3,359**

Additions to the scope of consolidation during the fiscal year resulted from acquisitions by the portfolio company CWS. Business combinations in the fiscal year are explained under note 32.

As in the previous year, the additions to other intangible assets and prepayments resulted primarily from software.

Other intangible assets from purchase price allocation and other intangible assets include assets with indefinite useful lives totaling EUR 167 million (previous year: EUR 171 million). These relate predominantly to brand names acquired through business combinations as well as works of art belonging to the Haniel Holding Company.

Impairments for the fiscal year comprise the goodwill impairment for the D2G CGU in the portfolio company TAKKT and are discussed in further detail in the section entitled “General basis of presentation”.

EUR million	Goodwill	Other intangible assets from purchase price allocation	Other intangible assets	Prepayments	**Total**
Cost					
As of Jan. 1, 2022	**2,686**	**952**	**284**	**8**	**3,931**
Foreign exchange rate adjustments	17	4	1	0	**21**
Additions to scope of consolidation	125	129	0		**255**
Additions			8	3	**11**
Reclassifications			7	–5	**2**
Disposals	97	84	15	0	**196**
As of Dec. 31, 2022	**2,731**	**1,001**	**285**	**7**	**4,024**
Accumulated amortization / Impairment losses					
As of Jan. 1, 2022	**55**	**333**	**181**	**2**	**571**
Foreign exchange rate adjustments	–1	2	1		**1**
Amortization		74	35		**108**
Impairments	36	11	1	0	**48**
Reversals of impairment losses			0		**0**
Reclassifications					**0**
Disposals	25	28	10		**63**
As of Dec. 31, 2022	**65**	**392**	**207**	**3**	**665**
Net carrying amounts					
As of Dec. 31, 2022	**2,666**	**609**	**79**	**5**	**3,359**
As of Jan. 1, 2022	**2,631**	**619**	**103**	**6**	**3,360**

As in the previous year, legally and economically owned intangible assets are not subject to any restrictions on title. As in the previous year, no intangible assets have been pledged as security for own liabilities.

As of December 31, 2023, there was a purchase commitment for intangible assets in the amount of EUR 1 million (previous year: EUR 3 million).

3 Investments accounted for at equity

EUR million	2023	2022
As of Jan. 1	**260**	**346**
Foreign exchange rate adjustments	–1	–0
Additions	0	7
Changes in equity interest recognized in profit or loss	–7	–16
Profit distributions		–14
Changes in equity interest recognized in other comprehensive income	–28	39
Impairments and reversals of impairment losses	–2	0
Disposals and transfers	–216	–102
As of Dec. 31	**6**	**260**

The investments accounted for using the equity method essentially included Haniel's investment in CECONOMY AG.

CECONOMY AG, with its registered office in Düsseldorf, is the holding company for the leading European platform of the same name for consumer electronics companies, concepts and brands. It operates the MediaMarkt and Saturn brand electronics superstores in Europe. Haniel's interest in the ordinary shares of CECONOMY AG amounted to 16.70 percent as of the reporting date. In light of the change to management structures, Haniel ceased to exercise a significant influence over CECONOMY AG at the end of 2023, and therefore no longer measures the investment at equity. As a consequence, the shares have been reclassified to equity investments measured at fair value through other comprehensive income.

The Ceconomy investment contributed earnings totaling EUR -82 million (previous year: EUR -16 million) which resulted primarily from the reclassification of the investment.

4 Non-current financial assets

EUR million	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at fair value through profit or loss	**479**	**396**
Venture capital funds and similar debt instruments	227	213
Structured debt instruments	21	29
Investment funds	98	95
Equity instruments held for trading	134	58
Equity instruments measured at fair value through other comprehensive income	**217**	**16**
Equity instruments, not held for trading	217	16
Debt instruments measured at fair value through other comprehensive income	**14**	**14**
Debt instruments measured at FVTOCI	14	14
Debt instruments measured at amortized cost	**2**	**4**
Loans	2	2
Miscellaneous	2	2
Loss allowance on debt instruments	–2	–0
	713	**430**

Non-current financial assets consists primarily of investments in growth capital via funds and direct investments, as well as financial instruments held as medium- and long-term investments.

The increase in funds and direct investments in the Growth Capital segment and similar debt instruments was attributable in particular to the investments made during the fiscal year. This was offset in some cases by decreases in market value. Investments in further direct holdings resulted in an increase in equity instruments held for trading.

Equity instruments measured at fair value through other comprehensive income include non-listed equity investments in corporations as well as listed shares in CECONOMY AG, which was reclassified at the end of fiscal year 2023 as investments accounted for at equity.

5 Other non-current assets

EUR million	Dec. 31, 2023	Dec. 31, 2022
Capitalized contract costs	24	21
Miscellaneous non-current assets	1	1
	25	**23**

Capitalized contract costs relate to expenses for initiating contracts with customers of the portfolio company CWS. The contract costs are amortized on a straight-line basis over the expected terms of the contracts. The amount amortized each year is recognized in profit or loss under personnel expenses.

6 Current and deferred taxes

The income tax assets totaling EUR 32 million (previous year: EUR 32 million) concern in particular withholding tax receivables in connection with dividends received. The income tax liabilities of EUR 60 million (previous year: EUR 58 million) essentially contain the income taxes still to be paid for the fiscal year.

Deferred taxes are calculated using the respective local tax rates. Changes in tax rates that were enacted up until the reporting date have already been taken into account. The income tax rates applied in the relevant countries varied between 9.0 percent and 38.0 percent (previous year: 9.0 percent and 32.3 percent).

The following deferred tax assets and liabilities exist for temporary differences in the individual items of the statement of financial position, and for tax loss carryforwards:

	Dec. 31, 2023		**Dec. 31, 2022**	
EUR million	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	18	106	16	103
Intangible assets	10	232	14	259
Miscellaneous non-current assets	2	9	2	13
Current assets	17	5	11	3
Non-current liabilities	51	0	43	1
Non-current provisions	44	6	40	4
Current provisions	9	0	5	0
Other current liabilities	13	13	13	9
Derivative financial instruments	0	2	1	1
Tax loss carryforwards	52		61	
Less offsetting	148	148	136	136
	67	**225**	**68**	**256**

Deferred tax assets include EUR 41 million (previous year: EUR 52 million) for companies that were making losses in the fiscal year or the previous year. These items are recognized, since future taxable profits are expected for these companies.

The Haniel Group recognized trade tax loss carryforwards of EUR 962 million (previous year: EUR 943 million), unused corporate tax and similar foreign loss carryforwards of EUR 664 million (previous year: EUR 638 million) and interest carryforwards amounting to EUR 546 million (previous year: EUR 491 million), for which no deferred tax assets were recognized in the statement of financial position, given that the realization of the deferred tax assets is not deemed to be sufficiently certain from today's point of view. Of these tax loss carryforwards, EUR 4 million (previous year: EUR 8 million) expire within five years and an additional EUR 2 million (previous year: EUR 0 million) within 15 years.

In accordance with IAS 12, no deferred tax liabilities are recognized for retained earnings of subsidiaries and investments accounted for at equity because the company can control the reversal effect and therefore it is probable that the temporary differences will not be reversed in the foreseeable future. Therefore no deferred tax liabilities are recognized for temporary differences from subsidiaries in the amount of EUR 130 million (previous year: EUR 119 million).

7 Inventories

EUR million	Dec. 31, 2023	Dec. 31, 2022
Raw materials and production supplies	95	107
Work and services in progress	12	14
Finished goods and merchandise	317	335
Assets from rights of return	2	3
Prepayments	4	8
	430	**466**

The inventories include EUR 17 million (previous year: EUR 15 million) that were written down to the net realizable value. Write-downs in the amount of EUR 4 million (previous year: EUR 8 million) were made during the fiscal year. By contrast, reversals of write-downs totaled EUR 3 million (previous year: EUR 4 million).

With the exception of industry-standard restrictions on title, as in the previous year, no inventories were pledged as security for own liabilities.

8 Trade receivables and similar assets

EUR million	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	489	515
Assets from construction contracts	12	9
	501	**524**

While trade receivables include unconditional claims against customers, assets from construction contracts include conditional claims. As in the previous year, the assets from construction contracts as at 31 December 2023 mainly relate to the portfolio company ROVEMA and will be settled upon completion.

As in the previous year, no trade receivables are pledged as security for own liabilities at the reporting date.

To optimize the operating cash flow and as a further financing component EUR 61 million (previous year: EUR 55 million) in trade receivables were transferred to banks in exchange for cash and cash equivalents during the fiscal year. Receivables in the amount of EUR 58 million (previous year: EUR 55 million) were therefore derecognized because essentially all risks and opportunities – primarily default risk – were transferred to the bank. Assets in the amount of EUR 2 million (previous year: EUR 1 million) were recognized in respect of the continued involvement with the derecognized receivables. At the same time, this represents the maximum exposure to loss. A corresponding liability of EUR 2 million is recognized in other current liabilities.

Changes in allowances on trade receivables and assets from construction contracts are as follows:

EUR million	2023	2022
As of Jan. 1	**25**	**23**
Additions	8	16
Utilizations	3	0
Reversals	5	4
Foreign currency, changes in the scope of consolidation and other changes	0	–11
As of Dec. 31	**25**	**25**

The Haniel Group applies the simplified approach in accordance with IFRS to measure expected credit losses. Consequently, the expected credit losses over the term are applied for all trade receivables. To measure expected credit losses, trade receivables are analyzed on the basis of shared credit risk characteristics and days overdue. The expected loss ratios are based on historical payment profiles for revenue over recent years for the respective portfolio companies. The different portfolio companies in the Haniel Group operate in highly varied fields of business and use differing days overdue. Shared credit risk characteristics lead to very different loss ratios due to the different areas of activity. The prior-year figures were not ascertained as of the reporting date.

Dec. 31, 2023 EUR million	**Carrying amount**	Not overdue	Less than 90 days overdue	91 to 180 days overdue	181 to 360 days overdue	More than 360 days overdue
Expected loss ratio		0%	0.1% to 45%	0.6% to 50%	23% to 82%	25% to 100%
Gross carrying amount of trade receivables	514	362	109	20	18	4
Valuation allowance	–25	–2	–2	–6	–12	–4
Net carrying amount of trade receivables	489	360	107	14	6	0

9 Current financial assets

EUR million	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at fair value through profit or loss	62	89
	62	**89**

Financial assets measured at fair value through profit or loss consisted exclusively of ordinary shares in METRO AG.

10 Cash and cash equivalents

EUR million	Dec. 31, 2023	Dec. 31, 2022
Bank balances	152	184
Cash on hand and checks	2	1
	154	**185**

Bank balances comprise short-term deposits with an original maturity of up to three months. The year-on-year decrease was reporting-date related and resulted from increased cash inflows at the end of the previous fiscal year, particularly from the portfolio company Emma.

Cash and cash equivalents amounting to EUR 5 million (previous year: EUR 1 million) are held in countries with local exchange control regulations.

11 Other current assets

EUR million	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Receivables from investments	1	0
Derivative financial instruments	3	2
Non-financial assets		
Value-added tax receivables and other tax assets	58	61
Prepaid expenses	27	26
Bonuses and discount claims against suppliers	17	18
Miscellaneous current assets	39	43
	145	**150**

The derivative financial instruments serve to hedge interest rate, exchange rate and other price risks and are described in detail under note 30. As in the previous year, no other current assets are pledged as security for own liabilities in the fiscal year.

12 Equity

As of December 31, 2023, the subscribed capital of Franz Haniel & Cie. GmbH remained unchanged at EUR 1,000 million. All shares are fully paid-in and held either directly or indirectly by the Haniel family.

Treasury shares with a par value of EUR 1 million (previous year: EUR 13 million) were acquired during the fiscal year.

Non-controlling interests in the equity of consolidated subsidiaries related primarily to the free float shares in the Stuttgart-based TAKKT AG. As of the reporting date, Haniel held 65.83 percent (previous year: 65.51 percent) of shares in TAKKT AG, the holding company for the TAKKT portfolio. The 0.32 percent change in the share in TAKKT AG during the fiscal year (previous year: 6.06 percent) resulted in a EUR 4 million reduction in Group equity (previous year: EUR 63 million).

Changes in equity are shown in the statement of changes in equity. The reduction in retained earnings in the fiscal year was attributable primarily to the distribution of the dividend to shareholders in the previous year, the repurchase of treasury shares and the net loss for the year.

The tables below contain the financial information on the portfolio company TAKKT recognized in Haniel's consolidated financial statements:

	31 Dec. 2023	31 Dec. 2022
EUR million	TAKKT	TAKKT
Non-current assets	809	860
Current assets	277	340
Non-current liabilities	183	198
Current liabilities	165	208
Equity	737	794
of which attributable to non-controlling interests	207	229

	2023	2022
EUR million	TAKKT	TAKKT
Revenue	1,240	1,337
Operating profit (EBITA)	78	95
Profit after taxes	25	59
of which attributable to non-controlling interests	9	21
Other comprehensive income	–12	25
Comprehensive income	12	85
of which attributable to non-controlling interests	4	31
Cash flow from operating activities	108	86
Cash flow from investing activities	–15	–14
Cash flow from financing activities	–96	–68
Dividends paid to non-controlling interests	22	26

Haniel holds a 58.18 percent interest (previous year: 54.14 percent) in Emma Sleep GmbH, Frankfurt am Main, via the holding company for the Emma portfolio. The non-controlling interests in the equity of Emma Sleep GmbH and its subsidiaries reported for the portfolio company Emma amounted to EUR 28 million as of the reporting date (previous year: EUR 35 million). The comprehensive income attributable to Emma Sleep GmbH amounted to EUR -4 million (previous year: EUR 8 million). Of that amount, EUR -4 million (previous year: EUR 8 million) related to profit after taxes and EUR 0 million (previous year: EUR 0 million) related to other comprehensive income.

Haniel holds a 60 percent interest (previous year: 60 percent) in KMK kinderzimmer Holding GmbH, Hamburg, via the holding company for the KMK kinderzimmer portfolio. The non-controlling interests in the equity of KMK kinderzimmer Holding GmbH and its subsidiaries reported for the portfolio company KMK kinderzimmer amounted to EUR 7 million as of the reporting date (previous year: EUR 6 million). The comprehensive income attributable to KMK kinderzimmer Holding GmbH amounted to EUR 0 million (previous year: EUR -4 million). Of that amount, EUR 0 million (previous year: EUR -4 million) related to profit after taxes and EUR 0 million (previous year: EUR 0 million) related to other comprehensive income.

The accumulated other comprehensive income of the Haniel Group changed as follows:

EUR million	As of Jan. 1, 2023	Changes in the scope of consolidation	Changes in shares in companies already consolidated	Other comprehensive income	Currency translation effects	**As of Dec. 31, 2023**
Remeasurements of defined benefit plans	–47		0	–26	–0	**–73**
Deferred taxes	15		–0	6	–0	**21**
Other comprehensive income from investments accounted for at equity	–66	77		–12		
Financial investments in equity instruments	3	0	–0	–1		**2**
Other comprehensive income not to be reclassified to profit or loss	**–95**	**77**	**0**	**–33**	**–0**	**–51**
Derivative financial instruments	1		0	–1	0	**–0**
Debt instruments measured at fair value through other comprehensive income	–2			1		**–0**
Currency translation effects	39	0	–0	–3	0	**36**
Other comprehensive income from investments accounted for at equity	–47			47		
Other comprehensive income to be reclassified to profit or loss	**–9**	**0**	**0**	**45**	**0**	**36**
Accumulated other comprehensive income	**–105**	**77**	**0**	**13**	**–0**	**–14**
of which attributable to non-controlling interests	10	0	–0	–4		**6**
of which attributable to shareholders of Franz Haniel & Cie. GmbH	–115	77	0	17		**–20**

EUR million	As of Jan. 1, 2022	Changes in the scope of consolidation	Changes in shares in companies already consolidated	Other comprehensive income	Currency translation effects	**As of Dec. 31, 2022**
Remeasurements of defined benefit plans	–176		2	128	–1	**–47**
Deferred taxes	51		–1	–36	0	**15**
Other comprehensive income from investments accounted for at equity	–93	29		–2		**–66**
Financial investments in equity instruments	14	1	–1	–11		**3**
Other comprehensive income not to be reclassified to profit or loss	**–204**	**30**	**0**	**79**	**–1**	**–95**
Derivative financial instruments	–0		0	1	–0	**1**
Debt instruments measured at fair value through other comprehensive income	0			–2		**–2**
Currency translation effects	6		–1	34	1	**39**
Other comprehensive income from investments accounted for at equity	–88			41		**–47**
Other comprehensive income to be reclassified to profit or loss	**–82**	**0**	**–1**	**74**	**1**	**–9**
Accumulated other comprehensive income	**–287**	**30**	**–1**	**153**	**0**	**–105**
of which attributable to non-controlling interests	1	0	–1	9		**10**
of which attributable to shareholders of Franz Haniel & Cie. GmbH	–288	30		143		**–115**

The accumulated other comprehensive income attributable to non-controlling interests included EUR 8 million (previous year: EUR 11 million) in currency translation effects, EUR -4 million (previous year: EUR -3 million) in remeasurements of defined benefit plans, EUR 1 million (previous year: EUR 1 million) in deferred taxes on remeasurements of defined benefit plans, EUR 1 million (previous year: EUR 1 million) in gains and losses on remeasurements of financial investments in equity instruments and EUR 0 million (previous year: EUR 0 million) in gains and losses on remeasurements of derivative financial instruments.

Capital management

The aim of the Haniel Group's capital management is, for one, to safeguard financial flexibility, provide scope for value-enhancing investments, and maintain sound ratios in the statement of financial position. The Group seeks to achieve investment-grade credit ratings. Another aim of capital management is to ensure that the capital employed in the Haniel Group is used to increase value.

In the previous year, taking into account the portfolio companies held for sale, the Haniel Group's net financial position, defined as net financial liabilities less the investment position of the Haniel Holding Company, was broken down as follows:

EUR million	2023	2022
Financial liabilities	2,121	1,952
- Cash and cash equivalents	154	185
Net financial liabilities	1,967	1,767
- Investment position: Haniel Holding Company	207	226
Net financial position	1,761	1,541

The investment position of the Haniel Holding Company, which is available for the acquisition of new portfolio companies, includes non-current and current financial assets and other assets of the Holding Company and other companies.

The Group manages the solidity of its balance sheet ratios by monitoring the equity ratio, the gearing, the interest cover ratio, and the core repayment period.

EUR million	2023	2022
Equity	2,532	2,684
/ Total assets	6,468	6,570
Equity ratio (in %)	**39.1**	**40.9**
Net financial position	1,761	1,541
/ Equity	2,532	2,684
Gearing	**0.7**	**0.6**
(Operating profit (EBITA)	270	310
+ Result from investments accounted for at equity	–87	–16
+ Other investment result)	–43	–9
/ (Finance costs	–141	–56
– Other net financial income)	60	–12
Interest cover ratio	**1.7**	**4.1**
(Net financial position	1,761	1,541
– Net financial liabilities allocated to financial investments)	0	75
/ EBITDA	630	640
Core repayment period (in years)	**2.8**	**2.3**

The core repayment period is the ratio of EBITDA of the portfolio companies, as well as the Holding Company and other companies, to the net financial position. Given that the financial investment in CECONOMY AG is not included in EBITDA, and instead was accounted for at equity for the final time in fiscal year 2023, EUR 75 million in net financial liabilities were deducted and allocated to financial investments for the final time in the previous year in order to calculate the core repayment period.

13 Current and non-current financial liabilities

Financial liabilities comprise the interest-bearing obligations of the Haniel Group that existed as of the respective reporting dates. The different types and maturities of the current and non-current financial liabilities are shown in the table below:

	Dec. 31, 2023				Dec. 31, 2022			
EUR million	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Liabilities due to banks	445	825		**1,270**	379	916	3	**1,299**
Bonds, commercial paper and other securitized debt	187	177		**363**	183	25		**208**
Liabilities to shareholders	94	60		**154**	72	61		**133**
Lease liabilities	75	163	54	**291**	72	130	66	**267**
Other financial liabilities	10	31	1	**42**	10	26	10	**46**
	810	**1,256**	**55**	**2,121**	**716**	**1,158**	**79**	**1,952**
of which subordinated	103	90	1	**194**	81	85	10	**176**

The maturities of the liabilities due to banks correspond to the respective financing commitments.

As of the reporting date, bonds, commercial paper and other securitized debt contained promissory loan notes issued by the portfolio companies amounting to EUR 169 million (previous year: EUR 38 million) and commercial paper.

Liabilities to shareholders relate to shareholders of Franz Haniel & Cie. GmbH.

Financial liabilities include subordinated liabilities in the amount of EUR 194 million (previous year: EUR 176 million). The subordinated financial liabilities are subordinate to all other liabilities. The individual subordinated financial liabilities are shown in the table below:

EUR million	Dec. 31, 2023	Dec. 31, 2022
Shareholder loans: Haniel family	154	133
Loans of the Haniel Foundation	28	29
Haniel Zerobonds	1	2
Haniel Performance Bonds	0	
Miscellaneous financial liabilities	11	12
Total	**194**	**176**

14 Pension provisions

Pension provisions are recognized for obligations arising from current pensions as well as from commitments under old-age, disability and survivors' pension plans. The benefits paid by the Group vary from country to country, depending on the respective legal, tax and economic circumstances. The Haniel Group's company pension schemes comprise both defined contribution plans and defined benefit plans. Other than the payment of the contributions, no further obligations exist in respect of the defined contribution plans. The contributions are shown under personnel expenses and amounted to EUR 35 million (previous year: EUR 34 million) for the statutory pension insurance and EUR 14 million (previous year: EUR 11 million) for other defined contribution plans.

The obligations from defined benefit plans consist primarily of benefit plans based on final salaries with adjustments to counter the effect of inflation. They are financed using external pension funds and through provisions. As part of their investment strategies, the funds invest in various investment classes to avoid risk concentration. In addition, the maturity profile of the plan assets is adjusted in line with the expected benefit payment dates.

The defined benefit obligations are attributable in particular to Germany and Switzerland. The characteristics specific to the aforementioned countries are described in greater detail below.

In Germany, the defined benefit obligations are financed primarily through provisions. The obligations are based either on shop agreements or individual contractual arrangements for executives and other employees. The commitments essentially contain pension payments, but often disability or death benefits as well. In defined contribution benefit plans – depending on the pension plan – the pension capital can be paid out in installments or as a one-time payment or annuity. If fixed annuity payments are paid, either a statutorily prescribed pension adjustment review is made on a 3-year cycle, or for defined contribution plans – depending on the plan – guaranteed annual pension increases between 1.5 percent and 2.5 percent are set. A claim to retirement benefits generally exists upon departure. A claim to payment exists upon reaching the age limit, and for commitments as of 2012, at the earliest upon reaching the age of 62.

The defined benefit obligations in Switzerland are based on commitments for executives and other employees. They are financed through employee and employer contributions to pension funds. The commitments also incorporate benefits in the event of disability or death. The contributions vary depending on salary and age. Pension increases are factored in depending on the return on plan assets. To cover the pension claims, the plans are subject to minimum funding requirements from which future additional contribution obligations may arise. A claim to retirement benefits exists upon departure, however, at the earliest upon reaching the age of 64. Depending on the arrangement/pension plan, the payment can be paid out as an annuity or as a one-time payment.

%	Dec. 31, 2023 Germany	Dec. 31, 2023 Switzerland	Dec. 31, 2022 Germany	Dec. 31, 2022 Switzerland
Discount rate	3.2	1.4	3.5	2.2
Salary trend	2.8	1.5	2.8	1.5
Pension trend	2.0	0.0	2.0	0.0

In response to the development of the economic environment in the previous year, a one-off premium of 5% was applied to salary increases in 2022.

The discount rate is determined using an interest rate curve approach for each currency area based on the yields of fixed interest corporate bonds that have a minimum AA rating from at least one respected rating agency. For the eurozone, the iBoxx™ Corporates AA bonds were used in the fiscal year.

The mortality tables used for the corresponding countries are based on publicly accessible data. In Germany, the measurement is based on the biometric probabilities from the 2018G Heubeck mortality tables.

The average duration at matching maturities of the defined benefit plans was 16 years (previous year: 16 years).

Pension provisions are presented in the following items of the statement of financial position:

EUR million	Dec. 31, 2023	Dec. 31, 2022
Pension provisions	283	254
Net pension provisions	**283**	**254**

The present value of defined benefit obligations for pension provisions developed as follows in the fiscal year:

EUR million	2023	2022
Present value of defined benefit obligations as of Jan. 1	**362**	**480**
Foreign exchange rate adjustments	1	1
Changes in the scope of consolidation and other changes	–0	14
Current service cost	11	17
Past service cost	–1	–2
Gains and losses arising from settlements	1	1
Interest cost	11	5
Actuarial gains and losses	23	–139
of which arising from experience adjustments	–0	1
of which arising from changes in demographic assumptions	–0	–0
of which arising from changes in financial assumptions	24	–140
Employees’ contributions to plan assets	3	2
Less current pension payments	17	17
Less payments in respect of settlements	0	1
Present value of defined benefit obligations as of Dec. 31	**394**	**362**

The pension payments are expected to be EUR 12 million (previous year: EUR 14 million) in the next fiscal year, EUR 56 million in the following 2 to 5 fiscal years (previous year: EUR 63 million) and EUR 88 million in the next 6 to 10 fiscal years (previous year: EUR 103 million).

The plan assets developed as follows:

EUR million	2023	2022
Fair value of plan assets as of Jan. 1	**108**	**106**
Foreign exchange rate adjustments	1	0
Changes in the scope of consolidation and other changes		13
Return on plan assets	3	1
Gains and losses arising from settlements	1	1
Remeasurements of plan assets	–3	–11
Employer’s contributions to plan assets	6	4
Employees’ contributions to plan assets	3	2
Less current pension payments out of plan assets	7	7
Less payments in respect of settlements	0	1
Fair value of plan assets as of Dec. 31	**111**	**108**

Employer contributions to the plan assets are expected to be EUR 5 million in the coming fiscal year (previous year: EUR 6 million).

The table below shows the plan asset portfolio structure as of the reporting date:

	2023		2022	
EUR million	with active market	without active market	with active market	without active market
Cash and cash equivalents	0		1	
Equity instruments	14		14	
Debt instruments	21		20	
Real estate	15		14	
Investment funds	15		12	
Insurance contracts	12	32	11	21
Miscellaneous	2		2	12
Fair value of plan assets as of Dec. 31	**79**	**32**	**75**	**33**

The table below presents the development of the net pension provisions. It corresponds generally to the difference between the changes to the present value of defined benefit obligations and the fair value of the plan assets.

EUR million	2023	2022
Net pension provisions as of Jan. 1	**254**	**374**
Foreign exchange rate adjustments	1	1
Changes in the scope of consolidation and other changes	–0	1
Current service cost	11	17
Past service cost	–1	–2
Interest cost from compounding the defined benefit obligation	11	5
Return on plan assets	3	1
Actuarial gains and losses in respect of the defined benefit obligation	23	–139
of which arising from experience adjustments	–0	1
of which arising from changes in demographic assumptions	–0	–0
of which arising from changes in financial assumptions	24	–140
Remeasurements of plan assets	–3	–11
Employer's contributions to plan assets	6	4
Less current pension payments	10	9
Net pension provisions as of Dec. 31	**282**	**254**

Of the pension expenses for the fiscal year presented in the income statement, EUR 10 million (previous year: EUR 15 million) are included in personnel expenses and EUR 9 million (previous year: EUR 4 million) are included in finance costs.

The table below presents how the present value of defined benefit obligations as of the reporting date would have changed given variations in isolated significant actuarial parameters.

EUR million	2023	2022
0.5 percentage-point increase in the discount rate	–27	–24
0.5 percentage-point decrease in the discount rate	32	28
0.5 percentage-point increase in the salary growth rate	2	2
0.5 percentage-point decrease in the salary growth rate	–1	–1
0.5 percentage-point increase in the pension growth rate	14	13
0.5 percentage-point decrease in the pension growth rate	–12	–11
One-year increase in life expectancy	9	9
One-year decrease in life expectancy	–9	–8

There was no change in methodology for the sensitivity analysis year on year. Changes in the relevant parameters were reflected to the extent that these were considered appropriate. The respective ranges for potential changes in parameters were selected based on multi-year historical observations. The derivation of potential future changes on the basis of historical data represented a methodological constraint.

15 Other non-current and current provisions

EUR million	As of Jan. 1, 2023	Foreign exchange rate adjustments	Changes in the scope of consolidation	Reclassification, Disposals: IFRS 5	Interest effect	Additions	Reversals	Utilizations	**As of Dec. 31, 2023**
Provisions for personnel	78	0	0	–1	0	14	–24	–5	**63**
Provisions for removal	2	–0			0	0		–0	**2**
Provisions for restructuring	0								**0**
Miscellaneous non-current provisions	9	–0				4	–4	–0	**8**
Other non-current provisions	**89**	**0**	**0**	**–1**	**0**	**18**	**–28**	**–5**	**73**
Provisions for personnel	51	0	0	1		52	–5	–41	**58**
Provisions for litigation	3	0				7	–0	–1	**9**
Provisions for warranties	16	–0	0			4	–0	–4	**16**
Provisions for restructuring	1	0		–0		9	–0	–1	**9**
Miscellaneous current provisions	29	–0	1			12	–2	–11	**28**
Current provisions	**99**	**0**	**1**	**1**	**0**	**83**	**–7**	**–57**	**119**

The non-current provisions for personnel comprise obligations from performance cash plans, anniversaries and partial retirement schemes. Current provisions for personnel include bonuses, obligations under social plans and termination benefits.

The provisions for litigation mainly relate to a legal dispute involving the portfolio company Emma in Australia and were recognized in the financial year. The provisions for warranties include the provisions for returns and warranties of the portfolio company Emma. Provisions for removal usually result from the construction and redesign of land and buildings (improvements and reconstruction) whose removal will be necessary in future because of contractual, constructive or legal obligations. The present value of expected expenses is immediately recognized as a liability and initially corresponds to an appropriate increase in the acquisition cost of the relevant tangible asset. Present value adjustments resulting during the term from changes in the expected settlement amount or from changes in interest rates are generally recognized against the carrying amount of the relevant asset.

Provisions for restructuring include all estimated costs for the restructuring of certain companies and/or business units on the basis of a restructuring plan adopted by the responsible management.

Other non-current and current provisions included, among other things, provisions for tax risks amounting to EUR 6 million (previous year: EUR 7 million) as well as provisions recognized in connection with the ELG disposal, amounting to EUR 6 million (previous year: EUR 9 million).

The other non-current provisions are expected to be utilized as follows:

	Dec. 31, 2023				**Dec. 31, 2022**			
EUR million	Up to 2 years	2 to 5 years	More than 5 years	**Total**	Up to 2 years	2 to 5 years	More than 5 years	**Total**
Provisions for personnel	21	30	13	**63**	12	62	4	**78**
Provisions for removal	0	1	1	**2**	0	1	0	**2**
Provisions for restructuring				**0**				**0**
Miscellaneous non-current provisions	5	2	1	**8**	5	3	1	**9**
	26	**33**	**14**	**73**	**17**	**66**	**5**	**89**

16 Other non-current liabilities

Other non-current liabilities consists primarily of contingent purchase price liabilities in relation to business combinations and liabilities from the granting of a put option to acquire further shares in the context of a business combination.

17 Trade payables and similar liabilities

EUR million	Dec. 31, 2023	Dec. 31, 2022
Trade payables	299	377
Liabilities from construction contracts and advance payments	32	31
Liabilities from other contracts with customers	19	24
	350	**433**

The decrease in trade payables was attributable primarily to a decrease in payables at the portfolio companies Emma, TAKKT and CWS due to their business situation. EUR 21 million (previous year: EUR 43 million) of trade payables at the portfolio company Emma were attributable to these reverse factoring agreements.

Liabilities from construction contracts and advance payments, as well as liabilities from other contracts with customers relate to payments received before the contractual obligations were satisfied.

At the beginning of the fiscal year, revenue amounting to EUR 33 million (previous year: EUR 39 million) was recognized under liabilities from construction contracts and advance payments or from other contracts with customers. The performance obligations recognized as of the reporting date as liabilities from construction contracts have an expected original term of no more than one year; therefore, no further disclosures are made.

18 Other current liabilities

EUR million	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities		
Derivative financial instruments	1	2
Non-financial liabilities		
Liabilities for other taxes	62	71
Liabilities for payroll and social security	32	26
Accrued expenses	165	124
Miscellaneous current liabilities	63	50
	324	**274**

The accrued expenses include in particular periodic expenses for interest, holiday leave not yet taken, rebates, bonuses and invoices in transit. Derivative financial instruments are described in detail under note 30. Miscellaneous current liabilities includes liabilities from business combinations amounting to EUR 6 million (previous year: EUR 6 million).

C. Notes to the income statement

19 Revenue

EUR million	2023	2022
Trade sales	2,880	2,857
Service sales	1,551	1,366
	4,431	**4,223**

The table below presents a further breakdown of revenue according to essential categories by portfolio company:

EUR million		2023	2022
BauWatch		**91**	**72**
BekaertDeslee	Europe	134	128
	Americas	198	190
	Asia/Pacific	72	70
	Total	**405**	**388**
CWS	Hygiene	637	591
	Workwear	643	552
	Cleanrooms	183	154
	Fire Safety	85	72
	Total	**1,548**	**1,369**
Emma	Europe	762	744
	Americas	106	64
	Asia/Pacific	87	72
	Total	**955**	**880**
KMK kinderzimmer		**53**	**47**
ROVEMA		**141**	**132**
TAKKT	Germany	258	279
	Europe, excl. Germany	434	464
	USA and Canada	547	592
	Total	**1,239**	**1,335**
Group		**4,431**	**4,223**

The portfolio company BauWatch offers services relating to temporary outdoor security solutions and technology-based services. BekaertDeslee manufactures mattress fabrics and mattress covers. CWS offers services relating to washroom hygiene products and textile solutions as well as fire safety and security solutions. Emma is an international sleep tech company that primarily sells mattresses and sleep systems online. KMK kinderzimmer generates revenue by operating childcare facilities. The portfolio company ROVEMA generates revenue primarily through the sale of packaging machines and equipment. TAKKT primarily sells office and business equipment as a B2B direct marketing specialist.

20 Other operating income

EUR million	2023	2022
Income from disposals of non-current assets	5	31
Rental and similar income	3	2
Other operating income	17	32
	25	**64**

In the previous year, EUR 28 million in income from disposals of non-current assets related to the sale of a property as part of a sale and leaseback transaction by the portfolio company BekaertDeslee.

Other operating income included income from the on-charging of expenses, prior-period income and credits, income from insurance reimbursements and income from the sale of certain assets. As in the previous year, no contingent rental income was recognized in the fiscal year.

21 Personnel expenses

EUR million	2023	2022
Wages and salaries	–935	–865
Social security	–170	–159
Expenses for pensions and other benefits	–45	–43
Reversals of provisions for personnel expenses	29	10
Amortization of capitalized internal contract costs	–7	–6
	–1,128	**–1,064**

22 Other operating expenses

EUR million	2023	2022
Advertising costs and similar expenses	–335	–310
Sales freight	–164	–136
Energy costs	–72	–65
Legal and consulting costs	–61	–45
Personnel leasing	–54	–54
Repairs and maintenance	–48	–44
IT services	–47	–45
Rental and lease expenses	–45	–42
Travel and training costs	–27	–23
Other operating taxes	–11	–9
Write-off of trade receivables	–10	–5
Restructuring costs	–8	–0
Losses on disposals of non-current assets	–2	–1
Valuation allowances and reversals of valuation allowances on trade receivables	–2	–1
Reversals of provisions	6	10
Miscellaneous operating, administrative and sales expenses	–278	–236
	–1,159	**–1,007**

Miscellaneous operating, administrative and sales expenses comprise numerous operating expenses, including communication costs, insurance premiums and auditing expenses. Research and development costs in the amount of EUR 4 million (previous year: EUR 4 million) are also recognized under miscellaneous operating, administrative and sales expenses. Rental and lease expenses included expenses for leases classified as short-term leases as well as for leases for which the underlying asset is of low value.

23 Other investment result

EUR million	2023	2022
Changes in fair value from financial assets measured at fair value	–33	–10
Result from equity investments measured at fair value	–10	2
	–43	**–8**

Changes in fair value from financial assets designated as at fair value consisted primarily of fair value changes and distributions from investments in growth capital funds, direct investments in partnerships and investment funds held as medium- and long-term investments. Equity instruments consist of fair value changes and dividends from equities and direct investments in corporations, specifically from the investment in METRO AG.

24 Finance costs

EUR million	2023	2022
Interest and similar expenses	–123	–46
Interest expenses for provisions	–9	–4
Interest expenses for lease liabilities	–9	–6
	–141	**–56**

The increase in finance costs and, in particular, interest and similar expenses related primarily to the significantly higher level of market interest rates in the fiscal year 2023.

25 Other net financial income

EUR million	2023	2022
Interest and similar income	16	10
Miscellaneous financial income	45	–23
	60	**–12**

The fair value changes in derivative financial instruments recognized through profit or loss are reported under other financial income and amounted to EUR 4 million in the fiscal year 2023 under review (previous year: EUR 0 million). Additionally, other financial income includes income and expenses from write-downs and reversals of write-downs amounting to EUR -11 million (previous year: EUR 0 million) and fair value changes of non-operating financial instruments amounting to EUR 66 million (previous year: EUR -18 million).

The net exchange differences amounted to EUR -11 million in the fiscal year (previous year: EUR 1 million). They are recognized in other financial income in the amount of EUR -13 million (previous year: EUR 2 million), and in the other operating expenses in the amount of EUR 2 million (previous year: EUR 3 million).

26 Income tax expenses

EUR million	2023	2022
Current taxes	–46	–58
Deferred taxes	23	3
	–23	**–55**

Current taxes included prior-period tax income of EUR 3 million (previous year: EUR 2 million).

Deferred tax assets on tax loss carryforwards and interest carryforwards in the amount of EUR 17 million were reversed through profit or loss in the fiscal year (previous year: EUR 13 million). EUR 1 million in write-downs were reversed (previous year: EUR 1 million) and no write-downs (previous year: EUR 0 million) were recognized in respect of deferred tax assets.

The table below shows a reconciliation between the reported and the expected tax expense:

EUR million	2023	2022
Profit before taxes	–51	101
Expected effective income tax rate	30.7%	30.7%
Expected tax result	**16**	**–31**
Deviation due to varying foreign tax rates	12	19
Tax portion for tax-exempt income	1	8
Tax portion for non-deductible expenses	–14	–10
Non-recognition, write-downs and utilization of tax loss and interest carryforwards	–15	–22
Result from investments accounted for at equity	7	–5
Effect of non-tax-deductible goodwill impairments	0	–9
Prior-period taxes	4	2
Permanent differences	–26	–1
Tax effects due to local tax rates	–4	–3
Other tax effects	–3	–2
Reported tax result	**–23**	**–55**
Reported income tax rate	–	54.5%

The expected income tax rate is made up of the corporation tax rate relevant for German corporations, including the solidarity surcharge on the corporation tax rate, and the trade tax rate. Other tax effects did not include any tax effects relating to changes in tax rates in the fiscal year (previous year: EUR 1 million). No deferred tax assets in relation to current losses in the amount of EUR 5 million were recognized in the fiscal year (previous year: EUR 17 million).

27 Profit after taxes from discontinued operations

Profit after taxes from discontinued operations includes income and expenses for the company Optimar.

The profit or loss from discontinued operations breaks down as follows:

EUR million	2023	2022
Revenue and income		69
Expenses		–103
Profit or loss from discontinued operations before taxes		**–34**
Income tax expenses		3
Profit or loss from discontinued operations after taxes	**0**	**–31**
Revaluation and disposal gains/losses before taxes	–1	–123
Income taxes on revaluation and disposal gains/losses		
Revaluation and disposal gains/losses after taxes	**–1**	**–123**
Profit after taxes from discontinued operations according to income statement	**–1**	**–154**

Comprehensive income from discontinued operations attributable to the shareholders of Franz Haniel & Cie. GmbH amounted to EUR -1 million during the fiscal year (previous year: EUR -150 million).

D. Other notes

28 Leases

Property, plant and equipment amounting to EUR 1,072 million (previous year: EUR 984 million) included EUR 798 million (previous year: EUR 730 million) in property, plant and equipment legally owned by Haniel and EUR 274 million (previous year: EUR 254 million) in assets used by Haniel as lessee in the context of leases. These assets are recognized as right-of-use assets and classified as follows:

EUR million	Land, buildings and similar assets	Technical equipment and machinery	Operating and office equipment	**Total**
Carrying amount				
As of Jan. 1, 2023	**203**	**1**	**50**	**254**
Foreign exchange rate adjustments	–0	0	0	**0**
Additions to scope of consolidation	5		0	**5**
Additions	65	0	53	**118**
Depreciation	48	0	32	**81**
Impairments	0			**0**
Other changes	–18		–4	**–22**
As of Dec. 31, 2023	**207**	**1**	**67**	**274**

EUR million	Land, buildings and similar assets	Technical equipment and machinery	Operating and office equipment	**Total**
Carrying amount				
As of Jan. 1, 2022	**206**	**2**	**57**	**266**
Foreign exchange rate adjustments	1	–0	0	**1**
Additions to scope of consolidation	6		1	**7**
Additions	46	–0	23	**68**
Depreciation	48	0	30	**78**
Impairments	0		0	**0**
Other changes	–8	–1	–1	**–10**
As of Dec. 31, 2022	**203**	**1**	**50**	**254**

The future amount of obligations arising from leases signed but not yet commenced as of the reporting date is EUR 24 million (nominal; previous year: EUR 46 million). This related primarily to concluded lease agreements for future childcare facilities, which had not yet been transferred as of the reporting date.

The overview below presents the amounts recognized in the income statement in relation to leases:

EUR million	2023	2022
Depreciation of right-of-use assets	81	77
Interest expenses for lease liabilities	9	6
Expenses relating to short-term leases	12	16
Expenses relating to low-value assets	3	3
Income from subleasing right-of-use assets	–1	–1
	104	**101**

The statement of cash flows includes the following amounts in relation to leases:

EUR million	2023	2022
Payments for short-term leases and leases relating to low-value assets	–15	–19
Repayments of lease liabilities and interest payments	–85	–81
	–100	**–100**

The payments for short-term leases and leases relating to low-value assets, as well as interest payments in connection with lease liabilities, are presented under cash flows from operating activities; the repayment of lease liabilities is presented in cash flows from financing activities.

Leases are treated as operating leases if Haniel is the lessor and substantially all the risks and rewards incidental to ownership of an underlying asset are not transferred to the contracting party. The leased property therefore continues to be reported in the statement of financial position and the lease payments are recognized as other operating income.

The table below presents the minimum incoming payments for operating leases in the coming years:

	2023				**2022**			
EUR million	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Operating leases	**2**	**3**	**0**	**5**	**2**	**4**	**0**	**6**

29 Financial risk management

In the context of its operating activities, the Haniel Group is exposed to financial risks. These primarily include liquidity risks, default risks, risks resulting from changes in interest and exchange rates, and price fluctuations in the stock or commodity markets. The purpose of financial risk management is to reduce the extent of these financial risks.

The management lays down the basic guidelines for financial risk management and determines the general procedures to be followed for hedging financial risks. The holding companies for the portfolios have their own treasury departments, which identify, analyze and assess the financial risks before initiating preventive or mitigating measures. The Treasury department at the Haniel Holding Company advises the subsidiaries and, in addition to its own hedging transactions, enters into hedges on their behalf as well. All hedges relate to an underlying hedged item. No derivative financial instruments are used for speculative purposes.

For financing purposes, the Haniel Group uses a variety of financing instruments in keeping with industry and commercial practice and subject to customary contractual provisions. No special financial risks arise from this practice.

Liquidity risk
Liquidity risk is the risk of being unable to guarantee the Haniel Group's solvency at all times. Liquidity risk is managed by financial planning measures taken by the portfolios' holding companies to ensure that the necessary resources are available to fund the operating business and investments. The financing requirement is determined according to the financial plans of the subsidiaries and the Haniel Holding Company. In order to cover the financing requirement, the Haniel Holding Company has at its disposal committed, unutilized credit facilities as well as a commercial paper programme. The liquidity risk is also managed within the portfolio companies, which also have their own unutilized bilateral short- and long-term credit facilities. The Haniel Group seeks as a general rule to maintain an appropriate reserve of available credit facilities. On the reporting date, the Haniel Group had access to EUR 955 million in available, committed lines of credit. In addition, there is the Haniel Holding Company's commercial paper programme with a volume of EUR 500 million, on the basis of which EUR 187 million in commercial paper had been issued as of the reporting date.

Default risk
The default or credit risk is the risk of the Haniel Group's contractual partners not fulfilling their obligations. The Haniel Group is exposed to a default risk both in its operating business and in connection with financial instruments.

In view of the Haniel Group's diverse activities and the large number of existing customer relationships, entailing as a rule minor individual receivables, a concentration of default risks generally does not arise in the portfolio companies from trade receivables. In addition, default risks increased during the fiscal year due to various crises; these risks were again taken into account through the recognition of appropriate provisions.

The Group has no significant individual receivables from major customers.

The investment of cash in selected financial products is governed by directives in the Haniel Group. Depending on the assessment of the counterparty's creditworthiness, corresponding limits are prescribed and monitored in order to avoid a concentration of default risks. Based on internal and external ratings, the default risks can be summarized as follows:

EUR million	Dec. 31, 2023	Dec. 31, 2022
Low default risk	51	180
Medium default risk	120	23
Total	**171**	**203**

In addition to the carrying amounts of the financial instruments with positive fair values recognized in the statement of financial position, the maximum default risk of the Haniel Group also includes the nominal volume of the financial guarantee contracts issued. As of the reporting date, financial guarantee contracts amounted to EUR 6 million (previous year: EUR 0 million).

Interest rate risk

Interest rate risk is the risk of profit or loss being negatively affected by fluctuating market interest rates. Decisions on the use of derivative financial instruments are made on the basis of the planned indebtedness, investment position and interest rate expectations. The interest rate hedging strategy is reviewed and new targets are defined at regular intervals. The Haniel Group generally seeks to maintain an appropriate hedged interest rate position.

The following interest rate sensitivity analysis illustrates the hypothetical effects on profit before taxes, other comprehensive income and equity, had the prevailing market interest rates changed on the reporting date. It is based on the assumptions that the figures as of the reporting date are representative for the whole year, and that the supposed change in market interest rates could have occurred on the reporting date. Tax effects are disregarded.

Dec. 31, 2023	**+ 100 basis points**			**- 100 basis points**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
Euro market interest rates	–11		**–11**	8		**8**
USD market interest rates	–1		**–1**	1		**1**

Dec. 31, 2022	**+ 100 basis points**			**- 100 basis points**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
Euro market interest rates	–10		**–10**	10		**10**
USD market interest rates	–1		**–1**	1		**1**

The interest rate sensitivities of currencies of material significance to the Haniel Group are presented.

Exchange rate risk
Exchange rate risks arise from investments and financing measures undertaken in foreign currencies, and from the operating business in connection with buying and selling merchandise and services in currencies other than the functional currency. The resulting risk exposure is determined continually and hedged primarily by entering into forward currency contracts and currency swaps. The majority of exchange rate risks originate from changes in the USD/EUR, GBP/EUR and CHF/EUR rates.

Micro-hedges are among the principal instruments used to hedge exchange rate risks. These entail the direct hedging of an underlying transaction with a currency derivative. In addition to this type of hedging, currency risks can also be hedged as part of a portfolio hedging relationship, in which transactions with identical risks are combined into groups. The overall risk position of such a portfolio represents the hedged item in the hedging relationship which is hedged through the use of appropriate derivatives.

Currency derivatives are also used to hedge forecast transactions in foreign currencies. In this case, the currency derivative (or a combination of several derivatives) that best reflects the probability of occurrence and timing of the forecasted transaction is selected.

An exchange rate sensitivity analysis illustrates the theoretical effects on profit before taxes, other comprehensive income and equity from changes in the exchange rates of the currencies US dollar (USD), pound Sterling (GBP) and Swiss francs (CHF), which are significant for the Haniel Group. Due to Optimar's classification as an associated company, the Norwegian krone (NOK) will be of less relevance going forward.

The exchange rate sensitivity analysis is based on the non-derivative and derivative financial instruments held by the Group companies in non-functional currencies on the reporting date. It assumes that the exchange rates change by an indicated percentage rate on the reporting date. Movements over time, actual observed changes in other market parameters and tax effects are disregarded.

The medium- and long-term borrowing is predominantly done by Franz Haniel & Cie. GmbH, the holding companies for the portfolios and the financing companies. Depending on the borrowing requirements of the individual Group companies, these companies can also obtain loans in currencies other than the euro for disbursement within the Group. Since these loans are not taken out in the companies' functional currency, IFRS 7.40 requires that they be taken into account when measuring the exchange rate risk, even though such a risk does not exist from the perspective of the Group as a whole.

Dec. 31, 2023	**10%**			**–10%**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
USD/EUR exchange rate	–7	–1	**–8**	7	1	**8**
GBP/EUR exchange rate	–1	1	**0**	1	–1	**0**
CHF/EUR exchange rate	–1	1	**0**	1	–1	**0**

Dec. 31, 2022	**10%**			**–10%**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
USD/EUR exchange rate	2		**2**	–2		**–2**
GBP/EUR exchange rate		–1	**–1**		1	**1**
CHF/EUR exchange rate	6	–2	**4**	–6	2	**–4**

The currencies of material significance to the Haniel Group are presented.

Share price and market risk

As part of its investment strategy, the Haniel Group invests in growth capital. In that connection, investments are made in a large number of funds launched by highly reputable investment companies, alongside direct investments in companies in the growth phase. In addition, cash and cash equivalents are used for medium- and long-term investments in a variety of financial instruments such as investment funds, equities and structured financial instruments. These equity and debt instruments are measured at fair value through profit or loss or other comprehensive income.

A hypothetical 10 percent increase (decrease) in the market value of equity and debt instruments measured at fair value through profit or loss would result in an improvement (deterioration) of the profit before taxes by EUR 48 million (EUR -48 million). A hypothetical 10 percent increase (decrease) in the fair value of equity and debt instruments measured at fair value through other comprehensive income would result in an increase (decrease) in other comprehensive income by EUR 23 million (EUR -23 million).

In addition, the Haniel Group holds ordinary shares in METRO AG, which are reported as current financial assets and measured at fair value through profit or loss. A hypothetical 10 percent increase (decrease) in METRO AG's quoted share price would lead to an increase (decrease) in the profit before taxes of EUR 6 million (EUR -6 million).

Other price risks
The Haniel Group is not exposed to any material price risks.

Hedge accounting
The Haniel Group enters into hedging transactions for the purpose of hedging both the fair values of certain assets or liabilities and future cash flows. This also includes currency hedges of planned sales and purchases of merchandise and services, and of investments and divestments.

When accounting for hedges, the hedge accounting rules are sometimes applied. Under the hedge accounting rules, a derivative is classified either as a hedging instrument in a cash flow hedge if it is used to hedge future cash flows, as a hedging instrument in a fair value hedge if it is used to hedge the fair values of certain assets and liabilities, or as a hedging instrument in a hedge of a net investment in a foreign operation if it is used to hedge an investment recognized in a foreign currency.

Currency derivatives used to hedge existing items of the statement of financial position are usually not subjected to formal hedge accounting. The changes in the fair values of these derivatives, which, from an economic point of view, represent effective hedges in the context of the Group strategy, are recognized in profit or loss. Those changes are generally matched by opposite changes in the fair values of the hedged items.

Cash flow hedges – currency hedging
The Haniel Group enters into forward exchange contracts to hedge euro-denominated payments. The designated hedged items are highly probable payments denominated in various foreign currencies.

The nominal volume of the hedging instruments designated as of December 31, 2023 amounted to EUR 33 million. They will all become due in 2024. The nominal volume of the hedging instruments designated as of December 31, 2022 amounted to EUR 32 million. They all fell due in 2023. Approximately 50 percent of the expected net foreign currency cash flows are hedged on a rolling basis for a period of 12 months using currency instruments that qualify as effective cash flow hedges and were not associated with any significant ineffectiveness as at the reporting date.

In connection with cash flow hedges, losses of EUR 1 million (previous year: EUR 0 million) were recognized in other comprehensive income for the fiscal year. Gains in the amount of EUR 0 million (previous year: gains of EUR 1 million) were transferred from other comprehensive income to finance costs.

There is an economic connection between the designated underlying and the hedging instruments since the terms of the derivative financial instruments are identical to those for the hedged underlying (i.e., nominal amount and (expected) payment date). In the Haniel Group, a hedge ratio of 1:1 is generally used for hedges since the underlying risk of the hedging instruments is identical to the hedged risk. As in the previous year, there were no significant ineffective portions of cash flow hedges.

Fair value hedge
As in the previous year, fair value hedge accounting was not applied in the fiscal year.

30 Additional disclosures on financial instruments

In compliance with the hedging strategy pursued by the Haniel Group, the total derivative financial instruments position is composed as follows:

	Dec. 31, 2023		Dec. 31, 2022	
EUR million	Fair value	of which cash flow hedges	Fair value	of which cash flow hedges
Assets				
Currency instruments	3	0	2	1
	3	**0**	**2**	**1**
Liabilities				
Currency instruments	1	1	2	1
	1	**1**	**2**	**1**

Please refer to notes 11 and 18 for information on the presentation of derivative financial instruments designated as hedging instruments.

The table below shows the contractually agreed, undiscounted payments of interest and principal over time of the non-derivative financial liabilities, derivative liabilities and financial guarantee contracts existing as of December 31, 2023:

EUR million	Cash flows 2024	Cash flows 2025	Cash flows from 2026 to 2028	Cash flows from 2029 to 2033	Cash flows from 2034 onwards
Non-derivative financial liabilities and financial guarantee contracts					
Liabilities due to banks	–356	–119	–1,159		
Bonds, commercial paper and other securitized debt	–199	–9	–190		
Liabilities to shareholders	–100	–36	–61	–2	
Lease liabilities	–78	–65	–113	–72	–20
Other financial liabilities	–34	–1	–11		
Liabilities from business combinations and fixed dividends minority shareholder	–14	–5	–219	–190	
Trade payables	–299				
Financial guarantee contracts	–6				
	–1,086	**–235**	**-1,753**	**–264**	**–20**
Derivative liabilities					
Hedge accounting					
Derivatives (net settled)					
Derivatives (gross settled) inflows	41				
Derivatives (gross settled) outflows	–41				
	0	**0**	**0**	**0**	**0**
Excl. hedge accounting					
Derivatives (net settled)					
Derivatives (gross settled) inflows	78				
Derivatives (gross settled) outflows	–79				
	–1	**0**	**0**	**0**	**0**
	–1	**0**	**0**	**0**	**0**

The repayments of principal are classified by the earliest period in which the creditors may demand repayment.

For the financial guarantee contracts, the disclosure is made not on the basis of the estimated probable amount, but in the amount of the agreed maximum guarantee at the earliest possible date.

The contractually agreed, undiscounted payments of interest and principal over time of the non-derivative financial liabilities and derivative liabilities and financial guarantee contracts that existed as of December 31, 2022 were as follows:

EUR million	Cash flows 2023	Cash flows 2024	Cash flows from 2025 to 2027	Cash flows from 2028 to 2032	Cash flows from 2033 onwards
Non-derivative financial liabilities and financial guarantee contracts					
Liabilities due to banks	–285	–209	–860	–3	
Bonds, commercial paper and other securitized debt	–185	–1	–26		
Liabilities to shareholders	–73	–29	–41	–1	
Lease liabilities	–75	–54	–89	–54	–55
Other financial liabilities	–42	–11	–18	–12	–1
Liabilities from business combinations and fixed dividends minority shareholder	–5	–56	–247	–222	
Trade payables	–377				
Financial guarantee contracts					
	–1,042	**–360**	**–1,281**	**–292**	**–56**
Derivative liabilities					
Hedge accounting					
Derivatives (net settled)					
Derivatives (gross settled) inflows	12				
Derivatives (gross settled) outflows	–13				
	–1	**0**	**0**	**0**	**0**
Excl. hedge accounting					
Derivatives (net settled)					
Derivatives (gross settled) inflows	105				
Derivatives (gross settled) outflows	–107				
	–2	**0**	**0**	**0**	**0**
	–3	**0**	**0**	**0**	**0**

Reconciliation of financial instruments to IFRS 9 categories

ASSETS

EUR million	**Carrying amounts as of Dec. 31, 2023**	Debt- and equity instruments and derivatives measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Debt instruments measured at fair value through other comprehensive income	Debt instruments measured at amortized cost
PPP-Growth+ Investments (funds and direct investments)	**479**	479			
Equity instruments, not held for trading	**16**		16		
CECONOMY AG shares	**201**		201		
Debt instruments measured at fair value through other comprehensive income	**14**			14	
Loans and other debt instruments	**2**				2
Non-current financial assets	**713**	**479**	**217**	**14**	**2**
Trade receivables and similar assets	**489**	**0**	**0**	**0**	**489**
Metro AG shares	**62**	62			
Current financial assets	**62**	**62**	**0**	**0**	**0**
Cash and cash equivalents	**154**	**0**	**0**	**0**	**154**
Receivables from investments	**1**				1
Derivative financial instruments	**3**	3			
Bonuses and discount claims against suppliers	**17**				17
Miscellaneous current assets	**39**				39
Other current assets	**60**	**3**	**0**	**0**	**56**

The equity instruments measured at fair value through other comprehensive income include investments in listed and non-listed companies which are held for strategic, rather than trading, purposes. Miscellaneous current assets includes a large number of items which in and of themselves are immaterial. These include in particular creditors with debit balances, various deposits, receivables under an ABS program, credit card receivables, etc.

EUR million	**Carrying amounts as of Dec. 31, 2022**	Debt- and equity instruments and derivatives measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Debt instruments measured at fair value through other comprehensive income	Debt instruments measured at amortized cost
PPP-Growth+ Investments (funds and direct investments)	**396**	396			
Equity instruments, not held for trading	**16**		16		
Debt instruments measured at fair value through other comprehensive income	**14**			14	
Loans and other debt instruments	**4**				4
Non-current financial assets	**430**	**396**	**16**	**14**	**4**
Trade receivables and similar assets	**515**	**0**	**0**	**0**	**515**
Metro AG shares	**89**	89			
Current financial assets	**89**	**89**	**0**	**0**	**0**
Current assets	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents	**185**	**0**	**0**	**0**	**185**
Receivables from investments	**0**				0
Derivative financial instruments	**2**	2			
Bonuses and discount claims against suppliers	**18**				18
Miscellaneous current assets	**42**				42
Other current assets	**62**	**2**	**0**	**0**	**61**

Reconciliation of financial instruments to IFRS 9 categories

LIABILITIES

EUR million	**Carrying amounts as at 31 Dec. 2023**	Financial liabilities measured at fair value through profit or loss	Contingent consideration from business combinations	Financial liabilities at amortized cost	No IFRS 9 category	Outside the scope of IFRS 7
Liabilities due to banks	**825**			825		
Bonds, commercial paper and other securitized debt	**177**			177		
Liabilities to shareholders	**60**			60		
Lease liabilities	**217**				217	
Other financial liabilities	**32**	10		23		
Non-current financial liabilities	**1,311**	**10**	**0**	**1,085**	**217**	**0**
Other non-current liabilities	**380**	**142**	**224**	**4**	**9**	**2**
Liabilities due to banks	**445**			445		
Bonds, commercial paper and other securitized debt	**187**			187		
Liabilities to investments	**0**					
Liabilities to shareholders	**94**			94		
Lease liabilities	**75**				75	
Other financial liabilities	**10**			10		
Current financial liabilities	**810**	**0**	**0**	**735**	**75**	**0**
Trade payables and similar liabilities	**350**	**0**	**0**	**299**	**0**	**51**
Liabilities for other taxes	**62**					62
Liabilities for payroll and social security	**32**			20		11
Accrued expenses	**165**			120		45
Derivative financial instruments	**2**	1			1	
Miscellaneous current liabilities	**63**		3	59		2
Other current liabilities	**325**	**1**	**3**	**199**	**1**	**121**
Liabilities held for sale	**0**	0	0	0	0	0

EUR million	**Carrying amounts as at 31 Dec. 2022**	Financial liabilities measured at fair value through profit or loss	Contingent consideration from business combinations	Financial liabilities at amortized cost	No IFRS 9 category	Outside the scope of IFRS 7
Liabilities due to banks	**919**			919		
Bonds, commercial paper and other securitized debt	**25**			25		
Liabilities to shareholders	**61**			61		
Lease liabilities	**195**				195	
Other financial liabilities	**36**	10		26		
Non-current financial liabilities	**1,236**	**10**	**0**	**1,031**	**195**	**0**
Other non-current liabilities	**470**	**200**	**255**	**4**	**10**	**2**
Liabilities due to banks	**379**			379		
Bonds, commercial paper and other securitized debt	**183**			183		
Liabilities to investments	**0**					
Liabilities to shareholders	**72**			72		
Lease liabilities	**72**				72	
Other financial liabilities	**10**			10		
Current financial liabilities	**716**	**0**	**0**	**644**	**72**	**0**
Trade payables and similar liabilities	**433**	**0**	**0**	**377**	**0**	**55**
Liabilities for other taxes	**71**					71
Liabilities for payroll and social security	**26**					26
Accrued expenses	**124**			82		42
Derivative financial instruments	**2**	2			1	
Miscellaneous current liabilities	**50**		4	44	1	2
Other current liabilities	**274**	**2**	**4**	**125**	**2**	**141**
Liabilities held for sale	**0**	0	0	0	0	0

Fair value measurement

The table below shows the assets and liabilities measured at fair value in the statement of financial position as of December 31, 2023, classified by the following input levels:

Level 1: Quoted prices in active markets for the identical asset or liability
Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data
Level 3: Valuation techniques for which significant inputs are not based on observable market data

If assets and liabilities recurrently measured at fair value must be reclassified between the various levels because, for example, an asset is no longer traded in an active market or is traded for the first time, the reclassification is made at the end of the reporting period. No such transfers between Levels 1 and 2 took place either during the fiscal year or the previous year.

EUR million	**Total Dec. 31, 2023**	Level 1	Level 2	Level 3	Not measured at fair value
Assets					
Recurring fair value measurement					
Non-current financial assets					
PPP-Growth+ Investments (Funds & Directs)	**480**	105	21	354	
Shares CECONOMY AG	**201**	201			
Other equity instruments of non-listed companies	**16**			16	
Debt instruments measured at fair value through other comprehensive income	**14**		14		
Current financial assets					
Shares Metro AG	**62**	62		0	
Cash and cash equivalents					
Money market funds	**0**				
Other current assets					
Derivative financial instruments	**3**		3		
Non-recurring fair value measurement					
Assets held for sale	**0**				
Liabilities					
Recurring fair value measurement					
Other non-current liabilities					
Other liabilities	**0**				
Contingent consideration from business combinations	**224**			224	
Other liabilities from business combinations	**142**			142	
Other current liabilities					
Derivative financial instruments	**1**		1		
Contingent consideration from business combinations	**3**			3	
Other current liabilities					

In the previous and current fiscal year, other liabilities from business combinations consisted solely of a liability resulting from the granting of put options in the context of a business combination. If the holder exercises the options, Haniel will receive further shares in the acquired company. In the fiscal year, tranches of the options were exercised in accordance with the relevant agreement.

The table below shows the assets and liabilities measured at fair value in the statement of financial position as of December 31, 2022:

EUR million	**Total Dec. 31, 2022**	Level 1	Level 2	Level 3	Not measured at fair value
Assets					
Recurring fair value measurement					
Non-current financial assets					
PPP-Growth+ Investments (Funds & Directs)	**396**	102	29	265	
Equity instruments measured at fair value through other comprehensive income	**16**			16	
Debt instruments measured at fair value through other comprehensive income	**14**		14		
Current financial assets					
Shares Metro AG	**89**	89		0	
Cash and cash equivalents					
Money market funds					
Other current assets					
Derivative financial instruments	**2**		2		
Non-recurring fair value measurement					
Assets held for sale	**0**				
Liabilities					
Recurring fair value measurement					
Other non-current liabilities					
Other liabilities	**36**			10	26
Contingent consideration from business combinations	**255**			255	
Other liabilities from business combinations	**200**			200	
Other current liabilities					
Derivative financial instruments	**2**		2		
Contingent consideration from business combinations	**4**			4	
Other current liabilities	**10**				10

The fair value of financial instruments traded in an active market (Level 1) is based on the quoted prices as of the reporting date. The fair value of assets and liabilities recurrently measured at fair value within Level 2 is determined using the DCF method. Expected future cash flows from the financial instruments are discounted using market interest rates with matching maturities. The creditworthiness of the respective borrower is taken into account by including risk premiums based on credit ratings and maturities in the discount factors. The risk premiums are determined using observable market prices from fixed-income securities. The DCF method is also used for the measurement of contingent consideration from business combinations.

The following table presents a detailed reconciliation of the assets and liabilities recurrently measured at fair value within Level 3, excluding contingent consideration and other liabilities from business combinations, which are explained in more detail in note 32. The reconciliation relates to venture capital funds mainly in the Holding Company as well as equity investments in non-listed corporations by the portfolio companies CWS and TAKKT as well as the Holding Company. The venture capital funds are measured in accordance with the adjusted net asset method. Under this method, the fair values of the individual investments as determined by the funds on the basis of recognized valuation methods are aggregated and adjusted by an appropriate illiquidity discount for the overall fund. The value of non-listed investments in corporations is calculated based on the one hand on additional capital contributions by investors or on the price at which a third party enters the market in the course of a further financing round (price of recent investment valuation method).

EUR million	Debt instruments (FVtPL)	Equity instruments (FVtPL)	Other financial liabilities (FVtPL)	2023
As at 1 Jan.	**213**	**66**	**–10**	**269**
Foreign exchange rate adjustments	–4	–1		–5
Additions	53	61		114
Fair value changes recognized in profit or loss	–33	18		–15
Fair value changes recognized in other comprehensive income		–1		–1
Disposals	3			3
As at 31 Dec.	**226**	**143**	**–10**	**359**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	0	0	0	0

EUR million	Debt instruments (FVtPL)	Equity instruments (FVtPL)	Other financial liabilities (FVtPL)	2022
As at 1 Jan.	**150**	**44**	**0**	**194**
Foreign exchange rate adjustments	4			4
Additions	74	29	–10	93
Fair value changes recognized in profit or loss	–12	3		–9
Fair value changes recognized in other comprehensive income		–11		–11
Disposals	3			3
As at 31 Dec.	**213**	**65**	**–10**	**268**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	0	0	0	0

A hypothetical change in the illiquidity discount applied when recognising financial instruments measured at fair value in Level 3 to -25 percent or -5 percent would lead to a reduction in equity of EUR 36 million or an increase of EUR 16 million respectively.

The table below shows the fair values of the financial instruments as of December 31, 2023 that are not recognized at fair value in the statement of financial position:

	Carrying amount	Fair value		
EUR million		Level 1	Level 2	Level 3
Assets				
Non-current financial assets				
Debt instruments measured at amortized cost	0			
Loans	2		2	
Current assets				
Receivables from investments	1		1	
Liabilities				
Financial liabilities				
Liabilities due to banks	1,270		1,192	
Bonds, commercial paper and other securitized debt	363		361	
Liabilities to investments	0		2,320	
Liabilities to shareholders	154		149	
Other financial liabilities	42		42	
Other non-current liabilities				
Purchase price liabilities (not contingent) and fixed dividends minority shareholder	4		4	

In accordance with IFRS 7.29 (d), the fair values for lease liabilities need not be disclosed.

The table below shows the fair values of the financial instruments as of December 31, 2022 that were not recognized at fair value in the statement of financial position:

	Carrying amount	Fair value		
EUR million		Level 1	Level 2	Level 3
Assets				
Non-current financial assets				
Debt instruments measured at amortized cost	2		3	
Loans	2		2	
Current assets				
Receivables from investments	0			
Liabilities				
Financial liabilities				
Liabilities due to banks	1,299		1,263	1
Bonds, commercial paper and other securitized debt	208		208	
Liabilities to shareholders	133		134	
Other financial liabilities	46		44	
Other non-current liabilities				
Purchase price liabilities (not contingent) and fixed dividends minority shareholder	4		4	

The fair value of financial instruments traded in an active market (Level 1) is based on the quoted prices as of the reporting date. The fair values for Level 2 are measured analogously to the method for assets and liabilities recurrently measured at fair value using the DCF method. For current financial instruments the carrying amount represents a reasonable estimate of the fair value due to the short residual maturity.

Offsetting financial assets and liabilities

The tables below provide an overview of the financial assets and liabilities that are offset in the statement of financial position. They also present the extent to which there are netting agreements with contractual partners that do not result in a net presentation in the statement of financial position because not all conditions of IAS 32 for a net presentation are met. Global netting arrangements in the Haniel Group relate to derivative financial instruments, for which, in the event of default, the master agreements with the financial institutions stipulate offsetting mutual receivables and liabilities existing at that date.

Concerning assets, the following items in the statement of financial position are affected:

	Master netting agreements					
EUR million	Financial assets (gross amounts)	Financial liabilities set off in the statement of financial position (gross amounts)	**Financial assets presented in the statement of financial position as of Dec. 31, 2023 (net amounts)**	Financial liabilities not set off in the statement of financial position	Collateral received	**Net amounts as of Dec. 31, 2023**
Cash and cash equivalents						
with netting agreement	110	110	**0**			**0**
without netting agreement	154		**154**			**154**
	264	**110**	**154**	**0**	**0**	**154**
Derivative financial instruments						
with netting agreement	1		**1**			**1**
without netting agreement	2		**2**			**2**
	3	**0**	**3**	**0**	**0**	**3**

The cash and cash equivalents presented on a net basis in the statement of financial position relate to a cash pooling arrangement between the portfolio company BekaertDeslee and a bank.

	Master netting agreements					
EUR million	Financial assets (gross amounts)	Financial liabilities set off in the statement of financial position (gross amounts)	**Financial assets presented in the statement of financial position as of Dec. 31, 2022 (net amounts)**	Financial liabilities not set off in the statement of financial position	Collateral received	**Net amounts as of Dec. 31, 2022**
Cash and cash equivalents						
with netting agreement	79	74	**5**			**5**
without netting agreement	180		**180**			**180**
	259	**74**	**185**	**0**	**0**	**185**
Derivative financial instruments						
with netting agreement	1		**1**			**1**
without netting agreement	1		**1**			**1**
	2	**0**	**2**	**0**	**0**	**2**

Concerning liabilities, the following items in the statement of financial position are affected:

				Master netting agreements		
EUR million	Financial liabilities (gross amounts)	Financial assets set off in the statement of financial position (gross amounts)	**Financial assets presented in the statement of financial position as of Dec. 31, 2023 (net amounts)**	Financial assets not set off in the statement of financial position	Pledged collateral	**Net amounts as of Dec. 31, 2023**
Liabilities due to banks						
with netting agreement	110	110	**0**			**0**
without netting agreement	1,270		**1,270**			**1,270**
	1,270	**0**	**1,270**	**0**	**0**	**1,270**
Derivative financial instruments						
with netting agreement	1		**1**			**1**
without netting agreement			**0**			**0**
	1	**0**	**1**	**0**	**0**	**1**

				Master netting agreements		
EUR million	Financial liabilities (gross amounts)	Financial assets set off in the statement of financial position (gross amounts)	**Financial assets presented in the statement of financial position as at Dec. 31, 2022 (net amounts)**	Financial assets not set off in the statement of financial position	Pledged collateral	**Net amounts as at 31 Dec. 2022**
Liabilities due to banks						
with netting agreement			**0**			**0**
without netting agreement	1,299		**1,299**			**1,299**
	1,299	**0**	**1,299**	**0**	**0**	**1,299**
Derivative financial instruments						
with netting agreement	2		**2**			**2**
without netting agreement			**0**			**0**
	2	**0**	**2**	**0**	**0**	**2**

Net gains or losses from IFRS 9 categories

The following table shows the net gains or losses recognized in the income statement by IFRS 9 categories:

EUR million	2023	2022
Debt- and equity instruments and derivatives measured at fair value through profit or loss	–30	–23
Debt instruments measured at amortized cost	–15	–2
Debt instruments measured at fair value through other comprehensive income	1	1
Financial liabilities at amortized cost	–116	–45
Group	**–160**	**–69**

The net gains or losses from equity instruments, debt instruments and derivatives measured at fair value through profit or loss included in particular changes in the fair value of these instruments as well as dividends and distributions relating to them. In the fiscal year, negative changes in fair values, particularly as they related to investments in growth capital funds and financial assets held as medium- and long-term investments, amounted to EUR -35 million in total (previous year: EUR -28 million). The negative development in the fiscal year was attributable primarily to the general negative performance of the global capital markets as well as the necessity of recognizing illiquidity discounts with respect to growth funds.

The net gains/losses from debt instruments measured at amortized cost include a EUR 2 million improvement in net gains or losses resulting from currency valuation. In addition, the contribution to earnings realized on previously derecognized or impaired receivables was EUR 3 million greater than in the previous year.

Interest and similar expenses include EUR 110 million from financial liabilities not measured at fair value during the fiscal year (previous year: EUR 47 million). Interest and similar income include interest income from financial assets not measured at fair value through profit or loss amounting to EUR 9 million in the fiscal year (previous year: EUR 4 million). The year-on-year increase in interest expenses was due to the increase in the general market level of interest rates as well as increased financial liabilities.

31 Contingent liabilities

Contingent liabilities amounted to a total of EUR 475 million (previous year: EUR 461 million). They contain other guarantees in the amount of EUR 462 million (previous year: EUR 454 million) and tax-related contingent liabilities in the amount of EUR 8 million (previous year: EUR 8 million). As in the previous year the other guarantees concern the Holding Company and other companies and are related to disposals of companies. Certain provisions were also recognized in connection with these matters. These are recognized under the relevant item. In addition, liabilities from bills of exchange amounted to a total of EUR 6 million (previous year: EUR 9 million).

There were no material changes as compared to the previous year.

As in the previous year, no contingent receivables exist as of the reporting date.

32 Business combinations and disposals of consolidated companies

Three business combinations were carried out in the fiscal year. These related to acquisitions by the portfolio company CWS. In total, four companies or groups of companies were acquired and one asset deal was implemented. A 100 percent interest was acquired in each of these companies.

The total assets and liabilities acquired through business combinations in the fiscal year are comprised as follows:

EUR million	Fair values
Assets	
Property, plant and equipment	6
Intangible assets	9
Deferred taxes	1
Inventories	2
Trade receivables and similar assets	2
Cash and cash equivalents	4
Other assets	1
	25
Liabilities	
Deferred taxes	3
Trade payables and similar liabilities	1
Income tax liabilities	0
Other liabilities	7
	11
Net assets acquired	**15**

The gross contractual amount of the acquired trade and other receivables is EUR 1 million. Taking into account the expectation that EUR 0 million in receivables will not be recoverable, the fair value of the acquired trade and other receivables amounts to EUR 1 million.

The consideration transferred for the business combinations and the resulting goodwill are presented in the table below:

EUR million	Total
Consideration paid	**27**
Contingent consideration	3
Other non-cash consideration	4
Cash and cash equivalents acquired	4
Consideration transferred	**38**
Net assets acquired	**15**
Goodwill	**24**

The reported goodwill essentially represents the future prospects accompanying the business combinations and the expertise of the workforce acquired. EUR 0 million in recognized goodwill is tax deductible.

The above amounts were measured on a preliminary basis, meaning that the accounting treatment for the business combination will be adjusted if new information concerning facts and circumstances existing as of the acquisition date which would have resulted in correction of the above amounts becomes known within a year after the acquisition date.

The transaction costs incurred in the context of the business combinations totaled EUR 1 million and are included in other operating expenses.

The companies acquired contributed EUR 7 million to revenue and EUR 1 million to profit after taxes during the fiscal year. The profit after taxes includes expenses from the continuation of the purchase price allocation. If each of the companies had been acquired with effect from the beginning of the fiscal year, they would have contributed EUR 19 million to revenue and EUR 1 million to profit after taxes.

Contingent consideration from business combinations developed as follows in the fiscal year:

EUR million	Contingent receivables	Contingent liabilities
As of Jan. 1	**0**	**259**
Additions		3
Disposals		–0
Foreign exchange rate adjustments		0
Interest effect		11
Remeasurements		–46
Disposals: IFRS 5		
As of Dec. 31	**0**	**227**

The fair value of the contingent consideration is determined on the basis of revenue and earnings targets, taking into account long-term business planning. The revaluation of the contingent consideration resulted from long-term contingent consideration stemming from the acquisition of the portfolio company Emma, which may yet fall due. The possible payments for the contingent consideration as of the reporting date range between EUR 93 million and EUR 324 million. The potential additional consideration is not limited. The value of the contingent consideration is determined on a regular basis by qualified employees of the relevant units and discussed with the responsible management.

No disposals were undertaken in the fiscal year.

33 Notes to the statement of cash flows

The statement of cash flows shows the changes in the Haniel Group's cash and cash equivalents in the course of the fiscal year resulting from cash inflows and outflows. The statement of cash flows is divided into cash flow from operating, investing and financing activities. The cash and cash equivalents reported at the reporting date are the total of bank balances with an original maturity of less than three months, cash on hand and checks, and money market funds, and are identical to the cash and cash equivalents reported in the statement of financial position.

The cash flow from operating activities is determined indirectly on the basis of the profit after taxes and essentially contains sales-related payments, dividends from investments accounted for at equity, interest paid and received as well as tax payments. It is hence calculated as the profit after taxes, adjusted for all material non-cash income and expenses, and non-recurring, non-operating income and expenses, plus other cash components. This item also includes the changes in current net assets. The current net assets contain inventories, trade receivables, and similar assets as well as current non-interest-bearing liabilities, current provisions, and similar liabilities. The inventories item included in current net assets changed by EUR -36 million in the fiscal year (previous year: EUR 59 million), trade receivables and similar assets changed by EUR -23 million (previous year: EUR 21 million) and trade payables and similar liabilities changed by EUR -83 million (previous year: EUR 149 million).

The cash flow from investing activities includes payments for purchases and disposals of individual assets as well as for consolidated companies and other business units. As in the previous year, the proceeds from the disposal of property, plant and equipment, intangible assets and other assets included in particular proceeds from the repayment or sale of financial investments held by the Haniel Holding Company. In contrast to the previous year, cash and cash equivalents acquired in the context of business combinations are not presented in cash flow from investing activities net of the purchase price under the line item payments for acquisitions of consolidated companies and other business units, but rather as a change in cash and cash equivalents. The prior-year figures have been adjusted accordingly.

The cash flow from financing activities comprises payments in connection with shareholder transactions as well as financial liabilities. The shareholder transactions essentially include payments to shareholders and payments from changes in shares in companies already consolidated. Payments to shareholders comprise dividend payments to the shareholders of Franz Haniel & Cie. GmbH in the amount of EUR 58 million (previous year: EUR 78 million) and payments for the purchase of treasury shares in the amount of EUR 5 million (previous year: EUR 50 million).

Operating free cash flow as a cash management indicator

The central cash management indicator for the Haniel Group and the individual portfolio companies is operating free cash flow (OFCF). Operating free cash flow is a cash earnings ratio that represents the Group's ability to generate funds through its operating activities. These funds are available to the Group to finance acquisitions, repay liabilities and pay dividends to shareholders.

Operating free cash flow is calculated based on cash flows from operating activities, as reported in the statement of cash flows. It is adjusted to reflect proceeds and payments relating to operations which are, however, reported in the statement of cash flows as cash flows from investing activities or cash flows from financing activities. Specifically, this includes proceeds and payments in relation to the sale or purchase of property, plant and equipment and intangible assets from cash flows from investing activities and payments to settle lease liabilities using cash flows from financing activities.

In the fiscal year, operating free cash flow amounted to EUR 100 million, as compared to EUR 250 million in the previous year.

EUR million	2023
Cash flow from operating activities	512
Cash flow from investing activities	–455
Cash flow from financing activities	–85

The tables below present the reconciliation of financial liabilities taking into account the cash and non-cash changes. The cash changes represent the sum of the proceeds from the issuance of financial liabilities and repayments of financial liabilities as presented in the statement of cash flows.

Financial liabilities have changed as follows:

			Non-cash changes				
EUR million	As of Jan. 1, 2023	**Cash flows**	Changes in the scope of consolidation	Foreign exchange rate adjustments	New leases	Other changes	**As of Dec. 31, 2023**
Liabilities due to banks	1,299	**–23**		–6			**1,270**
Bonds, commercial paper and other securitized debt	208	**154**				1	**363**
Liabilities to investments	0	**–11**				11	**0**
Liabilities to shareholders	133	**21**					**154**
Lease liabilities	267	**–85**	5		108	–4	**291**
Other financial liabilities	46	**–3**	–1				**42**
Financial liabilities	**1,953**	**53**	**4**	**–6**	**108**	**8**	**2,120**

			Non-cash changes				
EUR million	As of Jan. 1, 2022	**Cash flows**	Changes in the scope of consolidation	Foreign exchange rate adjustments	New leases	Other changes	**As of Dec. 31, 2022**
Liabilities due to banks	885	**383**	31	1		–1	**1,299**
Bonds, commercial paper and other securitized debt	135	**73**					**208**
Liabilities to shareholders	130	**3**					**133**
Lease liabilities	278	**–82**	7	1	60	3	**267**
Other financial liabilities	48	**–2**					**46**
Financial liabilities	**1,476**	**375**	**38**	**2**	**60**	**2**	**1,953**

34 Compensation serving as long-term incentive

For executives, the performance compensation comprises performance cash plans as a variable component. These plans are oriented on the value growth of Haniel or of the respective portfolio companies and therefore on the sustainability of the Haniel Group’s success. The objective of this form of remuneration is to enable executives to participate in the appreciation of Haniel’s value so as to reward them for their contribution to the increase in enterprise value and promote sustainable corporate profits.

The performance cash plans granted during the fiscal year have a term of four or five years. The actual payment from these plans is partially limited in amount, is made in cash depending on target achievement and the fulfillment of stipulated requirements, such as being in active employment, at the end of the term.

Target achievement for Franz Haniel & Cie. GmbH and all portfolio companies other than TAKKT is measured primarily based on the development of their respective Haniel Value Added, Net Asset Value and Total Shareholder Return. Where the performance cash plans for TAKKT are concerned, target achievement is measured based on share price performance during the period under review. All plans are classified as cash-settled share-based payments as defined in IFRS 2. The future payment amount is measured at the fair value of the liability taking into account the contractual terms and conditions. It is measured based on the expected development of the relevant factors. Material measurement assumptions here concern the risk-free interest rate and the applied volatilities based on historical observable data. The liability is remeasured at each reporting date and at the date of settlement. Any changes in fair value are recognized in profit or loss.

The total income from cash-settled share-based payments was EUR 21 million (previous year: total expense of EUR 9 million). The provision recognized in this respect amounted to EUR 37 million as of the reporting date (previous year: EUR 58 million).

Since 2022, Franz Haniel & Cie. GmbH has offered its executives the chance to participate in the Group's performance through share ownership programs. The resulting financial liability of EUR 1 million (previous year: EUR 1 million) was recognized as of December 31, 2023.

35 Related-party disclosures

The significant related entities of the Haniel Group are associates including their subsidiaries.

Revenue attributable to business with associates in the fiscal year totaled EUR 5 million (previous year: EUR 4 million). Expenses in connection with transactions with associates amounted to EUR 0 million (previous year: EUR 0 million). As of the reporting date, trade receivables from and payables to associates amounted to EUR 1 million and EUR 0 million, respectively (previous year: EUR 0 million and EUR 0 million, respectively). All business relations with associates are governed by contracts and conducted at prices and conditions that would equally have been agreed with third parties.

Related persons of the Haniel Group are key management personnel. This includes the members of the Supervisory Board of Franz Haniel & Cie. GmbH and the members of the top-tier executive group. The top-tier executive group comprises the members of the management and the investment partners of the Haniel Holding Company as well as the Management Board members or Managing Directors of the holding companies for the portfolios.

As in the previous year, some of the liabilities to shareholders presented under note 13 are attributable to members of the Supervisory Board of Franz Haniel & Cie. GmbH. Since 2015, the portfolio company TAKKT has offered its executives registered debt securities with a five-year maturity, the interest on which is based on the performance of the portfolio company (TAKKT Performance Bonds). As of the reporting date, a liability in the total amount of less than EUR 1 million (previous year: EUR 0 million) from the registered debt securities subscribed to by members of the top-tier executive group is recognized.

The companies of the Haniel Group have not otherwise entered into reportable transactions with key management personnel. This also applies to close relatives of this group of persons.

In some cases, key management personnel are members of executive or supervisory bodies of other companies with which the Haniel Group engages in regular business relations. All transactions with these companies are conducted at arm's length.

The table below provides an overview of the remuneration of members of the top-tier executive group.

EUR million	2023	2022
Short-term employee benefits	16	11
Post-employment benefits	1	1
Termination benefits	2	4
Share-based payments	–10	9
Other long-term benefits (including reversals)	–1	–1
	7	**24**

Share-based payments and other long-term benefits are described in greater detail in note 34. As of the reporting date, the present value of defined benefit obligations of members of the top-tier executive group amounted to EUR 10 million (previous year: EUR 16 million). The total remuneration of the members of the Supervisory Board of Franz Haniel & Cie. GmbH is presented under note 36. In addition, employee representatives to the Supervisory Board who work for the Haniel Group received salaries from their employment, which are in line with the market.

36 Disclosures required under national legislation

Disclosures relating to members of the management in accordance with section 285 no. 10 HGB
Hendrikus Derksen (from October 10, 2023) | CFO
Dr. Alexandra Albrecht-Baba (from February 1, 2024) | Head of Legal & GRC
Dr. Florian Funck (until January 31, 2024) | CFO
Thomas Schmidt (until November 24, 2023) | CEO

Disclosures relating to members of the Supervisory Board in accordance with section 285 no. 10 HGB
Shareholder representatives:
Maximilian Schwaiger | Chairman (from April 29, 2024), Independent business consultant
Prof. Kay Windthorst | 2nd Deputy Chairman, University professor for public law, University of Bayreuth
Dr. Stephan Glander | CEO, Biesterfeld AG
Mathias Pahl | Head of DACH, Managing Director, Acrisure Deutschland GmbH
Dr. Thomas Vollmoeller | Independent business consultant
Nadia Meier-Kirner (from April 29, 2023) | Head of Strategic Investments, Triton Beratungsgesellschaft GmbH
Doreen Nowotne (until April 29, 2023) | Former Chairwoman, Independent business consultant

Employee representatives:
Dirk Patermann (from April 29, 2023) | 1st Deputy Chairman, General Works Council, CWS Hygiene Deutschland GmbH & Co. KG
Lutz Leischner | Director Supply Chain Management, Prokurist, CWS Supply GmbH
Miriam Bürger | Trade union secretary (IG Metall)
Thomas Kniehl (from April 29, 2023) | Chairman of the Group Works Council, Kaiser + Kraft GmbH
Michael Wagner (from April 29, 2023) | Trade union secretary (ver.di)
Carsten Birnstiel (from August 1, 2023) | Chairman of the Works Council, ROVEMA GmbH
Mark Reisewitz (from April 29, 2023 until July 31, 2023) | HR expert, Franz Haniel & Cie. GmbH
René Albersmeyer (until April 29, 2023) | Sales Consultant Key Accounts, Cleanplan South, CWS Hygiene Deutschland GmbH & Co. KG

Gerd Herzberg (until April 29, 2023) | Former 1st Deputy Chairman, Former trade union secretary (ver.di)
Ralf Fritz (until April 29, 2023) | Maintenance man, Franz Haniel & Cie. GmbH

Disclosure of shareholdings in accordance with section 313 (2) and (3) of the German Commercial Code

The full list of shareholdings of Franz Haniel & Cie. GmbH as at the end of the fiscal year is an integral component of these notes to the consolidated financial statements. The shareholdings of CECONOMY AG are listed in its annual report.

Number of employees in accordance with section 314 (1) no. 4 of the German Commercial Code

	2023		2022	
	Headcount	FTE	Headcount	FTE
BauWatch	483	459	420	392
BekaertDeslee	3,939	3,856	3,907	3,789
CWS	12,146	10,665	11,742	10,270
Emma	1,071	1,052	856	799
FHC & other	143	121	141	122
KMK kinderzimmer	674	610	664	594
ROVEMA	842	818	880	854
TAKKT	2,615	2,435	2,692	2,481
Haniel Group	**21,915**	**20,016**	**21,519**	**19,509**

Compensation paid to the Company's executive bodies in accordance with section 314 (1) no. 6 of the German Commercial Code

With reference to section 314 (3) HGB in conjunction with section 286 (4) HGB, the total remuneration of the management of Franz Haniel & Cie. GmbH is not disclosed. The total remuneration of the Supervisory Board was EUR 1.1 million (previous year: EUR 1.1 million); that of the Advisory Board was EUR 0.2 million (previous year: EUR 0.4 million). The remuneration of former members of these bodies and of their survivors was EUR 1.9 million (previous year: EUR 1.9 million). Pension provisions amounting to EUR 30.4 million (previous year: EUR 31.4 million) were recognized for the former members of the above bodies and their survivors.

Declaration in accordance with section 161 of the German Stock Corporation Act (AktG), issued by the listed companies included in the consolidated financial statements in accordance with section 314 (1) no. 8 of the German Commercial Code

The following exchange-listed company is included in the consolidated financial statements as of December 31, 2023: TAKKT AG (fully consolidated). This company has issued the declaration prescribed by section 161 of the German Stock Corporation Act. This declaration has been made public on the companies' individual website (www.takkt.com).

Auditor's fee in accordance with section 314 (1) no. 9 of the German Commercial Code

The fee paid to the group auditors, BDO AG Wirtschaftsprüfungsgesellschaft, Germany, for Franz Haniel & Cie. GmbH and its subsidiaries was comprised as follows:

EUR million	2023	2022
Audit services	1.9	1.4
Other assurance services	0.1	0.1
Tax advisory services		
Other services		
	2.0	**1.5**

Exemption in accordance with sections 264 (3) and 264b of the German Commercial Code

The following companies are exempt from the obligation to publish their annual financial statements in accordance with section 264 (3) of the German Commercial Code:

- BauWatch International GmbH, Düsseldorf
- BauWatch Projekt Service GmbH, Düsseldorf
- C-24 GmbH, Velen
- CWS-boco Deutschland GmbH, Hamburg
- CWS Business Services GmbH, Duisburg
- CWS Cleanrooms Cleaning GmbH, Leipzig
- CWS Complete Washroom Concepts GmbH, Duisburg
- CWS Fire Safety GmbH, Duisburg
- CWS Hygiene International GmbH, Dreieich
- CWS International GmbH, Duisburg
- CWS Cleanrooms International GmbH, Duisburg
- CWS Supply GmbH, Lauterbach
- CWS Workwear International GmbH, Dreieich
- Emma International GmbH, Düsseldorf
- Haniel Beteiligungs-GmbH, Duisburg
- Haniel Enkelfähig 1 GmbH, Duisburg
- Haniel Enkelfähig 2 GmbH, Düsseldorf
- Haniel Finance Deutschland GmbH, Duisburg
- Haniel Invest I GmbH, Duisburg
- IGS Industrielle Gefahrenmeldesysteme GmbH, Hagen
- ROVEMA Asset GmbH, Fernwald
- ROVEMA GmbH, Fernwald
- ROVEMA International GmbH, Düsseldorf
- Verwaltungsgesellschaft CWS-boco HealthCare mbH, Hamburg
- Wellmann Beteiligungs GmbH, Hamminkeln
- Wellmann Sicherheitstechnik GmbH, Hamminkeln
- Wellmann Sicherheitstechnik GNW GmbH, Nordwalde

The following companies are exempt from the obligation to publish their annual financial statements in accordance with section 264b of the German Commercial Code:

- CWS Cleanrooms Deutschland GmbH & Co. KG, Dreieich
- CWS HealthCare Deutschland GmbH & Co. KG, Dreieich
- CWS Hygiene Deutschland GmbH & Co. KG, Dreieich
- CWS Workwear Deutschland GmbH & Co. KG, Dreieich

37 Events after the reporting date

There have been no reportable events after the reporting date.

38 Profit appropriation proposal of Franz Haniel & Cie. GmbH

After deducting appropriate write-downs and recognizing adequate valuation allowances and provisions, the net loss for the fiscal year reported in the annual financial statements of Franz Haniel & Cie. GmbH, prepared in accordance with the German Commercial Code, amounts to EUR 32 million as of December 31, 2023. With EUR 20 million in retained earnings brought forward, this results in a net accumulated loss of EUR 12 million.

The management of Franz Haniel & Cie. GmbH proposes the withdrawal of EUR 65 million from retained earnings and the distribution of a EUR 50 million dividend from retained profit. Taking into account the treasury shares held, EUR 49 million will be distributed and EUR 4 million will be carried forward to new account.

The shareholders will therefore receive a dividend of 5 percent on the subscribed capital of EUR 1.0 billion. This represents an amount of EUR 2.50 per EUR 50 ordinary share.

Duisburg, April 2, 2024

The Management

Derksen Dr. Albrecht-Baba

List of shareholdings as of December 31, 2023

Nr. No.	Name und Sitz der Gesellschaft Name and Location of the Company	Konzernanteil % Group Share %	Gehalten von Nr. Held by No.
	Konzernmutterunternehmen – Group Parent Company		
1	Franz Haniel & Cie. GmbH, Duisburg		
	Verbundene Unternehmen – Affiliated Companies		
2	Haniel Beteiligungs-GmbH, Duisburg	100,00	1
3	Haniel Finance Deutschland GmbH, Duisburg	100,00	1
4	Haniel Immobilien Verwaltungsgesellschaft mbH, Duisburg	100,00	1
5	Haniel Immobilien GmbH & Co. KG, Duisburg	100,00	1
6	Haniel Invest I GmbH, Duisburg	100,00	2
7	Haniel Enkelfähig 1 GmbH, Duisburg	100,00	2
8	Haniel Enkelfähig 4 GmbH, Duisburg	100,00	2
9	Carbon Fibre International GmbH i. L., Duisburg	100,00	2
10	GEWERKSCHAFT SCHIFFSRUDER Verwaltungsgesellschaft für Bergvermögen mbH, Duisburg	100,00	1
11	Objekt Niederlehme Verwaltungsgesellschaft mbH, Duisburg	50,93	1
12	Objekt Niederlehme Verwaltungsgesellschaft mbH & Co. Grundstücks KG, Duisburg	51,00	1
13	VBM Grundstücks- und Projektentwicklungsgesellschaft AG in Abwicklung, Berlin	82,89	12
14	NowCM Luxembourg S.A. acting for and on behalf of its Compartment Haniel enkelfähig, Luxemburg	0,00	2
15	BauWatch International GmbH, Düsseldorf	100,00	2
16	BauWatch Projekt Service GmbH, Düsseldorf	100,00	15
17	C-24 GmbH, Velen	100,00	15
18	BouWatch Group B.V., Assen	100,00	19, 15
19	Stichting Administratiekantoor Haniel, Nijmegen	100,00	1
20	Visser Projectservice B.V., Assen	100,00	18
21	FIGO B.V., Enschede	100,00	20
22	C-24 B.V., Apeldoorn	100,00	20
23	Hillson exploitatie B.V., Alphen aan den Rijn	100,00	18
24	Hillson B.V., Alphen aan den Rijn	100,00	23
25	BouWatch België BVBA, Brasschaat	100,00	20
26	C-24 BVBA, Brasschaat	100,00	20
27	BauWatch Sàrl, Boeschepe	100,00	20
28	C-24 SARL, Boeschepe	100,00	20
29	BauWatch (UK) Limited, Reading	100,00	20
30	Sicuro (UK) Ltd., Laindon	100,00	20
31	BauWatch Polska Sp. z o.o., Warschau	100,00	20
32	C-24 Sp. z o.o., Warschau	100,00	20
33	BauWatch Austria GmbH, Wien	100,00	20
34	BauWatch Monitoring Austria GmbH, Wien	100,00	20
35	BauWatch Italy S.r.l., Mailand	100,00	20
36	BauWatch Spain S.L.U., Valencia	100,00	20
37	BauWatch Monitoring Spain S.L.U., Valencia	100,00	20
38	BauWatch Ireland Limited, Dublin	100,00	20
39	BekaertDeslee Holding NV, Waregem	100,00	1
40	BekaertDeslee N.V., Waregem	100,00	44
41	BekaertDeslee Innovation bvba, Waregem	100,00	39
42	Deslee Baltic OÜ, Tallinn	100,00	41
43	BekaertDeslee France S.A.S., Laval	100,00	48
44	Bekaert Textiles Holding B.V., Waalre	100,00	39

45	DesleeClama Poland Sp.z o.o., Lodz	100,00		41
46	DesleeClama Eastern Europe S.R.L., Sibiu	100,00		41
47	DesleeClama Solutions S.R.L., Vâlcea	100,00	39,	41
48	BekaertDeslee Spain S.L.U., Barcelona	100,00		44
49	Bekaert Textiles CZ s.r.o., Aš	100,00	40,	44
50	Bekaert Tekstil Sanayi ve Ticare AS, Çorlu	100,00		44
51	Bekaert Tekstil Pazarlama Dagtim ve Ticaret Ltd. STI, Çorlu	100,00		44
52	BekaertDeslee USA Inc., Wilmington, Delaware	100,00		41
53	Les Tricots Maxime Inc., Baie d'Urfé	100,00		39
54	9459-4322 Quebec Inc., St.-Laurent (Montreal)	100,00		53
55	9459-4371 Quebec Inc., St.-Laurent (Montreal)	100,00		53
56	5459-4355 Quebec Inc., Baie d'Urfé	100,00		53
57	Bekaert Textiles Mexico S. de R.L. de C.V., San Felipe Ixtacuixtla, Tlaxcala	100,00	40,	44
58	Politel S.A. de C.V., San Felipe Ixtacuixtla, Tlaxcala	100,00	44,	57
59	Progresive Products de Mexico S. de R.L. de C.V., Tijuana, Baja California	100,00	44,	57
60	Maxime Knitting Mexico S.A. de C.V., Tlaquepaque, Jalisco	100,00	56,	53
61	Bekaert Têxteis do Brasil Ltda., São Paulo	100,00	44,	40
62	BekaertDeslee Brazil Indústria e Comércio de Artigos Têxteis Ltda., Barueri - São Paulo	100,00	40,	41
63	Bekaert Textiles Argentina SA, Buenos Aires	100,00	40,	44
64	BekaertDeslee Colombia S.A.S., Bogotá	100,00		44
65	PT Clama Indonesia, Purwakarta, Jawa Barat	100,00	39,	41
66	Bekaert Textiles (wuxi) co Ltd., Wuxi	100,00		40
67	Bekaert Deslee (AUST) Pty Ltd., Dandenong (Melbourne)	100,00		39
68	CWS International GmbH, Duisburg	100,00		1
69	CWS Workwear International GmbH, Duisburg	100,00		68
70	CWS Hygiene International GmbH, Duisburg	100,00		68
71	CWS-boco Deutschland GmbH, Hamburg	100,00		68
72	CWS Workwear Deutschland GmbH & Co. KG, Dreieich	100,00		71
73	CWS Hygiene Deutschland GmbH & Co. KG, Dreieich	100,00		71
74	CWS Cleanrooms Deutschland GmbH & Co. KG, Dreieich	100,00		71
75	CWS Healthcare Deutschland GmbH & Co. KG, Dreieich	100,00		71
76	Verwaltungsgesellschaft CWS-boco HealthCare mbH, Hamburg	100,00		68
77	CWS Cleanrooms Cleaning GmbH, Leipzig	100,00		68
78	CWS Business Services GmbH, Duisburg	100,00		68
79	CWS Supply GmbH, Lauterbach	100,00		68
80	CWS Complete Washroom Concepts GmbH, Duisburg	100,00		68
81	CWS Fire Safety GmbH, Duisburg	100,00		68
82	CWS Cleanrooms International GmbH, Duisburg	100,00		68
83	Phoenix Fire Protect Development GmbH, Emstek	100,00		68
84	IGS Industrielle Gefahrenmeldesysteme GmbH, Hagen	100,00		68
85	STAXS Deutschland GmbH, Duisburg	100,00		109
86	Wellmann Beteiligungs GmbH, Hamminkeln	100,00		68
87	Wellmann Sicherheitstechnik GmbH, Hamminkeln	100,00		86
88	Wellmann Sicherheitstechnik GNW GmbH, Nordwalde	100,00		86
89	CWS-boco Suisse SA, Glattbrugg	100,00		68
90	CWS Cleanrooms Schweiz GmbH, Basel	100,00		68
91	CWS Workwear Schweiz AG, Bronschhofen	100,00		68
92	CWS Workwear Österreich GmbH, Amstetten (Mauer)	100,00		68
93	CWS Hygiene Österreich GmbH, Wiener Neudorf	100,00		68

94	CWS Cleanrooms Austria GmbH, Graz	100,00		90
95	CWS Workwear België N.V., Berchem	100,00		68
96	CWS Hygiene België N.V., Berchem	100,00		68
97	CWS Cleanrooms België N.V., Berchem	100,00	68,	95
98	STAXS Belgium N.V., Niel	100,00		109
99	Vendor Sàrl, Paris	100,00		68
100	CWS Workwear Nederland B.V., 's-Hertogenbosch	100,00		68
101	CWS Hygiene Nederland B.V., 's-Hertogenbosch	100,00		68
102	B2B Bedrijfshygiëne B.V., Nijkerk	100,00		101
103	Vendor Public Washrooms B.V., Tilburg	100,00		101
104	WERO Specialistische Reiniging B.V., Eindhoven	100,00		68
105	CWS Safety Nederland B.V., 's-Hertogenbosch	100,00		68
106	Hefas Branddetectie B.V., Duiven	100,00		105
107	Wardenburg Beveiliging & Telekom B.V., Kolham	100,00		105
108	STAXS Holding B.V., Amsterdam	100,00	112,	82
109	STAXS Group B.V., Amsterdam	100,00		108
110	CDC China Disposable Clothing B.V., Heerenveen	100,00		109
111	STAXS The Netherlands B.V., Heerenveen	100,00		109
112	Stichting Administratiekantoor STAXS Holding, Amsterdam	100,00		82
113	CWS Luxembourg Sàrl, Steinfort	100,00		95
114	CWS Workwear Ireland Ltd., Dublin	100,00		68
115	CWS Cleanrooms Ireland Ltd., Dublin	100,00		82
116	Specialised Sterile Environments Ltd, Galway	100,00		68
117	CWS Hygiene Ireland Limited, Roscommon	100,00		68
118	CWS Hygiene (NI) Limited, Newry	100,00		117
119	CWS d.o.o. tekstilservis, Zagreb	100,00		68
120	CWS-boco Sweden AB, Skara	100,00		68
121	CWS-boco Polska Sp. z o.o., Lodz	100,00		68
122	CWS Costumer Fulfilment Center Sp. z o.o., Lodz	100,00		68
123	CWS Textile Production Sp. z o.o., Lodz	100,00		68
124	WIPEX Sp. z o.o., Krakau	100,00		91
125	CWS Česka republica s.r.o., Prag	100,00		68
126	CWS-boco Romania s.r.l., Bukarest	100,00		68
127	CWS Global Business Services s.r.l., Sibiu	100,00	76	68
128	CWS Slovensko s.r.o., Bratislava	100,00	76,	68
129	CWS d.o.o., Celje	100,00		68
130	CWS Workwear tekstilne storitve d.o.o., Ptuj	100,00		68
131	CWS Workwear IP tekstilne storitve d.o.o., Ptuj	100,00		130
132	CWS Hungary Kft, Budapest	100,00	76,	68
133	CWS Cleanrooms Bulgaria EOOD, Sofia	100,00		94
134	Emma International GmbH, Düsseldorf	100,00		2
135	Emma Sleep GmbH, Frankfurt am Main	58,18		134
136	Emma Matratzen GmbH, Frankfurt am Main	100,00		135
137	Emma Services GmbH, Frankfurt am Main	100,00		135
138	DIBMat GmbH, Frankfurt am Main	100,00		135
139	Emma Up GmbH, Frankfurt am Main	100,00		135
140	Emma Sleep France SAS, Marcq-en-Barœul	100,00		135
141	Emma Sleep UK Limited, London	100,00		135
142	Emma Sleep Portugal, Unipessoal LDA, Lissabon	100,00		135

143	Emma Sleep NL B.V., Leidschendam	100,00		135
144	Emma Sleep Italy S.r.l., Mailand	100,00		135
145	Emma Sleep S.r.l., Bukarest	100,00		135
146	Emma Sleep Spain Retail S.L.U., Barcelona	100,00		135
147	Emma Mattress, Inc., Dover, Delaware	100,00		135
148	Emma Sleep Canada Inc., Vancouver	100,00		135
149	Emma Sleep Comércio de Colchoes Brasil LTDA, Jundiaí	100,00	138,	136
150	Emma Sleep SAS (Colombia), Bogotá	100,00		135
151	Emma Sleep México S. de R.L. de C.V., Ciudad de México	100,00	136	135
152	Emma Sleep SpA, Santiago de Chile	100,00		135
153	Bettzeit (Shanghai) CO., LTD, Shanghai	100,00		136
154	Emma Sleep Hong Kong Limited, Hongkong	100,00		135
155	Emma Sleep Taiwan Co., Ltd., Taipei	100,00		135
156	Emma Sleep Japan G.K., Tokio	100,00		135
157	Emma Sleep Korea Limited, Seoul	100,00		135
158	Bettzeit Southeast Asia Inc., Taguig City	100,00		135
159	Emma Sleep Philippines Inc., Taguig City	100,00		135
160	Emma Sleep Singapore PTE. LTD., Singapur	100,00		135
161	Emma Sleep India Private Limited, Hyderabad	100,00	136	135
162	Emma Sleep Pty Ltd., Brisbane	100,00		135
163	Emma Sleep New Zealand Limited, Auckland	100,00		135
164	Haniel Enkelfähig 2 GmbH, Düsseldorf	100,00		2
165	KMK Kinderzimmer Holding GmbH, Hamburg	60,00		164
166	KMK Kinderzimmer Verwaltungsgesellschaft mbH, Hamburg	100,00		165
167	KMK Kinderzimmer GmbH & Co. KG, Hamburg	100,00		165
168	KMK Kinderzimmer International GmbH, Hamburg	100,00		167
169	KMK Kinderzimmer Alsterberg GmbH, Hamburg	100,00		167
170	KMK Kinderzimmer Am Stadtpark GmbH, Hamburg	100,00		167
171	KMK Kinderzimmer Astraturm GmbH, Hamburg	100,00		167
172	KMK Kinderzimmer Bergstedter Scheune GmbH, Hamburg	100,00		167
173	KMK Kinderzimmer Bornheide GmbH, Hamburg	100,00		167
174	KMK Kinderzimmer Brunnbach GmbH, Hamburg	100,00		167
175	KMK Kinderzimmer City Süd GmbH, Hamburg	100,00		167
176	KMK Kinderzimmer ConventParc GmbH, Hamburg	100,00		167
177	KMK Kinderzimmer Dorotheenstraße GmbH, Hamburg	100,00		169
178	KMK Kinderzimmer Eckerkoppel GmbH, Hamburg	100,00		167
179	KMK Kinderzimmer Eißendorf GmbH, Hamburg	100,00		167
180	KMK Kinderzimmer Elbgau GmbH, Hamburg	100,00		167
181	KMK Kinderzimmer Goldbek GmbH, Hamburg	100,00		167
182	KMK Kinderzimmer Hammerbrook GmbH, Hamburg	100,00		195
183	KMK Kinderzimmer Heidbrook GmbH, Hamburg	100,00		167
184	KMK Kinderzimmer Heidewinkel GmbH, Hamburg	100,00		167
185	KMK Kinderzimmer Inselpark GmbH, Hamburg	100,00		167
186	KMK Kinderzimmer Jenfelder Bach GmbH, Hamburg	100,00		196
187	KMK Kinderzimmer Klövensteen GmbH, Hamburg	100,00		206
188	KMK Kinderzimmer Kupferteich GmbH, Hamburg	100,00		167
189	KMK Kinderzimmer Lehmberg GmbH, Hamburg	100,00		167
190	KMK Kinderzimmer Eilbekpark GmbH, Hamburg	100,00		167
191	KMK Kinderzimmer Lohsepark GmbH, Hamburg	100,00		167

192	KMK Kinderzimmer Maimoor GmbH, Hamburg	100,00	167
193	KMK Kinderzimmer Marmeladenfabrik GmbH, Hamburg	100,00	167
194	KMK Kinderzimmer Ochsenstieg GmbH, Hamburg	100,00	196
195	KMK Kinderzimmer Oolsdörp GmbH, Hamburg	100,00	167
196	KMK Kinderzimmer Seerosenteich GmbH, Hamburg, vorm. Othmarschener Höfe	100,00	167
197	KMK Kinderzimmer Rodelberg GmbH, Hamburg	100,00	167
198	KMK Kinderzimmer Rübenkamp GmbH, Hamburg	100,00	167
199	KMK Kinderzimmer Schierenberg GmbH, Hamburg	100,00	167
200	KMK Kinderzimmer Schilfpark GmbH, Hamburg	100,00	167
201	KMK Kinderzimmer Seebek GmbH, Hamburg	100,00	167
202	KMK Kinderzimmer Stubbenhuk GmbH, Hamburg	100,00	207
203	KMK Kinderzimmer Süderfeld Park GmbH, Hamburg	100,00	167
204	KMK Kinderzimmer Tienrade GmbH, Hamburg	100,00	171
205	KMK Kinderzimmer Unnenland GmbH, Hamburg	100,00	176
206	KMK Kinderzimmer Valentinshof GmbH, Hamburg	100,00	167
207	KMK Kinderzimmer Villa Goldschmidtpark GmbH, Hamburg	100,00	167
208	KMK Kinderzimmer Villa Flottbek GmbH, Hamburg	100,00	173
209	KMK Kinderzimmer Vogelkamp GmbH, Hamburg	100,00	167
210	KMK Kinderzimmer Königslande GmbH, Hamburg	100,00	167
211	KMK Kinderzimmer Grindelhof GmbH, Hamburg	100,00	167
212	KMK Kinderzimmer Schlossmühle GmbH, Hamburg	100,00	167
213	KMK Kinderzimmer Liliencronstraße GmbH, Hamburg	100,00	167
214	KMK Kinderzimmer Elfmorgenbruch GmbH, Hamburg	100,00	167
215	KMK Kinderzimmer Quartier am Zeughaus GmbH, Hamburg	100,00	167
216	KMK Kinderzimmer Denninger Anger GmbH, Hamburg	100,00	167
217	KMK Kinderzimmer Eidelstedter Höfe GmbH, Hamburg	100,00	167
218	JTS Kita-Projektgesellschaft 10 GmbH, Hamburg	100,00	167
219	JTS Kita-Projektgesellschaft 11 GmbH, Hamburg	100,00	167
220	JTS Kita-Projektgesellschaft 14 GmbH, Hamburg	100,00	167
221	JTS Kita-Projektgesellschaft 16 GmbH, Hamburg	100,00	167
222	JTS Kita-Projektgesellschaft 18 GmbH, Hamburg	100,00	167
223	JTS Kita-Projektgesellschaft 19 GmbH, Hamburg	100,00	167
224	JTS Kita-Projektgesellschaft 22 GmbH, Hamburg	100,00	167
225	JTS Kita-Projektgesellschaft 23 GmbH, Hamburg	100,00	167
226	JTS Kita-Projektgesellschaft 24 GmbH, Hamburg	100,00	167
227	JTS Kita-Projektgesellschaft 25 GmbH, Hamburg	100,00	167
228	JTS Kita-Projektgesellschaft 26 GmbH, Hamburg	100,00	167
229	JTS Kita-Projektgesellschaft 27 GmbH, Hamburg	100,00	167
230	JTS Kita-Projektgesellschaft 28 GmbH, Hamburg	100,00	167
231	JTS Kita-Projektgesellschaft 29 GmbH, Hamburg	100,00	167
232	JTS Kita-Projektgesellschaft 30 GmbH, Hamburg	100,00	167
233	JTS Kita-Projektgesellschaft 31 GmbH, Hamburg	100,00	167
234	JTS Kita-Projektgesellschaft 17 GmbH, Hamburg	100,00	167
235	KMK Kinderzimmer UK Holding Limited, London	100,00	168
236	KMK Kinderzimmer 1 Muswell Hill Limited, London	100,00	235
237	KMK Kinderzimmer 2 Walton On Thames Limited, London	100,00	235
238	KMK Kinderzimmer 3 Berkhamsted Limited, London	100,00	235
239	KMK Kinderzimmer 4 South Kensigton Limited, London	100,00	235
240	KMK Kinderzimmer 5 Limited, London	100,00	235

241	KMK Kinderzimmer 6 Limited, London	100,00		235
242	KMK Kinderzimmer 7 Limited, London	100,00		235
243	KMK Kinderzimmer 8 Limited, London	100,00		235
244	KMK Kinderzimmer 9 Limited, London	100,00		235
245	KMK Kinderzimmer 10 Limited, London	100,00		235
246	ROVEMA International GmbH, Düsseldorf	100,00		2
247	ROVEMA GmbH, Fernwald	100,00		246
248	ROVEMA Asset GmbH, Fernwald	100,00	246,	247
249	ROVEMA Benelux B.V., Oosterhout	100,00		247
250	DL Packaging BV, Oosterhout	100,00		247
251	ROVEMA France SAS, Neuilly-Plaisance	100,00		247
252	ROVEMA Spain and Portugal S.L., Barcelona	100,00		247
253	ROVEMA Italia s.r.l., Novate Milanese	100,00		247
254	ROVEMA Packaging Machines Limited, Aylesbury	100,00		247
255	ROVEMA Polska Sp. z o.o., Warschau	100,00		247
256	OOO "ROVEMA" Russia, St. Petersburg	99,00		247
257	ROVEMA Makine Sanayi ve Ticaret Turkey A.S., Istanbul	70,00		247
258	ROVEMA North America Inc., Norcross, Georgia	100,00		247
259	ROVEMA Latinoamérica Panama S.A., Panama City	100,00		247
260	ROVEMA Asia Corporation, Makati City (Philippines)	99,90		247
261	Rovema Packaging Pvt. Ltd., Maharashtra	100,00	246,	247
262	TAKKT AG, Stuttgart	65,83		1
263	KAISER+KRAFT EUROPA GmbH, Stuttgart	100,00		262
264	KAISER+KRAFT GmbH, Stuttgart	100,00		263
265	Hubert Europa Service GmbH, Pfungstadt	100,00		263
266	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen	100,00		263
267	Ratioform Verpackungen GmbH, Pliening	100,00		262
268	VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt	100,00		262
269	BEG GmbH, Stuttgart	100,00		263
270	newport.takkt GmbH, Stuttgart	100,00		262
271	Mydisplays GmbH, Burscheid	100,00		270
272	TAKKT Beteiligungsgesellschaft mbH, Stuttgart	100,00		270
273	TAKKT OCC GmbH, Stuttgart	100,00		262
274	TAKKT WFC GmbH, Stuttgart	100,00		262
275	KAISER+KRAFT Gesellschaft m.b.H., Salzburg	100,00		263
276	R.F. Verpackungsmittel-Versand G.m.b.H., Salzburg	100,00		267
277	KAISER+KRAFT AG, Steinhausen	100,00		263
278	Ratioform Verpackungen AG, Steinhausen	100,00		267
279	Vink Lisse B.V., Lisse	100,00		263
280	Juma International B.V., Wormerveer	100,00		270
281	KAISER+KRAFT N.V., Brüssel	100,00	279,	263
282	FRANKEL S.A.S., Massy	100,00		263
283	KAISER+KRAFT S.r.l., Fenegro	100,00		263
284	Ratioform Imballaggi, S.r.l., Calvignasco	100,00		267
285	KAISER+KRAFT S.A., Barcelona	100,00		263
286	Ratioform Embalajes, S.A., Sant Esteve Sesrovires	100,00		267
287	KAISER+KRAFT S.A., Lissabon	100,00		263
288	KAISER+KRAFT Limited, Hemel Hempstead	100,00		263
289	Davenport Paper Co. Limited, Derby	100,00		267

290	BiGDUG Ltd., Gloucester	100,00	270
291	Equip4work Ltd., Westlinton	100,00	270
292	Gerdmans Inredningar AB, Markaryd	100,00	263
293	Runelandhs Försäljnings AB, Kalmar	100,00	292
294	Gerdmans Kontor-og Lagerudstyr A/S, Nivaa	100,00	292
295	Gerdmans Innredninger AS, Sandvika	100,00	292
296	Gerdmans OY, Espoo	100,00	292
297	KAISER+KRAFT Sp. z o.o., Warschau	100,00	263
298	KAISER+KRAFT s r.o., Prag	100,00	263
299	Kaiser+Kraft Logistics East s.r.o., Syrovice	100,00	263
300	KAISER+KRAFT s.r.o., Nitra	100,00	264, 263
301	KAISER+KRAFT Kft., Budaörs	100,00	263
302	KAISER+KRAFT s.r.l., Ramnicu Valcea	100,00	299
303	Hubert Hong Kong Ltd., Hongkong	100,00	305
304	TAKKT America Holding, Inc., Milwaukee, Wisconsin	100,00	262
305	Hubert North America Service LLC, Harrison, Ohio	100,00	304
306	Hubert Company LLC, Harrison, Ohio	100,00	304
307	SPG U.S. Retail Resource LLC, Harrison, Ohio	100,00	304
308	Central Products LLC, Indianapolis, Indiana	100,00	304
309	National Business Furniture LLC, Milwaukee, Wisconsin	100,00	304
310	D2G Group LLC, Fall River, Massachusetts	100,00	304
311	Hubert Distributing Company Inc., Markham	100,00	304
	Assoziierte Unternehmen – Associated Companies		
312	DesleeMattex (Pty) Ltd., Cape Town	40,00	41
313	Optimar International AS, Skodje	49,90	1
314	greenzero Beteiligungsgesellschaft mbH, Aachen	20,00	2
315	Projektgesellschaft Urban Zero Ruhrort GmbH, Duisburg	24,50	2
316	Jonny Fresh GmbH, Berlin	23,50	68

INDEPENDENT AUDITORS' REPORT

To Franz Haniel & Cie. GmbH, Duisburg

Audit Opinions

We have audited the consolidated financial statements of Franz Haniel & Cie. GmbH, Duisburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report ("Group report of the Management Board") of Franz Haniel & Cie. GmbH for the fiscal year from January 1, 2023 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the components of the Group management report listed under "OTHER INFORMATION"

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. 1 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 December 31, 2023, and of its financial performance for the financial year from January 1, 2023 to December 31, 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed under "OTHER INFORMATION".

Pursuant to § 322 Abs. 3 Satz [sentence] 1 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 group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Our responsibilities under those requirements and principles are further described in the "AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

OTHER INFORMATION

The executive directors and the Supervisory Board are responsible for the other information. The other information comprises:

- The condensed corporate governance declaration contained in the section of the Group Report of the Management Board entitled "Report on business situation / Holding Company Franz Haniel & Cie."
- The remaining parts of the Annual Report – excluding additional cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are 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 § 315e Abs. 1 HGB and 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 executive directors are responsible for such internal control as they have 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 misappropriation) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are 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.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group 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 group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error 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 group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report 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 systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, 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 conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group 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 group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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.

Düsseldorf, April 2, 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Höffer	signed Wald
German Public Auditor	German Public Auditor

Glossary

Cash flow Balance of cash receipts and cash payments in a reporting period. A measure of a company's financial and earning power. For example, operating cash flow indicates how much of the recognized net profit for the period is reflected in cash inflows from operating activities. This cash flow can be used to finance capital expenditures, repay liabilities or pay dividends.

Commercial paper Special instruments (money market paper), usually discount bonds, issued in order to finance short-term credit needs. As a rule, the issuer requires an excellent → rating in order to place and deal in papers of this kind.

Compliance A key element of corporate governance. It denotes the observance of relevant laws and internal guidelines.

Consolidation In the consolidated financial statements, the Group, comprising several legally independent companies, is depicted as if it were a single business. Consolidation consists of bookkeeping techniques that eliminate all intra-Group transactions. It eliminates the double counting of intra-Group transactions when consolidated financial statements are being prepared from the data contained in the annual financial statements of the individual Group companies.

Contribution margin indicates the difference between revenue and variable costs.

Core repayment period A capital management indicator within the Haniel Group. It is determined by dividing the → net financial position, reduced by the debt allocated to the financial investment CECONOMY AG, by → EBITDA.

Cost of capital Product of the → weighted average cost of capital and the average → capital employed.

Current net assets essentially comprise trade receivables and inventories less trade payables. This is an indicator used to determine the capital needed to finance operating activities.

DCF – Discounted Cash Flow A method by which future cash flows from an asset are discounted to determine the net present value of that asset. The Haniel Group uses DCF calculations to assess the profitability of investment projects and business acquisitions and to determine the → fair value of non-listed financial instruments.

Deferred taxes Differences between the requirements under tax law and the accounting and measurement regulations in accordance with → IFRS give rise to variances in the amounts recognized for assets and liabilities. Consequently, the tax burden anticipated on the basis of the profit before taxes reported in the consolidated financial statements differs from the actual amount payable. To allow a corresponding tax expense to be posted in the income statement, the effects of these deviations are counterbalanced by deferrals.

Derivative (derivative financial instrument) A contract that is dependent on another asset (underlying asset). The → fair value of a derivative can therefore be derived from market values of traditional underlying assets, such as stocks and commodities, or from market prices, such as interest rates or exchange rates. Derivatives exist in a range of different forms, such as → options, → futures, interest rate caps and → swaps. In the context of Haniel's financial management, derivatives are used to hedge risk.

Early risk identification system Systematic reporting measures designed to detect adverse, risk-entailing developments in good time with the help of financial and non-financial company-specific indicators and factors. The early risk identification system forms part of → risk management.

EBIT Earnings before interest, taxes and profit and loss from investments.

EBITA Earnings before interest, taxes, amortization of intangible assets, amortization of intangible assets from purchase price allocation and profit and loss from investments.

EBITDA Earnings before interest, taxes, depreciation of property, plant and equipment, amortization of intangible assets, amortization of intangible assets from purchase price allocation and profit and loss from investments.

Equity method A method for measuring investments in companies over whose business and financial policy Haniel can exert a significant influence or over which it has joint control (investments accounted for at equity). Under the equity method, the carrying amount of the investment is determined by the change in the investor's proportionate interest in the investment's equity. Thus, the carrying amount is increased or decreased by the investor's share in the investment's profit or loss for the period. Distributions received from the investment reduce the carrying amount of the investment.

Equity ratio A capital management indicator within the Haniel Group which is calculated by dividing recognized equity by total assets.

Fair value A measurement approach based on market prices in accordance with → IFRS.

Financial liabilities The total non-current and current financial liabilities presented in the consolidated statement of financial position.

Full consolidation Procedure for including subsidiaries in the consolidated financial statements if they are under the parent company's control on the basis of a voting right majority or other means of influence. The subsidiary's individual assets and liabilities are included in full in the consolidated statement of financial position.

Future A listed → derivative in which two parties agree to trade a certain quantity of a reference asset, such as a foreign currency, at a future date at a predetermined price.

Gearing A capital management indicator within the Haniel Group which is calculated by dividing the → net financial position by the recognized equity.

Goodwill An intangible asset that corresponds to the amount by which the purchase price for a business combination exceeds the total → fair value of the assets and liabilities acquired (net assets). Essentially, it represents the favorable future prospects accompanying the acquisition of the combined business and the expertise of the assembled workforce.

Goodwill impairment If → goodwill is recognized in the course of an acquisition, its carrying amount must be tested at least once a year for indication of impairment. If the anticipated future → cash flows from sales and other income and expenses associated with the takeover are lower than the carrying amount of goodwill at the time of the impairment test, the goodwill must be written down accordingly.

Gross margin is a measure of added value. It indicates the difference between revenue and cost of sales.

Haniel Value Added (HVA) Value-oriented performance indicator used by the Haniel Group, calculated by subtracting → cost of capital from the → return.

Hedging A strategy for managing interest rate, foreign exchange rate, share price or other market price risks by means of → derivatives, which limit the risks associated with the underlying transactions.

HGB – Handelsgesetzbuch (German Commercial Code) Legal basis for the annual financial statements (separate financial statements) of all companies registered in Germany. This is relevant to German corporations in connection with profit distribution.

IAS – International Accounting Standard(s) Financial reporting standard(s) within the → IFRS international regulatory framework.

IASB – International Accounting Standards Board An independent, international body which approves and continuously develops the → International Financial Reporting Standards (IFRS).

ICS – Internal control system Systematic control measures for monitoring whether existing rules for reducing risks are being observed. This is intended to ensure the functionality and cost-effectiveness of business processes and to counteract impairments of assets. It covers all material business processes, including accounting. The purpose of the accounting-related ICS is to ensure that financial reporting is reliable and that the risk of misstatements in the external and internal Group reports is minimized.

IFRS – International Financial Reporting Standard(s) An international regulatory framework of accounting standards and interpretations which are developed by the → IASB (International Accounting Standards Board) and ratified by the European Commission. These accounting standards are intended to ensure the internationally comparable preparation of accounts. → Publicly traded companies registered in the EU are required to prepare their consolidated financial statements in accordance with the provisions of IFRS.

IFRS IC – International Financial Reporting Standards Interpretations Committee An independent, international body which issues interpretations and guidance on issues not specifically covered by the → IFRS.

Interest cover ratio A capital management indicator within the Haniel Group that is derived as a quotient from certain items of the income statement. The sum of the → operating profit, → result from investments accounted for at equity and other investment result is divided by the sum of the finance costs and other net financial income. This indicator states how many times the interest to be paid to lenders and financial investors is covered by earnings from the operating business and investments.

Investment position of the Haniel Holding Company Non-current and current financial assets and other assets held by the Haniel Holding Company, excluding cash and cash equivalents, which are available for the acquisition of new portfolio companies.

Market value gearing Relationship between → net financial liabilities at the Haniel Holding Company and the market value of Haniel's investment portfolio.

Net Asset Value (NAV) Value-oriented performance indicator used by the Haniel Group, calculated by subtracting → net financial liabilities at the Holding Company level from the market value of the investment portfolio.

Net financial liabilities Difference between → financial liabilities and cash and cash equivalents recognized in the consolidated statement of financial position.

Net financial position Difference between the → net financial liabilities and → investment position of the Haniel Holding Company.

Non-controlling interests Interests in the equity of subsidiaries of the Haniel Group held by third parties.

Operating free cash flow Indicates how much of the recognized net profit for the period is reflected in cash inflows from operating activities after financing changes in net working capital, leasing payments and capital expenditures. This cash flow can be used to finance acquisitions, repay liabilities or pay dividends.

Operating profit This measure of earnings shows the profit contribution made in the period by the operating business, that is to say from the purchase and sale of goods and the provision of services, after deducting the associated expenses. The amount recognized in the income statement is the result before amortization of intangible assets from → purchase price allocations, the profit/loss from investments and discontinued operations, interest and income tax expense.

Option Agreement between two parties granting one party the right to receive or sell a certain quantity of an underlying asset, such as a foreign currency, at a predetermined price at a later date.

Plan assets comprise assets that are held by a fund invested for the long term for satisfying payments to employees as well as qualified insurance contracts.

Portfolio companies Various business activities in the Haniel portfolio.

Publicly traded companies Enterprises that have issued securities, e.g. shares or bonds, which are publicly listed and traded (on a stock exchange).

Purchase price allocation Allocation of the purchase price in a business combination to the individual assets and liabilities acquired. The acquired assets and liabilities are measured at → fair value. If the total purchase price exceeds the net assets acquired, this gives rise to → goodwill.

Rating A credit score given to companies or financial instruments by agencies, such as Standard & Poor's, Moody's or Scope or banks.

Recognized investments include the acquisition of non-current assets such as buildings, machinery or software. Specifically, the acquisition of assets reported under property, plant and equipment, intangible assets, investments accounted for at equity or non-current financial assets.

Result from investments accounted for at equity Includes the portion of the net profit for the period attributable to Haniel which is generated by companies measured in the consolidated financial statements in accordance with the → equity method.

Return → Operating profit of continuing and discontinued operations plus profit/loss from investments and other net financial income less amortization of intangible assets from → purchase price allocations and income tax expenses.

Risk management Systematic procedures for identifying and assessing potential risks for the Group, and for deciding on, implementing and monitoring measures to avoid risks and/or reduce their possible negative impact.

Scope of consolidation The companies included in the consolidated financial statements.

Statement of cash flows The statement of cash flows is used to determine and depict cash inflows and outflows. It shows the cash that is generated and expended in a period (→ cash flow).

Sustainability The model of sustainable development pursues the objective of engaging in business activity to create not only economic value, but also ecological and social benefits, without undermining the development opportunities of future generations.

Swap An agreement between two parties to exchange commodity or cash flows in the future. In an interest rate swap, interest payments are exchanged for an agreed principal amount on the basis of different interest rates. Thus, floating interest rates can be exchanged with fixed interest rates, for example.

Total cash cover Cash flows from operating activities received by the Holding Company (particularly from equity investments) in relation to the Holding Company's outgoing operating cash flows (in particular Holding Company costs and interest) and dividend payments of the Holding Company to shareholders.

Total Shareholder Return (TSR) Value-oriented return indicator used by the Haniel Group to determine the return achieved for the shareholders in a given period of time. In addition to the development of the → Net Asset Value, dividends paid are taken into account.

Weighted average cost of capital (WACC) represents the return demanded by providers of capital in relation to the → capital employed in the company. It is defined as the weighted average cost of equity and debt. The cost of the equity component corresponds to the return expectations of shareholders, taking into account business model-specific risks. The cost of the debt component reflects the company’s financing conditions.

Publication details

Responsible for the content

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