HANIEL

Franz Haniel & Cie. GmbH
Financial Statements
2021

Haniel continues its transformation journey: Report of the Supervisory Board

DOREEN NOWOTNE
Chairwoman of the Supervisory Board

Dear shareholders and friends of the Company,

In 2021, Haniel continued to make steady progress in its transformation. The management team succeeded in achieving a number of key milestones in the Company's strategic realignment. On the whole, we therefore look back on fiscal year 2021 with satisfaction, despite the lingering effects of the coronavirus pandemic.

Haniel's objective is to become "*enkelfähig*". The word "*enkelfähig*" encapsulates our conviction that sustainability and economic success go hand-in-hand. In order to achieve this objective, ever since it adopted its strategic realignment in 2019 Haniel has been instituting a series of significant changes in three core areas: portfolio, leadership and culture.

The management team has achieved important milestones on this journey through portfolio restructuring: Haniel's acquisition of the security systems provider BauWatch and the early childhood education specialist KMK kinderzimmer in 2021 enabled it to add fast-growing companies to its "People" investment area in particular. In addition, more than ten smaller acquisitions by the existing business units contributed to their own continued development. Beyond these investments, Haniel also successfully completed a major divestment in the past year: the stainless steel scrap dealer ELG, which has been in the portfolio for nearly 40 years, was sold off to the Luxembourg-based steel manufacturer Aperam.

The management also kept its objectives in the areas of management and culture in focus, with continued work in the business units to establish the Haniel Operating Way (HOW), a shared management model. It also significantly increased the share of women in leadership positions throughout the entire Group and promoted awareness among Group executives of the relevance of diversity in teams. A further focus was on sensitizing executives and key organizational units to compliance matters.

Haniel has been undergoing a process of transformation for more than two years now. Because of pandemic conditions, the management team, the Supervisory Board and the family have only rarely been able to meet in person recently to share their views. However, thanks to widespread use of online solutions, we have been able to keep our shareholders apprised of the progress we have made in our transformation and to discuss the family's questions about these changes. I am particularly pleased to see how much young people are engaging with the Company's new strategy and how they identify with it. I wish to thank from the bottom of my heart the family and my colleagues on the Supervisory Board for their trust and confidence in me.

I would also like to thank the management team, the executives and employees throughout the entire Group for their tenacity in implementing the transformation project which we launched in 2019.

Close collaboration between management and Supervisory Board

The work between the Supervisory Board and the management was marked by a spirit of openness, mutual trust and a shared desire to successfully transform the Company. The management team informed us regularly about the status of the Haniel Holding Company and the business units – also with regard to important individual projects.

Aside from the regular meetings of the Supervisory Board, I was also in constant contact with the management team – Thomas Schmidt and Florian Funck in particular. 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 nine extraordinary meetings. We met to discuss not only the current state of the business but also the BauWatch and KMK kinderzimmer acquisitions and the sale of ELG. In addition, we discussed in detail the strategic and operational development of Emma, Optimar and CWS with their management teams.

The Audit Committee held four regular and two extraordinary meetings in fiscal year 2021. 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. At its meeting on March 18, 2021, it recommended to the Supervisory Board that it propose to the Shareholders' Meeting that the previous auditor be re-elected. The Personnel Committee met five times in 2021, primarily to discuss contractual and remuneration-related matters pertaining to the management, as well as the implementation of amended statutory regulations concerning the share of women in leadership positions.

Annual financial statements and consolidated financial statements

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, audited the annual financial statements of Franz Haniel & Cie. GmbH and the report of the Management Board for the 2021 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. The auditors also issued an unqualified auditors' report on the consolidated financial statements and the Group report of the Management Board. The auditors 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 2021 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 the net income for fiscal year 2021 be used to distribute a dividend of EUR 80 million to the shareholders.

Thanks for outstanding commitment

On behalf of my colleagues on the Supervisory Board, I would like to thank all employees for their dedication and their hard work for customers and the Company. The coronavirus pandemic has continued to test all of us. Despite the challenges it has faced, the Company has navigated these difficult waters well. That is thanks to the outstanding work of the management team and all employees. I would also like to thank the employee representatives and members of the Works Council for their consistent and constructive feedback.

For weeks now, a terrible war has been raging in Ukraine which we condemn unreservedly. This crisis demands our fullest engagement, both at a professional and at a humanitarian level. Aside from the management team's clear decision to suspend all business relationships with companies in Russia and Belarus, our focus has been on how we can offer support to affected employees.

Even in the face of this difficult political situation and the associated uncertainties, Haniel will continue to focus on implementing its transformation and its strategic realignment in 2022. Above all, this includes the further expansion of the portfolio, with a special focus on bolstering the Planet investment area. Furthermore, the Company will step up its work to refine the Haniel Operating Way and implement value-creating initiatives at the business units.

We on the Supervisory Board intend to assist and support the management in tackling all of the work and changes yet to come. We have great confidence in the Haniel Group's management team, as well as in the Group's financial strength, stability and future viability.

Duisburg, April 7, 2022

Doreen Nowotne
Chairwoman of the Supervisory Board

Report of the Management Board

Franz Haniel & Cie. GmbH
Business performance

Business model of Franz Haniel & Cie. GmbH
Franz Haniel & Cie. GmbH is a tradition-steeped German family-equity company whose objective is to remain enkelfähig by sustainably increasing the value of its investment portfolio over the long term. To that end, Franz Haniel & Cie. GmbH has developed a diversified portfolio consisting of investments in companies of varying maturities and sectors. The Company considers itself as a strategic architect that takes an active part in developing companies.

During the current fiscal year, 100% of shares in BauWatch and a majority stake in KMK kinderzimmer were acquired via a subsidiary. BauWatch is the European market leader in the rapidly expanding market for temporary outdoor security solutions. KMK kinderzimmer is a dynamically growing early-childhood education provider that operates nurseries and daycare centers in Hamburg and Munich. Following their acquisition, each company has been managed as an independent business unit within the Haniel Group.

In addition, Franz Haniel & Cie. GmbH sold the entirety of its equity interest in ELG Haniel GmbH after nearly four decades of ownership. During that time, ELG established itself as a leading trader and processor of raw materials for the stainless steel industry and high-performance materials.

Moreover, all business units continued to receive systematic support in implementing their strategic agendas.

Thus, the Company continued to systematically pursue its strategic objectives even in the shadow of the coronavirus pandemic.

In the years to come, the investment portfolio will continually grow as further companies are acquired and existing business units are developed further. In that context, strategic options for business units are continually and systematically being evaluated.

Earnings performance of Franz Haniel & Cie. GmbH
The most important indicator for Franz Haniel & Cie. GmbH is the net income for the year under German commercial law, which serves as the basis for calculating the distribution.

Franz Haniel & Cie. GmbH's annual financial statements report a net income of EUR 65 million in fiscal year 2021 (previous year: net loss of EUR 91 million). This development resulted from a significant improvement in the investment result, which rose from EUR -13 million in the previous year to EUR 177 million. The previous year's negative investment result was caused in particular by write-downs on the carrying amounts of investments. In the current fiscal year, net income was weighed down by one-off negative effects resulting from the disposal of an equity investment.

The previous year's outlook for significantly positive net income for the year – expressed subject to the caveat of uncertainty stemming from the coronavirus pandemic – was thus realized.

Net assets of Franz Haniel & Cie. GmbH
Total assets as of the reporting date amounted to EUR 3,205 million and consisted primarily of long-term financial assets of EUR 2,546 million and receivables from affiliated companies of EUR 623 million. Long-term financial assets decreased by EUR 72 million. This reduction was due in particular to the regular partial repayment of a long-term loan by a subsidiary.

Current receivables from affiliated companies rose by EUR 220 million. This increase was due in particular to profit/loss transfers by subsidiaries and the financing of business combinations via affiliated companies.

Financial position of Franz Haniel & Cie. GmbH
On the liabilities side of the statement of financial position, EUR 2,669 million relates to equity and EUR 536 million to provisions and liabilities. The equity ratio thus fell from 87 percent in the previous year to 83 percent. It continues to reflect Franz Haniel & Cie. GmbH's sound financial basis.

The financial management activities of the Company are focused on securing the Company's long-term financial flexibility. Emphasis is generally placed on a sound balance of financial instruments, a broad basis of reputable banks and investors and a balanced maturity structure of financial liabilities.

Franz Haniel & Cie. GmbH furthermore has access to confirmed lines of credit amounting to EUR 735 million, of which EUR 525 million has not been drawn down as of December 31, 2021.

Opportunities and risk situation of Franz Haniel & Cie. GmbH

The business and earnings performance of Franz Haniel & Cie. GmbH as a holding company is closely linked to the performance of the Haniel Group. As a consequence, the opportunities and risks faced by the Haniel Group give rise to opportunities and risks for Franz Haniel & Cie. GmbH. The Report of the Management Board for the separate financial statements is therefore essentially identical to the Group report of the Management Board that follows. While the Group's accounting and financial reporting is in accordance with IFRSs, the annual financial statements of the holding company, Franz Haniel & Cie. GmbH, are prepared in accordance with the German Commercial Code (HGB).

Outlook for Franz Haniel & Cie. GmbH

In general, the earnings performance of Franz Haniel & Cie. GmbH is particularly dependent on dividends and profit transfers from the companies in its portfolio as well as on the results from the financing function. The coronavirus pandemic will continue to impact the performance of the investments in fiscal year 2022. In addition, the global economic situation will be affected by immense uncertainty stemming from the Ukraine conflict. At present, it is not possible to reliably assess or quantify the impact of these factors and risks. However, a significantly positive investment result and stable net financial income are nonetheless expected once again in fiscal year 2022. In light of the absence of negative one-off effects, the Company's net income for the coming fiscal year will be significantly above the current-year figure.

Group structure and business models

The Haniel Group comprises eight business units and one financial investment, which are organized into the three investment pillars People, Planet and Progress as well as the segment Transformation. The Holding Company, Franz Haniel & Cie. GmbH, plays an active role in the continued development of its portfolio as a strategic architect. The Group's shared management model – the Haniel Operating Way – forms the basis for this approach. The operating business is in the hands of the business units which generally act independently of one another.

Franz Haniel & Cie. GmbH is a 100 percent family-owned company which has been headquartered in Duisburg since it was founded in 1756. It manages a portfolio of independent businesses with the goal of making all investments future-proof ("*enkelfähig*") and creating value for generations. When selecting and managing its investments, the Company places a systematic focus not only on sustainability criteria but also on performance. When selecting investments, Haniel is guided by the United Nation's Sustainable Development Goals as well as global megatrends. In 2021, Haniel furthermore developed its own assessment method: based on the "Future Worth Living" rating, a total of ten principles are examined to quantify the potential offered by a prospective acquisition target. If a company does not meet these criteria or offers no potential for future improvement, the investment is declined – regardless of the potential return. Existing portfolio companies must also meet these minimum requirements.

Since 2019, the Company has classified its investments and potential targets into investment pillars:

People: we enable people to live healthy, happy and peaceful lives.

Planet: we take action to preserve our planet for future generations.

Progress: we foster progress to create innovations, prosperity and economic growth.

Existing business units which are not as readily classified under the three investment pillars are assigned to the Transformation segment, where they are systematically developed to add value.

Over the medium term, Haniel aims to achieve an overall return of more than nine percent across all investments, thus outperforming the capital markets. Achievement of this target will be made possible by the Holding Company's restructuring effort, which was completed in 2020, as well as by the introduction of a new management model for the investments. As in the past, capital and management remain separated as a matter of principle at Haniel: Although the Company is 100 percent family-owned, no shareholder works within the Group.

Shared management model HOW

Haniel is a strategic architect that creates value within and through the portfolio companies. The companies of the Haniel Group are operationally independent and responsible for their own value development. In support of the transformation to forward-thinking entrepreneurship that creates value for generations to come, Haniel has developed the "Haniel Operating Way" (HOW), a shared management model that makes the methods and means available to achieve better results. By implementing HOW throughout the business units, we aim to accomplish three Group-wide objectives by 2025, focusing on employee satisfaction, the customer experience and "*enkelfähig*" growth that creates value for generations to come.

Diversified business models

Haniel's investments operate independently of each other in their respective markets. Except for BekaertDeslee, Optimar and BauWatch, all business units are headquartered in Germany. The business models differ from one another with respect to their sector, business drivers, customer structure, cyclicity and strategy, which results in an advantageous diversification of the Haniel portfolio.

People

On April 8, 2021, Haniel acquired 100 percent of the shares in Europe's market leader for temporary outdoor security solutions, **BauWatch**, which has its registered office in Apeldoorn (Netherlands). The access control, alarm and video systems offered by the company are currently used mainly at construction sites; other potential areas of application include open storage spaces and business premises, parking lots and recycling yards. BauWatch had 354 employees as of December 31, 2021.

BekaertDeslee is a specialist for the development and manufacturing of mattress fabrics and mattress covers. From its headquarters in Belgium, the company oversees a global network of 25 production and distribution locations

in 18 countries. Its product range primarily consists of woven and knitted mattress textiles (fabrics) and ready-made covers that are sold to mattress manufacturers and online bed-in-a-box (BiaB) retailers in the Americas, Europe and the Asia-Pacific region. BekaertDeslee profits from the continuous growth of the market for mattresses which is driven by global megatrends such as sustained population growth, a growing awareness of the importance of good sleep and the rising standard of living in emerging markets. BekaertDeslee employed an average of 3,831 people in 2021 (previous year: 3,779).

Emma – The Sleep Company, with its registered office in Frankfurt am Main, was founded in 2013 and has evolved since then from an online platform for mattresses to an international sleep-tech provider that ranks among Europe's fastest-growing companies. The popular Emma direct-to-customer (D2C) brand is available in more than 30 countries around the globe and has established itself in the constantly growing market for sleep-related products. Emma employed an average of 641 people in 2021 (previous year: 516).

On June 16, 2021, Haniel agreed on a long-term partnership with the founders and shareholders of **KMK kinderzimmer**, with Haniel acquiring a majority interest in the company in August 2021. KMK kinderzimmer is a dynamically growing early-childhood education provider that operates nurseries and daycare centers in Hamburg and Munich. The company, founded in 2011, currently looks after more than 4,000 children from a broad range of socio-economic backgrounds at its facilities. A private entity, KMK kinderzimmer operates within the framework of public law to help cities and municipalities fulfill their obligation to provide state-guaranteed and socially relevant early childhood education – thereby also making a variety of living and working models possible. KMK kinderzimmer thus plays a relevant and sustainable part in the creation of an equal-opportunity society. As of December 31, 2021, KMK kinderzimmer employed 584 people.

Planet

CWS offers innovative and sustainable service solutions in 15 European countries, covering six service areas, in which CWS comprehensively advises and supplies its customers: hygiene, mats, workwear, fire safety, cleanrooms and healthcare/nursing. The service offering extends from end-to-end solutions for hand and toilet hygiene, to dust control mats through to comprehensive workwear and protective clothing collections for companies of all sizes in any industry. The textiles are properly prepared in the business unit's own laundries using environmentally friendly processes, and delivered to customers of all sizes and industries at regular intervals under long-term lease agreements. The rental business is supplemented by the sale from consumables and additional hygiene products as well as flexible purchase solutions for workwear. In recent years, CWS has substantially expanded its cleanroom range, and now offers not only workwear but also cleaning and training solutions for cleanrooms. The Fire Safety division was expanded further and now also provides the full range of tailored solutions in preventative fire safety. On average, CWS employed 11,247 people during the year (previous year: 11,012).

Progress

The **Optimar** business unit is a manufacturer of automated fish handling systems for use onboard, onshore as well as in aquacultures. These systems are installed as turnkey projects, either independently or in connection with third-party components. Optimar also offers additional products and services, including remote diagnostics and online maintenance, spare parts and upgrades. In addition to its central production site in Ålesund, on Norway's west coast, Optimar operates at further locations in Norway, the United States, Spain and Romania, supplying customers in more than 30 countries. On average, Optimar employed 420 people in 2021 (previous year: 445).

The **ROVEMA** business unit is a premium provider of packaging machines and equipment with a broad product portfolio and a global presence. It operates at 13 locations and is present in more than 50 countries. ROVEMA seeks to develop holistic packaging solutions which from the very beginning take into account the environment, the market and the product, thereby supporting a closed-loop economy. ROVEMA is positioning itself as a leading global partner for sustainable packaging solutions. ROVEMA employed an average of 874 people in 2021 (previous year: 717).

Transformation

On May 6, 2021, Haniel agreed the sale of **ELG** Haniel GmbH to the Luxembourg-based Aperam S.A. The deal closed on December 27, 2021. Aperam acquired ELG in its entirety. The specialist in the trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys and titanium will continue to be managed by Aperam as an independent company.

TAKKT is a B2B distance seller for business equipment in Europe and North America. The group operates in more than 25 countries through its Industrial & Packaging, Office Furniture & Displays and FoodService divisions. The product range of the subsidiaries comprises more than 600,000 products for the areas of plant and warehouse equipment, office furniture, transport packaging, display articles and equipment for the food service industry, hotel market and retailers. On average, the TAKKT Group employed 2,629 people in 2021 (previous year: 2,521).

The financial investment **CECONOMY** is a leading platform for consumer electronics brands and concepts in Europe. The companies in CECONOMY's portfolio offer products, services and solutions that make life in the digital world as easy and pleasant as possible. Their operating activities focus on the two omnichannel brands MediaMarkt and Saturn.

Value-oriented management system

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

Haniel portfolio

Divisions

Equity interest

BauWatch

BauWatch is the fast-growing European market leader in outdoor temporary security solutions, offering a tech-enabled end-to-end service proposition.

Equity interest

BekaertDeslee

BekaertDeslee is a specialist for the development and manufacturing of mattress textiles.

Equity interest

CWS

CWS offers innovative, sustainable service solutions in the fields of hygiene, mats, workwear, fire safety, cleanrooms as well as healthcare.

Equity interest

Emma

Emma – The Sleep Company is an internationally operating provider of mattresses and sleep technologies, which belongs to Europe's fastest growing companies.

Equity interest

KMK kinderzimmer

KMK kinderzimmer is a dynamically growing German provider of early childhood education.

Equity interest

Optimar

Optimar is a manufacturer of automated fish processing systems for use onboard, onshore and in aquacultures.

Equity interest

ROVEMA

ROVEMA is a premium provider of packaging machines and equipment with a broad product portfolio and a global presence.

Equity interest

TAKKT

TAKKT is a B2B direct marketer for business equipment in Europe and North America.

Financial investment

Equity interest

CECONOMY

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

As at 31 December 2021

Haniel Group
Revenue and earnings performance

Revenue from the Haniel Group's continuing operations was up 18 percent year on year, amounting to EUR 3,676 million. BekaertDeslee, CWS, Emma and TAKKT increased their revenue in 2021. The ELG business unit is reported as a discontinued operation due to the closing of its divestment; it also looks back on a successful fiscal year. In particular, BekaertDeslee, CWS, Emma and TAKKT increased their contributions to earnings substantially. As a result, the Haniel Group's operating profit amounted to EUR 276 million, up 18 percent as compared to the previous year. The management team is satisfied with the overall development of the Group in a second fiscal year that stood in the shadow of a pandemic.

Global economy again posting positive growth rates
According to the International Monetary Fund (IMF), the global economy expanded by 5.9 percent in 2021 overall. In the eurozone, the economy grew by 5.2 percent in 2021 (compared to 6.4 percent contraction in the previous year). In the United States, economic growth increased year on year from -3.4 percent to 5.6 percent. According to IMF estimates, the pace of growth in the economies of emerging and developing markets rose to 6.5 percent (previous year: -2 percent).

In particular, the economic development in Europe and the USA had an impact on the revenue and earnings performance of the Haniel Group.

Revenue trend positive
The Haniel Group posted revenue from continuing operations of EUR 3,676 million in 2021, representing an increase of EUR 571 million, or 18 percent. This was attributable to the positive revenue trend in the BekaertDeslee, CWS, Emma and TAKKT business units, as well as to additional revenue generated by the newly acquired BauWatch and KMK kinderzimmer business units. Adjusted for acquisitions and currency translation effects, revenue grew by 16 percent.

BekaertDeslee benefited from positive price and volume trends, particularly in a highly attractive market environment in North America as well as in the emerging economies; by contrast, the European market in 2021 proved difficult. The business with ready-made mattress covers, which has been consistently positive for years, also boosted revenue in 2021, meaning that the business unit was able to increase its revenue by EUR 14 million as compared to the previous year. CWS increased its revenue by EUR 7 million, in particular through acquisitions (some of which international) in the Fire Safety and Cleanroom segments. For the first time, Emma contributed to the Haniel Group's overall revenue for a full year; this contribution was significant thanks to the introduction of new products and the company's expansion into six new growth markets. The contribution was EUR 388 million higher than in the previous year, which had included only the revenue from the second half of the year. At TAKKT, the economic uptick was reflected in rising order backlogs and revenue; the business unit's contribution to consolidated revenue was EUR 111 million greater than in the previous year as a result. The two new business units BauWatch and KMK kinderzimmer also reported significant growth on a whole-year basis, making their first contributions to consolidated revenue. By contrast, the specialist machinery manufacturers ROVEMA and Optimar reported declining revenue in a difficult market environment.

Operating profit improving
Operating profit from continuing operations in 2021 was EUR 276 million, up sharply as compared to the previous year's figure of EUR 235 million. Every business unit except the machinery manufacturers ROVEMA and Optimar contributed to this increase – particularly BekaertDeslee, CWS, Emma and TAKKT. This was due in part to the units' solid revenue trend as well as to consistent cost management.

The increase in the sales of high-margin, ready-made mattress fabrics and mattress covers as well as consistent cost management resulted in BekaertDeslee reporting a EUR 5 million year-on-year increase in operating profit. CWS implemented comprehensive measures to lift its productivity and cut its costs. This enables the business unit to significantly increase its operating profit by EUR 11 million as compared to the previous year. The company benefited from excellent performance in the areas of workwear and

cleanroom. At Emma, the sustained significant revenue growth resulting from global expansion and additions to the portfolio primarily resulted in an equally positive earnings trend. Earnings, which were included in the consolidated figures for a full year for the first time, were EUR 8 million greater than in the previous year. After the previous year, which was heavily influenced by the coronavirus pandemic, TAKKT's order backlog was on the rise in fiscal year 2021. The resulting sharp increase in revenue resulted in a steep rise in operating profit, which was up EUR 19 million year on year.

Profit before and after taxes up

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 – climbed from EUR 153 million in the previous year to EUR 265 million in the year under review. This was caused by the positive revenue and earnings trend as well as the positive valuation effects contained in the financial and investment result, which are discussed below. Furthermore, in contrast to the previous year, no expenses were recognized in relation to goodwill impairments.

Haniel's investment result rose from EUR 40 million in 2020 to EUR 105 million in 2021. The main driver of this development was the increased contribution from other investments, particularly investments in funds. The investment result from the CECONOMY financial investment rose from EUR 29 million in the previous year to EUR 47 million in the year under review.

The result from financing activities during the reporting period amounted to EUR -50 million. In the previous year, this figure had amounted to EUR -37 million. This decline resulted primarily from a more pronounced negative interest result as compared to the previous year and changes in the market values of debt instruments.

The profit or loss from discontinued operations was influenced mainly by the ELG business unit, which was sold in December 2021. It also included items relating to the disposal, such as project costs. In addition to these items, interest and tax expenses and a negative investment result, among other things, resulted in a loss from discontinued operations amounting to EUR 27 million, as compared to a EUR 229 million loss in the previous year.

In particular, the sharp increase in profit before taxes resulted in a profit after taxes: this amounted to EUR 175 million in 2021 (previous year: EUR 96 million loss after taxes).

Outlook affirmed

Not only the organic revenue of the Haniel Group, but also its reported operating profit and profit before taxes rose – as projected – year on year in the year under review. Haniel even beat its internal revenue and profit targets for 2021.

Employees

As we continue live in the shadow of a lingering pandemic, our utmost priority lies on protecting the health and safety of our employees – at the Haniel Holding Company as well as at the business units. In order to make this possible, hygiene and social distancing measures at every business unit were continually adapted through the course of the year in reaction to the development of the pandemic. Haniel's own Coronavirus Relief Fund, established in 2020 to assist particularly hard-hit Haniel Group employees, was still available in 2021 to offer quick relief without red tape.

The employee headcount at the Haniel Group's continuing operations in 2021 was above the previous year's level, increasing by 2 percent. The increase was due mainly to acquisitions. In total, the Group employed on average 20,715 people in 2021. In 2020, the average employee headcount was 20,400.

Haniel Group
Financial position

In 2021, Haniel significantly restructured its portfolio through a series of transactions: over the course of the year, Haniel acquired the security systems provider BauWatch as well as a majority interest in the early childhood education entity KMK kinderzimmer. At the same time, the planned sale of ELG was finalized. ROVEMA and CWS also implemented acquisitions. Haniel continues to have a sound financial structure. The rating agencies Moody's and Scope confirmed their investment-grade ratings for the Haniel Holding Company.

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 business units manage their own financing based on their own financial and liquidity planning. Cash management is also the responsibility of the business units. In order to leverage economies of scale, the Holding Company and its finance company support the business units and, together with partner banks, offer cash pools in various countries. Combining central directives with the autonomy of the business units in terms of their financing takes into account the business units' individual requirements for financial management.

Investment-grade ratings confirmed
All of Haniel's ratings are investment-grade: Moody's again confirmed its Baa3 rating in H1 2021. 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. Despite the ravages of the coronavirus pandemic, the key figures which are crucial to the rating – total cash cover and market value gearing – remained steady and on par for the aforementioned ratings.

Broad-based financing
The Haniel Group's financial management relies on diversification of financing: various financing instruments with different business partners ensure access to liquidity at all times and reduce the dependency on individual financial instruments and business partners. A further key pillar of financial management is the ability to obtain funding on the capital market. To that end, the Haniel Holding Company updates its commercial paper programme at larger intervals.

Overall, the financial liabilities reported in the Haniel Group's statement of financial position amounted to EUR 1,476 million as of December 31, 2021, as compared to EUR 947 million as of December 31, 2020. The increase in liabilities was due primarily to the acquisition of the BauWatch business unit and the majority stake in KMK kinderzimmer.

Moreover, the BekaertDeslee, CWS and TAKKT business units in particular have access to bank lines of credit as well as a broad range of additional financing instruments.

Solid financial buffer
The net financial liabilities of the Haniel Group, i.e., financial liabilities less cash and cash equivalents, increased to EUR 1,423 million as of December 31, 2021 compared to EUR 735 million at the end of 2020. As mentioned above, this was mainly attributable to the investments in BauWatch and KMK kinderzimmer.

The net financial position rose from EUR 440 million as of December 31, 2020 to EUR 1,131 million as of December 31, 2021. 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[1]. In 2021, this fell to EUR 442 million. In the previous year, this figure had amounted to EUR 631 million.

Haniel investing in business units
Cash flow from investing activities, that is the balance of payments for investing activities and proceeds from divestment activities, was EUR -735 million in 2021. Overall, payments of EUR 822 million were offset by proceeds from divesting activities of EUR 87 million. Funds were used primarily to strengthen the business through acquisitions: Haniel purchased the new business units BauWatch and KMK kinderzimmer, and ROVEMA acquired inno-tech, a specialist for vertical stainless steel packaging machines for the foodstuffs industry that focuses on frozen foods and large-format packaging, for instance for spices and pet food. ROVEMA further expanded its market footprint in the Benelux sales territory by acquiring the Dutch company Prins Verpakkingstechniek und Engineering, which specializes in the sale of packaging machines. CWS expanded its Cleanroom division with the addition of the Irish companies Specialised Sterile Environments Ltd. and Service Matters Ltd., as well as the Dutch specialist WERO. It also enlarged its Fire Safety division through six further acquisitions, including a number of international deals. The business units again invested considerable amounts in property, plant and equipment and intangible assets.

The cash flow from financing activities amounted to EUR 132 million in 2021. In addition to dividend payments to shareholders, this item also reflected the assumption of liabilities, primarily to finance the acquisitions and payments to purchase additional shares in TAKKT. In the previous year, this figure had amounted to EUR -592 million.

Operating free cash flow amounted to EUR 116 million during the year under review. In the previous year, this figure had amounted to EUR 338 million. This was attributable to the significant decrease in cash flow due to the change in net operating assets. In the previous year, that figure had still included the discontinued business unit ELG with a significantly positive change. In 2021, the increase in inventories and stocks, among other things, had an additional detrimental effect on operating free cash flow.

In 2021, as in the previous year, a dividend of EUR 60 million was paid to the shareholders of Franz Haniel & Cie. GmbH.

EUR million	2020	**2021**
Cash flow from operating activities	631	**442**
Cash flow from investing activities	-389	**-735**
Cash flow from financing activities	-592	**132**

[1] Current net assets essentially comprise trade receivables and inventories less trade payables.

Haniel Group
Assets and liabilities

At 47 percent, the equity ratio of the Haniel Group remained high with a slight increase in total assets. This underscores the potential for future investment by Haniel.

Total assets up slightly
The Haniel Group's total assets increased slightly from EUR 6,035 million as of December 31, 2020 to EUR 6,303 million as of December 31, 2021; this development was due primarily to acquisitions. Non-current assets increased to EUR 5,081 million as of December 31, 2021, compared to EUR 4,278 million as of December 31, 2020. Non-current assets increased due to the acquisition of BauWatch and KMK kinderzimmer, as well as investments in long-term financial assets, primarily in connection with the expansion of the PPP Growth+ investment area at the Holding Company level.

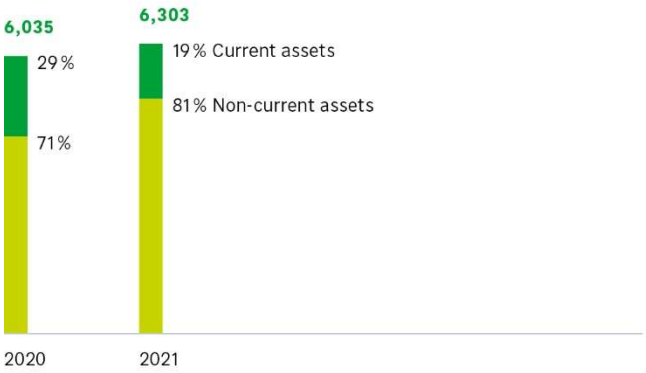
Current assets amounted to EUR 1,223 million as of December 31, 2021, compared to EUR 1,760 million as of December 31, 2020. The decrease in current assets resulted mainly from the successful completion of the sale of ELG. The former business unit was reported under current assets held for sale as of December 31, 2020. This was offset primarily by the rise in receivables and a strategic increase in inventories at the business units.

Equity increases
The equity of the Haniel Group increased from EUR 2,885 million as of December 31, 2020 to EUR 2,955 million as of December 31, 2021. This increase was attributable to the net income for the year, although it was offset by the dividend distribution. Because total assets increased as well, Haniel's equity ratio fell slightly year on year – from 48 percent to 47 percent. The continuing high level of the equity ratio underscores the investment potential of the Haniel Group.

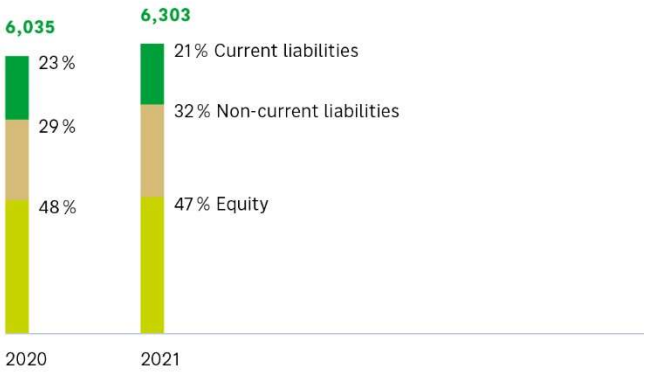
Non-current liabilities increased from EUR 1,737 million as of December 31, 2020 to EUR 2,026 million as of December 31, 2021. This development was due to the measurement of purchase price liabilities relating to lease and other financial liabilities, which rose due to the inclusion of the newly acquired business units in particular. Current liabilities decreased from EUR 1,412 million as of December 31, 2020 to EUR 1,322 million as of December 31, 2021. The decline in current liabilities was essentially due to the sale of ELG and was offset by an increase in financial liabilities in connection with financing the investments of the current year.

Recognized investments up year on year
Recognized investments amounted to EUR 1,047 million in 2021, up as compared to the previous year's figure of EUR 915 million. This development was driven mainly by the acquisition of BauWatch and KMK kinderzimmer as well as continued investment in the PPP Growth+ area.

ASSET STRUCTURE
EUR million



EQUITY AND LIABILITY STRUCTURE
EUR million



Holding Company Franz Haniel & Cie.

With the aim of creating value for generations, the Holding Company[1] has realigned its strategy: Haniel now places a systematic focus not only on sustainability criteria but also on performance. Haniel currently has approximately EUR 1.2 billion at its disposal to invest in the restructuring and expansion of its portfolio.

Work on transformation project continues
Haniel's objective is to render its portfolio future-proof and to continue to develop it in order to generate significant growth. In 2021, the Company continued to develop its portfolio on the basis of acquisitions within the business units and the purchase of BauWatch and a majority interest in KMK kinderzimmer.

Alongside its focus on established companies, Haniel continues to expand its PPP Growth+ area. In 2021, Haniel thus invested a portion of its funds primarily in funds and in companies in the early stages of development, with a focus on the aspects of People, Planet and Progress. By investing in young companies, Haniel aims to participate in growth earlier on and leverage diversification opportunities. During the year under review, Haniel invested in particular in funds which focus on sustainable investments, such as Verdane Idun and Five Seasons in Europe; G2VP and Vision Ridge in the United States; and C-Bridge Healthcare in China. At the same time, it also made additional direct investments: Haniel acquired a stake in the school communications platform Sdui as well as in Happybrush, which specializes in sustainable oral hygiene. On the whole, the Haniel Holding Company committed more than EUR 150 million in investment capital in 2021 via the PPP Growth division.

Market value of portfolio increases
The value of the investment portfolio is calculated as the sum of the valuations of the shares in business units, the CECONOMY financial investment, the financial assets and other assets, less the net financial liabilities at the Holding Company level. The listed business unit and the financial investment are valued on the basis of three-month average share prices, while the remainder of the business units are valued on the basis of market multiples, and for the financial assets on the basis of fair values as of the reporting date. The value of the portfolio rose from EUR 5,103 million as of December 31, 2020 to EUR 5,371 million as of December 31, 2021. This was attributable in particular to the increase in the market values of CWS, Emma and TAKKT. Based on the above portfolio values and taking into account the dividend, the total shareholder return (TSR) for 2021 was 6.4 percent.

Level of debt up
Due to investments in new business units, the Haniel Holding Company's net financial liabilities increased from EUR 61 million as of December 31, 2020 to EUR 543 million as of December 31, 2021.

As of December 31, 2021, the financial assets of the Haniel Holding Company amounted to EUR 746 million as compared to EUR 680 million in the previous year. The net financial position of the Haniel Holding Company, defined as net financial liabilities minus financial assets, was positive and amounted to EUR 203 million as of December 31, 2021.

Based on the self-imposed limit for net financial liabilities of EUR 1 billion, Haniel has approximately EUR 1.2 billion at its disposal as of December 31, 2021 to further develop and expand the portfolio. In that connection, the Haniel Holding Company has access to firmly committed long-term lines of credit of EUR 735 million and a EUR 500 million commercial paper programme which it may utilize at any time, and is therefore in a comfortable aggregate liquidity situation.

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 business units, Haniel currently aims to maintain net financial liabilities at about EUR 1 billion, appropriate for an investment-grade rating.

Ratings in investment grade
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-.

[1] Incl. the Holding Company's investment, financing and service companies. You will find the financial statements of the Franz Haniel & Cie. subgroup at www.haniel.de/en.

Responsibility with tradition
Haniel has taken responsibility as a "corporate citizen" of Duisburg and the region for more than 265 years. A large number of initiatives and projects are supported, primarily at the Group Headquarters. Social commitment revolves around three focal points: promoting education, site responsibility and employee commitment.

In 2021, Haniel stepped up its activities in Duisburg-Ruhrort by launching the initiative "UrbanZero – Ruhrort becomes enkelfähig". The joint initiative, brought to life with the partners HeimatERBE and greenzero.me, seeks to make Haniel's home base the world's first environmentally neutral neighborhood, thereby laying out the blueprint for forward-thinking urban development. This objective, which focuses not only on environmental neutrality but also biodiversity and environmental protection, is expected to be achieved by 2029 thanks to the support of the citizens of Ruhrort, partner companies and policymakers.

In this, as generally in the transformation of the local economic landscape towards more sustainable business models, the collaboration with the Impact Factory is a key to success. The start-up incubator was founded in 2019 and is today Germany's leading launchpad for sustainable, economically successful start-ups having an impact in the Ruhr region.

In fiscal year 2021, which continued to be overshadowed by the pandemic, Haniel remained conscious of its responsibility towards its employees: while the Haniel Coronavirus Relief Fund, which the Company had established in the previous year, continued to make steady distributions to particularly hard-hit colleagues within the Haniel Group, Haniel also offered on-site vaccinations to all Holding Company employees and employees of the companies at Franz-Haniel-Platz.

The Haniel Foundation is an additional material component of Haniel's social commitment. To date, it has promoted roughly 1,300 projects worth EUR 40.1 million, thereby highlighting its commitment to a sustainable, value-oriented and future-proof society and economy. The entrepreneurial foundation concentrates on the *Bildung als Chance* ("Education as Opportunity") and *enkelfähiges Unternehmertum* ("Sustainable entrepreneurship") initiatives. In 2021, the focus rested on equality of opportunity in Duisburg: with the assistance of selected social enterprises, the Haniel Foundation supported socio-economically disadvantaged schoolchildren, especially during the coronavirus pandemic. The Haniel Foundation also promoted up-and-coming European leaders through scholarships and fellowships.

Condensed corporate governance declaration: Diversity is the key to forward-thinking entrepreneurship
Haniel's Supervisory Board and management team recognize and affirm that diversity is vital to Haniel's ability to create value for future generations through its business units. 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 the management team at Haniel have set ambitious targets for equality of opportunity among men and women in leadership positions by recruiting, hiring, developing and retaining talented female executives. One elementary component of this ambition is a clearly embraced and perceived culture of respect. Appropriate measures and opportunities for promoting diversity are continually being refined and implemented.

In keeping with the condensed corporate governance declaration, the Management Board of Franz Haniel & Cie. GmbH has accordingly set targets for opportunities for women to serve in leadership positions within the Holding Company. This has been done in accordance with the statutory requirements applicable to Franz Haniel & Cie. GmbH for the period ended on December 31, 2021. The target was set at 10 percent for the first management level beneath the Management Board and 6.25 percent for the second level; the minimum quota for the Management Board was zero and 8.3 percent for the Supervisory Board. All targets have been either met or exceeded.

The Management Board has set new targets for the period ending on December 31, 2026: the share of women in the first two levels beneath the Management Board is 50 percent by the named date; the target of zero will continue to apply for the Management Board until December 31, 2024. 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.

Two women are to be represented on the Supervisory Board by the aforementioned date. The members of the Supervisory Board agree that the objective of the FüPoG should be achieved. However, this requires a number of preparations – both for shareholder and for employee representatives. In the Haniel family, members have to be prepared to serve on the Supervisory Board. On the employee side, nominations are made via the relevant works councils, general works councils and trade unions and should ideally reflect the objectives of the FüPoG. However, 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.

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 business units in regularly scheduled meetings. Over and above that, the Holding Company's strategy is continuously reassessed. On that basis the Holding Company realigns its business portfolio by making acquisitions and disposals if necessary. To that end, the Management Board engages in regular dialog with the Supervisory Board.

Options for sustainable and profitable growth

The Haniel Group enjoys a large number of options for entrepreneurial action. The Holding Company and business units continually search for possibilities that secure sustainable and profitable growth. The opportunities identified in the Haniel Group are listed below:

Optimization of the business portfolio: Haniel continually reviews the strategic alignment of its portfolio. The Haniel investment portfolio will be further developed in this manner by business acquisitions and disposals in order to enhance value creation sustainably. New business units 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. The "*enkelfähig*" strategy is based on the conviction that only sustainable business models that make a positive contribution to a future worth living in are also economically successful in the long run. Haniel classifies such businesses into one of three investment pillars: People, Planet and Progress. The Haniel Group made noteworthy additions to the People segment in particular, with the acquisition of the Dutch BauWatch Group – a provider of state-of-the-art monitoring solutions for construction sites, buildings and facilities – as well as a majority interest in daycare operator KMK kinderzimmer. At the end of the fiscal year, a further key milestone in the portfolio transformation was achieved with the divesture of ELG to Aperam S.A., thereby reducing the influence of the highly volatile raw materials sector on the portfolio.

International expansion: All Haniel business units and the financial investment are widely represented in Europe, and BekaertDeslee, Optimar, ROVEMA and TAKKT in North America as well, and enjoy a strong position there with their various business models. Haniel sees opportunities for further growth by strengthening its presence in these markets and in the fast-growing economies throughout the world. This includes economies in eastern Europe, North America, Latin America and southeast Asia. Opportunities for expansion can be leveraged by founding new companies or by acquiring or investing in existing ones.

"*Enkelfähig*" – Sustainability as a competitive factor: Corporate Responsibility (CR) has a long tradition in the Haniel Group. It is expressed in its striving to increase economic value in accordance with ecological and social contributions. In order to breathe life into this vision and with the firm conviction that in the future only those business models rooted in sustainability can achieve above-average growth, the Haniel Holding Company has integrated Corporate Responsibility into every phase of value creation: Haniel assesses acquisition and investment opportunities from a sustainability perspective on the basis of a Future Worth Living (FwL) assessment, and helps the business units to evaluate their product ranges and continually increase their share of "*enkelfähig* solutions", thereby generating additional growth. In that context, the business units work together with experts from the Holding Company to develop independent initiatives designed to bolster profitable growth while taking into account the respective special characteristics of each business and placing a particular focus on the relevant CR aspects. This is because customers increasingly decide in favor of business partners with sustainable business practices, whose products and services

are differentiated from the competition by resource efficiency and social compatibility.

Digitalization: Digitalization is profoundly changing the behavior of private consumers and business customers. For the Haniel Group, digitalization offers great opportunities along the value chain, at the customer interface and for developing new business models. The availability of large quantities of data opens opportunities to redesign value-added chains and improve the offering to customers. The development and growing range of solutions based on artificial intelligence open up further avenues of exploration in this area.

Rising need for hygiene products and services: The coronavirus pandemic is likely to have a long-term impact on people's hygiene awareness and on the requirements placed on public institutions. Stricter hygiene rules in the restaurant and retail sector might be favorable for CWS's sales of washroom hygiene products and rental solutions.

Rising standard of living: Demand for mattresses and solutions which promote health and well-being is expected to grow in markets with a high level of prosperity. The products offered by Emma – The Sleep Company and the materials from BekaertDeslee for mattress covers make a significant contribution here through their design and product characteristics. For Emma and BekaertDeslee, medium- and long-term growth opportunities arise from the increasing demand for mattresses in developing economies, in particular in Asia, due to increasing prosperity. ROVEMA will also be able to benefit in the future from the increasing level of prosperity in these markets by supplying high-quality packaging machines: Hygienically flawless, attractive and consumer-friendly packaging will become increasingly important in these markets in the medium and long term. Furthermore, new market opportunities arise through the use of resource-sparing and compostable materials. Optimar will have growth opportunities from the greater importance of fish for the health-conscious nutrition of the growing global population and increasing automation in the fishing industry.

Industry 4.0 and automation: The intelligent utilization of data and the networking of production processes will fundamentally change the value chain in many industries in the future. Optimar and ROVEMA can both benefit from this by using and further strengthening their expertise as a systems integrator for production machinery. For example, service schedules in product lines could be optimized through the interaction of hardware and software. Optimar and ROVEMA thus contribute to their customers' ability to operate their equipment better and more efficiently. Optimar and ROVEMA can even improve customer loyalty with the concomitant expansion of the services and spare parts business.

Education and security: KMK kinderzimmer's scalable business model is adaptable to the constantly growing demand for early childhood education in Germany; the company creates available nursery and day care places for all and promotes a work/life balance through its modern educational concept. It should be noted in particular that there is a shortage of more than 470,000 places in Germany's childcare market and that Germany has a relatively low share of children in day care in an international comparison. This underscores the social relevance of KMK providing high-quality education for all children – regardless of socioeconomic background. The BauWatch Group in particular can benefit from the trend towards efficient, automated monitoring of buildings, facilities and construction sites for the purpose of preventing unauthorized access or theft with its state-of-art monitoring and access control solutions. The continued strong investment activity in the construction and infrastructure sectors in Germany and Europe is likely to also support this trend in the future.

From an overall perspective, several opportunities remain open to the Haniel Group for sustainable and profitable growth in the future. In particular, the Haniel Holding Company continues to have sufficient financial resources available to acquire new, attractive business units – offering many new opportunities.

Systematic risk management

The objective of the risk management system at the Haniel Group is a forward-looking evaluation of risks with respect to the overarching corporate objectives of value creation, growth and liquidity. The purpose is to identify those risks at an early stage that negatively impact the implementation of strategic and operating initiatives and hence endanger the realization of value and growth potential or having adequate liquidity available at all times. This does not mean avoiding all potential risks. Rather, risks should be identified early so that rapid and effective countermeasures can be taken, or conscious decisions can be made to take on manageable ones – thereby also to exploit entrepreneurial opportunities.

Haniel's risk management system is based on an integration concept and accordingly comprises multiple components. The Holding Company stipulates the scope of activities for the key components and sets minimum central requirements which must be implemented at the discretion of each of the business units, as suiting the individual business models.

The **organizational structure for risk management** is defined throughout the Group and includes all business units. At the level of the business units, the Controlling departments primarily coordinate risk identification and, alongside the respective management teams, are responsible for risk assessment as part of corporate planning. Identified risks are discussed with each business unit with the participation of the Management Board, and any need for additional action to manage risks is examined. Furthermore, there is also a Governance Risk & Compliance Committee at the Holding Company level in which the Management Board and the persons responsible for Group functions at the Holding Company are represented. This body serves above all to foster a cross-disciplinary exchange of information on the risks faced by the Group as a whole. The Risk Management Officer at the Holding Company level coordinates the risk identification process across all business units and is responsible for further developing the Group-wide risk management system.

A risk is defined as the danger of a negative deviation from the planned or expected development. The identified risks are systematically assessed with regard to their probability of occurrence and amount of damage, with measures for avoiding or mitigating the risks and provisions already recognized incorporated as part of the assessment. In addition to this risk analysis, a risk inventory is conducted at the Holding Company level. The Haniel Group risk report is prepared based on the business units' risk reports and the Holding Company's risk inventory. The Management of the Holding Company discussed the findings and notifies the Audit Committee of the Haniel Group's overall risk situation (including compliance risks and an assessment of the internal control system) as well of material individual risks.

In connection with the **strategic and operational planning**, material risks and measures to limit those risks are updated and if necessary are reassessed together with the Management of the Holding Company before being taken into account in the respective business units' planning.

As part of their **reporting of revenue and results** during the period, the business units submit not only key financial figures but also company-specific non-financial figures (KPIs) and issues to the Holding Company so that undesirable developments can be detected in good time. This reporting is supplemented by risks that exceed defined thresholds.

An additional element of risk management is the ongoing collection and **analysis of information on markets, trends and competitors**.

Investment controlling encompasses annual budgeting as well as the review of the capital spent. Capital spending projects are assessed using uniform discounted cash flow (DCF) calculations. Minimum risk-adequate rates of return are specified for each business unit and each strategic business area.

Financial risk reporting and management include liquidity risks, default risks, risks resulting from changes in interest and exchange rates, and price fluctuations in the equity or commodity markets. The objective is to avoid or limit financial risks. To that end, the Holding Company has laid out general principles for financial risk management. These principles are prescribed in guidelines for the treasury departments of the Holding Company and the business units. In addition, the Holding Company has special guidelines for the investment of financial resources. The management of financial risks is explained in detail in the notes to the consolidated financial statements.

The **internal control system** is designed to ensure that existing regulations for risk reduction are adhered to at all levels. This is intended to ensure the functionality and cost-

effectiveness of business processes and to counteract impairments of assets. The internal control system is implemented in the Holding Company and business units according to their specific business models and incorporates both process-integrated and process-independent control measures. It covers all significant business processes including the accounting process.

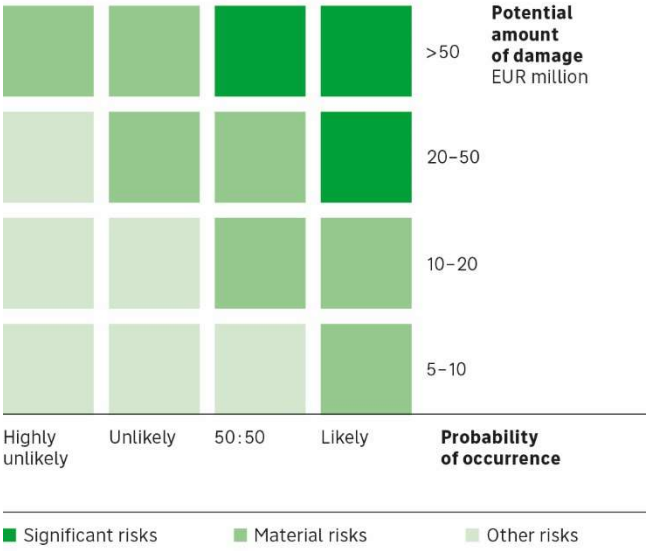
The **compliance management system** comprises preventative measures designed to ensure compliance with statutory and internal corporate rules and regulations. To that end, Haniel has prescribed uniform minimum standards throughout the Group. Compliance risks in the Group are systematically captured and evaluated as part of the compliance management system, and discussed between the management of the business units and the Holding Company. Another element of the compliance management system is a Code of Ethics along with a decentralized reporting system which enables employees and third parties to submit information (even anonymously) about potential compliance breaches in any commonly used language. In addition, training sessions with examinations are held on compliance issues. Furthermore, the business units and the Holding Company each have compliance officers who serve as employee liaisons to help clarify potential issues.

Group **Internal Audit** is involved in risk management. It assesses the processes within the companies of the Haniel Group, in particular from the perspectives of operating performance, cost-effectiveness and adherence to statutory regulations and internal guidelines. These efforts also include monitoring the implementation and effectiveness of the risk management system, including the internal control system and the compliance management system. In its risk-based audit plan, Internal Auditing also takes account of the information from the risk analysis and examines significant risk issues where necessary.

Regulations ensure that the minimum requirements of the risk management system are adhered to and applied in the intended manner in the Haniel Group in accordance with statutory provisions. Newly-acquired business units are familiarized with the Haniel standards incrementally as part of their integration.

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

HANIEL RISK MATRIX



Clearly defined risk fields

A prerequisite of systematic risk management is that risks be identified early on. The central risks identified as of December 31, 2021, to which the Haniel Group is anticipated to be exposed to over the short and medium term, are listed below. The identified risks are assigned to ranges in terms of their probability of occurrence and amount of damage, with the amount of damage presented as a possible impact on profit per year. Risk mitigation countermeasures are incorporated before assigning risks to the ranges. By combining the two criteria – probability of occurrence and amount of damage – the individual risks are allocated to the following categories in the Haniel risk matrix: “significant risks”, “material risks” and “other risks”. The central, identified risks are presented below, broken down by these categories, although there are no “significant risks”:

Investments: Haniel holds equity investments in CECONOMY AG, which is accounted for as a financial investment, and – to a lesser extent – METRO AG. Factors that exert an unfavorable influence on the consolidated profit of CECONOMY also have a negative effect on the Haniel Group's investment result or could have a negative effect on the carrying amount of the investments. Given the value of the financial investment, the risk relating to the valuation of investments of the Haniel Group is classified as material. Risks that CECONOMY is subject to, arise in particular from changes in consumer spending and customer expectations in the retail market, as well as increasing competitive pressure from online competitors. If these companies fail to react appropriately to these challenges and fail to successfully implement the transformation projects they have launched, this may have a detrimental impact on their business development. A lasting deterioration in overall economic development in the event of renewed closures due to the COVID-19 pandemic as well as in the political and regulatory environment in individual countries could also have negative effects on business at CECONOMY. The task of managing these risks primarily falls to the management of the company in question. As CECONOMY's largest shareholder, Haniel is involved in the company's management via its representation on the Supervisory Board. In addition, Haniel exercises its shareholder rights at the Annual General Meetings of CECONOMY and METRO.

Corporate strategy: Corporate strategy risks can arise above all from the erroneous assessment of future developments in the market, technological and competitive environment. Erroneous assessments can also relate to the attractiveness of acquisition targets and new regional markets or to the future feasibility of business models overall. The Haniel Group counters this risk through intensive analyses of the markets and competitors and by way of regular strategy discussions between the management teams of the Holding Company and the business units. In addition, the diversified portfolio of business fields helps to mitigate the effects of adverse developments in individual sectors. However, the high relevance of strategic decisions to success means that the related risks in the Haniel Group count among the material risks.

General macroeconomic conditions: The demand for the services and products of the companies in the Haniel Group is also impacted by general macroeconomic conditions. These in turn may be tangibly negatively affected beyond 2021 by external events such as the coronavirus pandemic, for instance. However, the extent and timing of this economic dependency varies in the business units: for instance, a slowing economy, particularly in the hotels and office customers segment due to closures and shifts towards working from home at CWS is reflected at CWS after a delay, yet all the more significantly over the course of this year. This is due to the long-term contracts with customers in CWS's core rental business. Although the potential impacts of a persistent coronavirus crisis on the business units' strategic planning have already been largely taken into account and the relevant countermeasures have been initiated, the macroeconomic development – particularly under the influence of long-lasting effects from the pandemic and changes in consumer behavior – remain a material risk for business units such as CWS, Optimar and TAKKT even though the diversification within Haniel's portfolio and the Group's presence in different regions will mitigate the impacts of economic fluctuations. In addition, secondary effects from the COVID-19 pandemic were felt in the areas of materials availability and inflation. The impacts of the Ukraine conflict can also affect the overall economic situation and thus the companies of the Haniel Group. However, at the time of writing, the immediate impacts are only slight: key business relationships with customers in Russia exist only at Optimar. Moreover, neither Russia nor Ukraine are relevant to Haniel from an exports or supply chain perspective.

Digitalization: The digital transformation offers not only major opportunities for the Haniel Group, but also entails risks if the Group is not successful in adjusting business models to changed technological possibilities and market requirements. All business units and the financial investment are generally affected by this trend. However, the acceleration and intensification of the digital transformation is especially relevant for TAKKT and CECONOMY. The competitive conditions can change by pure online retailers gaining market share or the increasing significance of open Internet-based marketplaces, which could result in heightened pressure on margins and the loss of market shares. Both TAKKT and CECONOMY have initiated large-scale transformation programs for their companies and are developing their business models further. This increasingly also includes services that offer added value to the customer. In so doing, CECONOMY and TAKKT are focusing even more strongly on customer requirements and can react to changes more quickly. Nevertheless, the far-reaching change resulting from digitalization must be classified as a material risk for the Haniel Group. This is compounded by the general increase in risks from cyber attacks and

criminality – for instance ransomware attacks – in connection with the Russia/Ukraine conflict.

Business acquisitions and disposals: In order to effectively counter risks associated with corporate transactions, investments and divestitures are carefully examined before their conclusion by the Holding Company's investment teams and by qualified external consultants and are evaluated using uniform DCF rate of return calculation methods. An acquired company is subsequently integrated into the Haniel Group based on detailed timetables and action plans as well as clearly defined responsibilities. As a feature of the newly established HOW post-merger integration process for acquisitions, business combinations are regularly subjected to a success check. If, despite all diligence, the objectives envisaged with an acquisition are not or only partially attained, impairment losses on goodwill and other assets may be necessary. In the case of business disposals, the resulting commitments remaining in the Group are regularly monitored and assessed. The risks resulting from business combinations and disposals are material risks due to the high significance of portfolio management in the Haniel Group and the inherently related imponderables.

Human resources: The corporate success of the Haniel Group is dependent largely on the expertise and commitment of its employees in key positions. Executives in particular must exhibit the necessary competence, experience and personality in order to make and implement correct decisions in the sense of a value-driven and long-term development of their departments and to empower their teams as a consequence. Accordingly, the selection of executives who do not meet these requirements and who make poor decisions can noticeably impair the Company's successful development. This is all the more true in the context of transforming a company into a high-performance organization in a dynamically changing corporate environment that is marked by digitalization. That is why the Haniel Group strives to recruit qualified staff, to provide them with continuing education and to foster key employees' long-term loyalty to the Company. To that end, the Haniel Group offers attractive remuneration models and regularly conducts performance and development reviews of executives, which also cover systematic succession planning. But above all, the Haniel Group invests in the continual further education of its employees: The internal Haniel Academy offers specialists and managers from the Group seminars and modular programs for interdisciplinary continuing education and to strengthen their leadership skills. In addition, Haniel organizes management training seminars for the Group's joint management system. Haniel uses the Haniel Operating Way (HOW) to set out "guidelines" for executives in taking on the challenges they face as leaders. Overall, risks from human resources are estimated to be material.

Raw materials and energy prices: With the divesture of the ELG business unit at the end of 2021, the extent to which prices for raw materials, primarily nickel, affect the Haniel Group's business development has generally diminished in significance. Nonetheless, BekaertDeslee in particular remains dependent on market prices for yarns used in the production of mattress fabrics and mattress covers, meaning that rising raw materials prices generally continue to represent a material risk for the Haniel Group, as do fluctuations in raw materials in general due to the nature of the business models. Rising energy prices can negatively affect the earnings trends of all business units of the Haniel Group and are therefore also categorized as a material risk. Particularly with respect to the current Ukraine conflict, the risks from energy price hikes are on the rise, particularly in Europe. Although the Haniel Group has generally locked in electricity and gas prices in key European markets for 2022, there remain contract and counterparty risks due to the consequences of war and *force majeure*. In particular any embargo on raw materials would result in further disruptions and even greater price increases for covering purchases. Therefore, energy prices are also categorized as a material risk.

Receivables: The less favorable business climate in many markets due to the coronavirus crisis results in general in increased risk of default on receivables by certain business units. Taking into account the countermeasures, the default on receivables represents an additional risk.

Exchange rates: Because the Haniel Group has business activities of a considerable scope in countries that do not use the euro as the local currency, its operating business and financing transactions are subject to exchange rate fluctuations, which could have a negative impact on profit. On the one hand, this concerns transaction risks that arise primarily from earning revenue and incurring the accompanying costs in different currencies. On the other hand, there are translation risks that stem from translating income and expenses in other currencies into euros. While translation risks are generally not hedged against exchange rate fluctuations, Haniel uses a variety of hedging instruments to limit transaction risks. These are explained in detail in the notes to the financial statements. Because the Haniel Group has largely hedged its transaction risks, exchange rate risks are classified only as other risks.

Interest rates, financing and financial investments: Changes from interest rates can result in higher borrowing costs and thus have an adverse effect on profits. In this regard, changes in the market interest rate must be differentiated from the change in the margin that must be paid in addition to the market rate. The Haniel Group uses a variety of hedging instruments to limit the risks from fluctuations in market interest rates. These are explained in detail in the notes to the consolidated financial statements. Long-term credit agreements, promissory loan notes and bonds are appropriate forms of financing for limiting the volatility of interest margins. In the case of such financing, the interest margin also depends on the Holding Company's rating. This is based on the market value gearing, that is, the ratio between net financial liabilities and the market value of the investment portfolio as well as cash flows at the Holding Company level. In addition, the number and weight of the individual equity investments in the Haniel investment portfolio influence the rating.

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 business units, 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.

When investing financial resources and investing in funds, there is the risk of value fluctuations, which Haniel aims to minimize by diversifying its investments. Moreover, when investing financial resources, there is generally the risk that one counterparty will become insolvent, thus giving rise to the risk of default on receivables. In order to counter that risk, Haniel distributes these investments across a large number of contractual partners and has set corresponding limits depending on the partners' creditworthiness. This is documented in a set of guidelines for investing financial resources, and is subject to regular monitoring.

In the Haniel Group, risks from interest rates, financing and financial investments are currently of comparatively minor significance and thus counted among the other risks. However, investments by the Holding Company in growth capital in the growth segment are among the main risks in view of the increase in funds employed and the associated risk of loss in the event of negative valuation developments.

Compliance: The Haniel Group's business activities are subject to statutory and internal corporate rules and regulations. A failure to comply with these rules and regulations may damage the Company's reputation and may jeopardize its economic success. In order to prevent compliance risks effectively, the Haniel Group has established a comprehensive compliance management system, which is subject to continuous monitoring and improvement. Nevertheless, it is not possible to rule out the possibility of compliance breaches, so these are categorized as other risks.

Litigation: Neither Franz Haniel & Cie. GmbH nor any of its current subsidiaries are involved in ongoing or currently foreseeable litigation that could have a significant impact on the Group's assets or financial position or performance.

No risks jeopardizing the going concern assumption

Considered separately, the risks presented could have adverse effects on the Haniel Group. With regard to the overall risk situation however, the diversification of business models and regions has a positive effect: Many risks are restricted to individual business units or regions and are

therefore of comparatively minor significance in relation to the Group as a whole. Where risks inherently affect all business units and the Holding Company it must be assumed that they do not hit all business areas in the same manner and at the same time.

There are no recognizable individual or aggregate risks which jeopardize the Group as a going concern, nor are there any noteworthy future risks beyond the normal entrepreneurial risk. For Haniel, the risks presented are also accompanied by numerous opportunities for sustainable, profitable growth.

Monitoring of the accounting processes

The Haniel Group applies an internal control and risk management system to its accounting processes. The purpose is to ensure that its financial reporting is reliable and that the risk of misstatements in the external and internal Group reports is minimized. Misstatements are most likely to originate from complex transactions or consolidation procedures, mass transactions, the materiality of individual items of the financial statements, the use of discretion and estimates, unauthorized access to IT systems, and inadequately trained employees. Regular checks are performed to determine the extent to which these factors can jeopardize the integrity of the consolidated financial statements.

In order to counter potential risks, the Haniel Group has introduced an internal control system that seeks to ensure the reliability and propriety of the financial reporting processes, compliance with the relevant statutory and internal regulations, and the efficiency and effectiveness of procedures. However, even an appropriate and functional internal control system cannot guarantee that all risks will be identified and avoided.

The existing risk and control structure is systematically recorded and documented. For this purpose, the most important risk fields are regularly updated and checked on the basis of clearly defined qualitative and quantitative materiality criteria. In the event of changed or newly emerged accounting-related risks or identified control weaknesses, it is the business units' responsibility, in coordination with the Holding Company's Accounting & Controlling department, to implement appropriate control measures at the earliest possible opportunity. The effectiveness of the defined controls is checked and documented at regular intervals by means of self-assessment on the part of the controlling officers or their supervisors. The results of these self-assessments are subject to regular validation by independent third parties. Responsibility for establishing and supervising the internal control system lies with the Management Board. In addition, the Audit Committee monitors the system's effectiveness.

The Haniel Group is distinguished by its clear and decentralized management and corporate structure. The local accounting processes are managed by the business units, each of which prepares its own subgroup financial statements. The management of the entities included in the subgroups controls and monitors the risks concerning the operational accounting processes. The Group companies are responsible for compliance with the guidelines and procedures that apply throughout the Group. They are also answerable for the proper and timely flow of their accounting processes. They are supported in that respect by Corporate Accounting.

The relevance of ongoing developments of the IFRS standards and other applicable statutory provisions and their impact on the consolidated financial statements and/or the Group report of the Management Board is continuously assessed. The Management Board and Group companies are informed, as necessary, of any consequences on consolidated reporting. Financial reporting is governed by accounting guidelines applicable throughout the Group, a uniform Group chart of accounts, and a financial statements calendar applicable throughout the Group. The accounting guidelines are updated annually, considering relevant changes in the law. There are binding provisions and uniform instruments for complex issues, such as goodwill impairment testing and the measurement of deferred taxes. External experts are brought in if required, for example, to measure pension obligations or to prepare expert opinions on the purchase price allocation for acquisitions.

The Haniel Group's formal analysis and reporting process seeks to ensure that the information contained in the published annual report is reliable and complete. Corporate Accounting performs analytical checks in order to identify potential errors in consolidated reporting.

Standardized and centrally managed IT systems are used to prepare the consolidated financial statements. This applies to consolidation at all stages of the Haniel Group and to the process of preparing the notes to the financial statements. The IT systems used in the accounting department are protected against unauthorized access. Separations of

functions and change management systems have been established.

As an important element of internal process monitoring that is independent of the relevant processes, the Internal Audit department is responsible for systematically auditing and independently assessing the internal control systems.

As part of the audit of the consolidated financial statements, external auditors report on their material audit findings and any weaknesses in the internal control system relating to the entities included in the financial statements.

Report on expected developments

Haniel believes that all business units will report organic revenue growth in fiscal year 2022. Overall, Haniel expects organic revenue growth to be up significantly as compared to that of the previous year. Haniel furthermore forecasts a significant increase in operating profit, which will be fueled by organic growth at the business units. This outlook is based on the assumption that the impacts of the coronavirus pandemic will continue to abate in 2022. The current outlook does not factor in the potential impact that the Ukraine crisis might have on the Haniel Group's business.

Macroeconomic environment marred by uncertainties
The Organisation for Economic Cooperation and Development (OECD) expects global economic output to increase by 4.5 percent in 2022, assuming that the world better copes with the pandemic and that the money and fiscal policy remains supportive over the course of the year. However, the global economic situation remains highly uncertain due to the coronavirus pandemic, high inflation rates and the Ukraine conflict. The OECD forecasts 4.3 percent growth in the eurozone and 3.7 percent in the United States.

Since the various business units are active internationally, the results of the Haniel Group also depend on the development of various exchange rates, particularly the US dollar, the British pound and the Swiss franc.

Increases in profits expected
Haniel's Management Board looks to 2022 with cautious optimism, although it is conscious of the economic uncertainties outlined above. Work will continue in 2022 to implement the transformation project in order to make the portfolio and the Group fit for the future and boost its growth prospects. A Group-wide inflation management project and the already launched implementation of efficiency enhancement programs under the HOW shared management approach lend credence to the assumption that performance will improve in all business units. 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.

Overall, Haniel's Management Board expects all business units to record organic growth in fiscal year 2022; i.e., growth that is adjusted for acquisitions and currency translation effects. Overall, Haniel's Management Board expects the Haniel Group to report organic revenue significantly above the level as that in the previous year, which was overshadowed by the coronavirus pandemic. Operating profit is also expected to increase sharply.

Operating free cash flow will rise significantly due to the recovery of business activities and stricter cash management.

The Ukraine conflict has led Haniel to suspend all business relationships with companies in Russia and Belarus. This measure will mainly affect the Optimar business unit. The impacts on the Group's revenue and earnings performance for fiscal year 2022 cannot yet be conclusively estimated and are not reflected in the current outlook.

Acquisition activities at the level of the Haniel Holding Company and the business units will remain in focus. As part of its strategic realignment, the Holding Company plans to expand the portfolio in 2022 and to invest in additional investment funds. 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 business units or supplementary acquisitions by the existing business units, as well as the disposal of business units.

Annual financial statements

Franz Haniel & Cie. GmbH
Statement of financial position

ASSETS

EUR million	Note	Dec. 31, 2021	Dec. 31, 2020
Fixed assets	**1**		
Intangible fixed assets		0.0	0.1
Tangible fixed assets		21.1	20.4
Financial assets		2,546.5	2,618.6
		2,567.6	**2,639.0**
Current assets			
Accounts receivable and other assets			
Trade receivables		0.9	0.1
Receivables from affiliated companies	2	622.9	402.7
Other assets	3	13.7	22.5
Cash in hand, bank balances		0.0	0.0
		637.5	**425.3**
Prepaid expenses	4	0.2	0.2
		3,205.3	**3,064.6**

EQUITY AND LIABILITIES

EUR million	Note	Dec. 31, 2021	Dec. 31, 2020
Equity	**5**		
Subscribed capital		1,000.0	1,000.0
Par value of treasury shares		-8.2	-7.1
Issued capital		991.8	992.9
Retained earnings			
Other retained earnings		1,582.5	1,586.1
Reserves provided for by the articles of association (Welker Funds)		0.5	0.5
Retained profit		94.7	89.4
		2,669.4	**2,668.9**
Provisions	**6**	**203.5**	**177.6**
Subordinated liabilities	**7**	**170.6**	**190.4**
Liabilities	**8**		
Bonds, commercial paper and other securitized debt		90.0	20.0
Liabilities due to banks		65.0	0.0
Trade payables		0.8	0.9
Liabilities to affiliated companies		0.1	0.3
Other liabilities		5.8	6.4
		161.8	**27.6**
		3,205.3	**3,064.6**

Franz Haniel & Cie. GmbH
Income statement

FOR THE PERIOD FROM JANUARY 1, 2021 TO DECEMBER 31, 2021

EUR million	Note	2021	2020
Revenue	10	6.9	4.2
Other operating income	11	8.9	10.0
Cost of materials	12	-0.9	-0.8
Personnel expenses	13	-47.6	-52.1
Depreciation and amortization		-2.0	-2.1
Other operating expenses	14	-69.3	-27.8
		-104.0	**-68.6**
Net investment result	15	176.7	-12.9
Other net financial income	16	-7.4	-9.8
Profit before taxes		**65.3**	**-91.4**
Income tax expenses	17	-0.1	0.4
Profit after taxes/net income/loss for the financial year		**65.3**	**-90.9**
Retained earnings		29.4	180.3
Retained profit		**94.7**	**89.4**

Franz Haniel & Cie. GmbH
Statement of cash flows

FOR THE PERIOD FROM JANUARY 1, 2021 TO DECEMBER 31, 2021

EUR million	2021	2020
Profit after taxes/net income/loss for the financial year	**65.3**	**-90.9**
Depreciation/amortization (+)/write-ups (-) of fixed assets	2.0	206.0
Increase (+)/decrease (-) in provisions	25.9	30.5
Other non-cash income (-) and expenses (+)	0.4	0.5
Reclassifications of income (-)/expenses (+) from the disposal of fixed assets and other payments	30.4	-2.6
Increase (-)/decrease (+) in other receivables and other current assets	7.8	-2.7
Increase (+)/decrease (-) in trade payables and other current liabilities	-0.7	0.0
Cash inflow (+)/outflow (-) from operating activities	**131.1**	**140.8**
Inflows (+) from the disposals of tangible and intangible fixed assets	0.0	0.0
Outflows (-) from additions to tangible and intangible fixed assets	-2.7	-0.4
Increase (-)/decrease (+) in receivables from and liabilities to affiliated companies and investments	-120.4	-129.5
Inflows (+) from the disposals of affiliated companies	30.0	25.0
Outflows (-) from the acquisition of affiliated companies	-88.3	0.0
Inflows (+) from the disposal of long-term financial assets and from the short-term investment of cash funds	0.0	2.8
Outflows (-) from additions to long-term financial assets and for the short-term investment of cash funds	0.0	0.0
Cash inflow (+)/outflow (-) from investing activities	**-181.4**	**-102.1**
Dividends (-) to shareholders	-60.0	-60.0
Purchase (-) of treasury shares	-4.7	-1.7
Cash proceeds (+) from the issuance of financial liabilities	569.9	68.4
Cash repayments (-) of financial liabilities	-454.9	-45.4
Cash inflow (+)/outflow (-) from financing activities	**50.3**	**-38.7**
Change in cash and cash equivalents	0.0	0.0
Cash and cash equivalents at the beginning of the period	0.0	0.0
Cash and cash equivalents at the end of the period	**0.0**	**0.0**

The cash flow from operating activities includes interest income in the amount of EUR 2.6 million (previous year: EUR 3.6 million), interest payments of EUR 9.9 million (previous year: EUR 10.3 million) as well as dividends and profit transfers from subsidiaries of EUR 176.7 million (previous year: EUR 191.1 million). Income tax payments in the amount of EUR 0.1 million (previous year: reimbursements of EUR 0.4 million) were made during the fiscal year.

The cash flow from investing activities includes payments for purchases and disposals of individual assets, payments for purchases and disposals of affiliated companies and payments in connection with the financing of the affiliated companies and other investments.

Notes
General disclosures and accounting policies

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.

Various items are aggregated in the statement of financial position and income statement to increase the clarity of presentation. The aggregated items are disclosed separately in the notes to the financial statements.

Purchased **intangible fixed assets** are recognized at cost and amortized on a straight-line basis over their expected useful lives of three to five years. Internally generated intangible fixed assets are not capitalized.

Tangible fixed assets are measured at cost, finite-lived tangible fixed assets are systematically depreciated over their useful lives. The straight-line method of depreciation is generally used.

Depreciation is based on the following useful lives:

Buildings	33 to 50 years
Operating and office equipment	3 to 13 years

Independently used moveable fixed assets that are subject to wear and tear are written off in full in the year of acquisition if their cost does not exceed EUR 250 (prior to 2017: EUR 150). Corresponding fixed assets costing between EUR 250 and EUR 1,000 (prior to 2017: between EUR 150 and EUR 1,000) are pooled annually in a summary account, which is depreciated over five years. Impairments expected to be permanent are recognized by impairment losses.

Shares in affiliated companies and **other long-term equity investments** are recognized at cost or the lower fair value if an impairment is expected to be permanent. **Loans issued** are recognized at the principal amount or the lower fair value if an impairment is expected to be permanent. If the reasons for an impairment no longer exist in whole or in part, the impairment loss is reversed up to a maximum of the cost or principal amount.

Receivables and other assets are generally recognized at the principal amount less any required valuation allowances.

Cash and cash equivalents are measured at their nominal amounts.

Income and expenditures in relation to income and expenses for a certain period after the reporting date are reported under **prepaid expenses and deferred income**. Differences between the settlement amount and the lower issue amount of liabilities are recognized as prepaid expenses and expensed periodically over the term of the liabilities.

Provisions for pensions and similar obligations are determined using the actuarial projected unit credit method based on biometric probabilities (Prof. Dr. Klaus Heubeck's 2018G mortality tables). The average market interest rate determined by the Deutsche Bundesbank for matching maturities for the past ten fiscal years is used to discount the obligation over an assumed residual term of 15 years. Salary and pension increases expected in future are taken into account when determining the obligations. Assets which serve solely to satisfy old-age pension obligations are offset against these and presented on the statement of financial position as net liabilities. If the fair value of these assets is greater than the amount of the obligation, the excess amount is recognized under a separate asset item.

Other provisions cover all identifiable risks and uncertain obligations. They are recognized at the settlement amount as dictated by prudent business judgment. Future price and cost increases are considered. Provisions with a remaining term of more than one year are discounted in accordance with their remaining term. Provisions for expected losses recognized in connection with derivative financial instruments are generally charged to net financial result.

Liabilities are recognized at their settlement amounts. Pension obligations are recognized at their present value and discounted using an appropriate average market rate for matching maturities over the past ten fiscal years.

Cash in hand and bank balances as well as receivables and liabilities denominated in **foreign currency** are posted at historical exchange rates and measured at the applicable average spot rate on the reporting date. Receivables and liabilities denominated in foreign currency with a remaining term of more than one year are measured in accordance with the imparity principle, under which unrealized valuation gains are not recognized. Unrealized valuation gains are recognized for items with a remaining term of less than one year.

Deferred taxes are recognized for all temporary differences between the carrying amounts and tax bases for assets, liabilities, prepaid expenses and deferred income. This takes into account not only the differences between items on Franz Haniel & Cie. GmbH's statement of financial position, but also those at consolidated tax group subsidiaries. Deferred tax assets on tax loss carry forwards are recognized only if there is reasonable assurance that they will be realized within five years. Deferred taxes are generally presented on a net basis. A tax burden is recognized on the statement of financial position as a deferred tax liability. In the event of a tax benefit (net asset), the Company does not exercise the corresponding option to recognize this under section 274 (1) sentence 2 HGB. Deferred taxes are determined based on the combined income tax rate of the consolidated tax group of Franz Haniel & Cie. GmbH. The combined income tax rate consists of corporate income tax, municipal business income tax and the solidarity surcharge, and is calculated based on the currently applicable statutory tax rates (current fiscal year: 30.7 percent; previous year: 30.7 percent).

Notes to the statement of financial position

1 Fixed assets

EUR million	Cost					
	Jan. 1, 2021	Additions	Disposals	Reclassifications	Currency adjustments	Dec. 31, 2021
Intangible fixed assets						
Purchased concessions and similar rights	2.0					2.0
Tangible fixed assets						
Land and buildings including buildings on third-party land	74.1					74.1
Other equipment, operating and office equipment	32.3	0.2	-0.5			32.0
Prepayments and assets under construction		2.6				2.6
	106.5	**2.7**	**-0.5**	**0.0**	**0.0**	**108.8**
Financial assets						
Shares in affiliated companies	2,622.5	88.3	-231.4			2,479.4
Loans to affiliated companies	200.0		-100.0			100.0
Investments	0.0					0.0
	2,822.6	**88.3**	**-331.4**	**0.0**	**0.0**	**2,579.5**
	2,931.2	**91.0**	**-331.9**	**0.0**	**0.0**	**2,690.3**

Additions to shares in affiliated companies related to the acquisition of additional shares in an affiliated company and to a capital increase implemented for another subsidiary. Disposals related exclusively to the disposal of an affiliated company in its entirety.

The change in loans to affiliated companies was attributable to the scheduled repayment of a portion of a long-term loan in connection with financing subsidiaries.

Accumulated depreciation, amortization and write-downs					**Carrying amount**	
Jan. 1, 2021	Annual depreciation and amortization	Impairments	Disposals	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020
-2.0				-2.0	0.0	0.1
-61.8	-0.6			-62.4	11.7	12.3
-24.3	-1.4		0.5	-25.3	6.8	8.0
0.0				0.0	2.6	0.0
-86.1	**-2.0**	**0.0**	**0.5**	**-87.6**	**21.1**	**20.4**
-204.0			171.0	-33.0	2,446.4	2,418.5
0.0				0.0	100.0	200.0
-0.0				-0.0	-0.0	0.0
-204.0	**0.0**	**0.0**	**171.0**	**-33.0**	**2,546.5**	**2,618.6**
-292.1	**-2.0**	**0.0**	**171.5**	**-122.7**	**2,567.6**	**2,639.0**

2 Receivables from affiliated companies

Receivables from affiliated companies amounted to EUR 622.9 million (previous year: EUR 402.7 million) and resulted from receivables from intragroup settlement accounts.

All of the receivables from affiliated companies have a remaining term of less than one year.

3 Other assets

The other assets item contains tax receivables totaling EUR 13.3 million (previous year: EUR 21.0 million). The remaining term of all other assets is less than one year.

4 Prepaid expenses

The prepaid expenses of EUR 0.2 million (previous year: EUR 0.2 million) include advance payments for expenditures incurred after the reporting date.

5 Equity

The difference between the cost and the par value of the treasury shares held by the Company was charged to the freely distributable reserves. The par value was offset against subscribed capital on the face of the statement of financial position. Treasury shares with a par value of EUR 1.1 million (previous year: EUR 0.6 million) were acquired during the financial year.

In accordance with section 253 (6) sentence 2 HGB, EUR 9.3 million (previous year: EUR 11.7 million) is subject to a restriction on distribution; in accordance with section 253 (6) sentence 1, that amount represents a difference in the provisions for pensions.

There is no distribution restriction pursuant to section 268 (8) HGB with regard to the net retained earnings as of the reporting date.

6 Provisions

EUR million	Dec. 31, 2021	Dec. 31, 2020
Provisions for pensions and similar obligations	105.8	100.8
Other provisions	97.7	76.9
	203.5	**177.6**

The carrying amount of provisions for pensions and similar obligations is determined using the projected unit credit method based on actuarial methods. Provisions were determined based on the following parameters:

%	Dec. 31, 2021
Discount rate	1.87
Salary trend	2.50
Pension trend	1.75

Pension provisions amounting to EUR 114.5 million (previous year: EUR 105.9 million) were offset against the fair value of the plan assets amounting to EUR 8.7 million as of the reporting date (previous year: EUR 5.1 million). The cost of plan assets amounted to EUR 6.7 million as of the reporting date (previous year: EUR 4.6 million). During the year under review, the gain on plan assets amounted to EUR 1.4 million (previous year: EUR 0.3 million), which was recognized under other net financial income, net of interest expenses in connection with pensions.

Provisions for pensions and similar obligations are discounted using the average market rate of interest for the past ten fiscal years. Had the provisions been discounted using the average market rate of interest of the past seven fiscal years of 1.35 percent (previous year: 1.60 percent), this would have resulted in a difference of an additional EUR 9.3 million (previous year: EUR 11.7 million) in the provision.

The other provisions essentially comprise provisions for personnel remuneration, other personnel-related expenditures, outstanding invoices, as well as provisions in connection with sand-lime bricks made from lime substitutes in former Haniel building materials plants. The increase in this item was attributable in particular to further regular endowments to a long-term remuneration plan.

7 Subordinated liabilities

The subordinated financial liabilities are subordinated to all other liabilities. The subordinated liabilities are shown in the table below:

EUR million	Dec. 31, 2021	Dec. 31, 2020
Shareholder loans	129.5	138.7
Loans of the Haniel Foundation	28.9	36.3
Haniel Zerobonds	1.6	1.7
Haniel Performance Bonds	1.8	5.0
Other financial liabilities	8.7	8.7
	170.6	**190.4**

Of the total amount, EUR 91.0 million (previous year: EUR 88.1 million) had a remaining maturity of up to one year and EUR 79.5 million (previous year: EUR 102.3 million) of more than one year. Of that latter amount, EUR 0.1 million (previous year: EUR 0.2 million) had a remaining term of more than five years. Of the shareholder loans, EUR 82.9 million (previous year: EUR 66.7 million) had a term of up to one year and EUR 46.6 million (previous year: EUR 71.9 million) of more than one year.

8 Liabilities

All unsubordinated obligations of Franz Haniel & Cie. GmbH as of the reporting date are presented under liabilities. The various types and remaining maturities of the other liabilities as of December 31, 2021 are presented in the table below:

EUR million	**Dec. 31, 2021**				**Dec. 31, 2020**			
	Total	Up to 1 year	More than 1 year	of that amount: More than 5 years	Total	Up to 1 year	More than 1 year	of that amount: More than 5 years
Bonds, commercial paper and other securitized debt	90.0	90.0			20.0	20.0		
Liabilities due to banks	65.0	65.0			0.0			
Trade payables	0.8	0.8			0.9	0.9		
Liabilities to affiliated companies	0.1	0.1			0.3	0.3		
Other liabilities	5.9	5.7	0.2		6.4	6.1	0.3	(0.0)
of which for taxes	(2.6)	(2.6)			(3.2)	(3.2)		
	161.8	**161.6**	**0.2**		**27.6**	**27.3**	**0.3**	**(0.0)**

Bonds, commercial paper and other securitized debt relate solely to issued commercial paper.

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

The increase in these two items was attributable in particular to the financing of portfolio transactions implemented during the current fiscal year by subsidiaries.

Liabilities to affiliated companies resulted primarily from the financing of subsidiaries.

EUR 0.3 million of other liabilities (previous year: EUR 0.6 million) is secured by payment guarantees. Of that amount, EUR 0.2 million have a remaining term of up to one year and EUR 0.1 million have a remaining term of more than one year. None of them have a remaining term of more than five years.

9 Contingent liabilities and other financial commitments

EUR million	Dec. 31, 2021	Dec. 31, 2020
Liabilities from payment guarantees and provision of collateral for third-party liabilities	**453.5**	**421.4**
of which to affiliated companies	(0.0)	(0.0)
of which to associated companies	(0.0)	(0.0)
of which for pensions	(0.0)	(0.0)
Other financial commitments		
Rental and leasing agreements		
in the following year	0.2	0.2
in 2 to 5 years	0.3	0.2
in 6 or more years	0.8	0.8
Total	**1.3**	**1.2**

The increase in liabilities from payment guarantees and the provision of collateral for third-party liabilities resulted from the transfer of a guarantee under the terms of a purchase agreement.

The Management Board believes that it is currently improbable that Franz Haniel & Cie. GmbH will have to use the contingent liabilities vis-à-vis third parties to any significant degree.

Notes to the income statement

10 Revenue

EUR million	2021	2020
Service revenue	5.7	2.9
of which from affiliated companies	(5.6)	(2.7)
Rental and lease revenue	1.3	1.3
of which from affiliated companies	(0.3)	(0.4)
	6.9	**4.2**

The increase in revenue from services is related to the reorganization of the intra-group services provided by the company.

11 Other operating income

EUR million	2021	2020
Income from disposal of fixed assets	0.0	2.6
Income from reversals of provisions	5.2	7.0
Other income	3.8	0.4
	8.9	**10.0**

In the previous year, income from the disposal of fixed assets included in particular income from the sale of works of art and the disposal of investments in real estate companies.

EUR 0.0 million in prior-period income from the reversal of provisions related to provisions for warranties under a purchase agreement (previous year: EUR 5.0 million).

12 Cost of materials

Cost of materials includes expenses for the purchase of goods and services in connection with revenues.

13 Personnel expenses

EUR million	2021	2020
Wages and salaries	-35.4	-43.3
Social security, pension costs and other benefits	-12.2	-8.8
of which for pensions	(-10.6)	(-7.2)
	-47.6	**-52.1**
Average number of employees (full-time employees)	119.6	120.1

The decrease in wages and salaries was due in particular to the fact that the regular endowment to a long-term remuneration plan was lower than in the previous year.

Given the significant decrease in the discount rate from 2.30 percent to 1.87 percent, it was necessary to increase the amount of the additions to old-age pension provisions as compared to the previous year.

14 Other operating expenses

Other operating expenses amounted to EUR 69.3 million (previous year: EUR 27.8 million) and included in particular general administrative expenses and consulting fees. During the current fiscal year, this item also included a EUR 30.4 million loss on the disposal of an affiliated company. The additional increase of that figure was attributable primarily to fees for consulting services in connection with continued portfolio development.

In addition, this item also included other operating taxes amounting to EUR 0.2 million (previous year: EUR 0.2 million).

15 Net investment result

EUR million	2021	2020
Income from investments	37.1	0.1
of which from affiliated companies	(37.1)	(0.1)
Income from profit and loss transfer agreements	170.7	196.8
of which from tax assessments	(26.4)	(25.0)
Expenses from profit and loss transfer agreements	-31.1	-5.8
Impairment of investments	0.0	-204.0
	176.7	**-12.9**

Impairment of investments in the previous fiscal year related to write-downs on the carrying amounts of investments in two subsidiaries.

16 Other net financial income

EUR million	2021	2020
Income from other securities and long-term loans	1.1	1.6
of which from affiliated companies	(1.1)	(1.6)
Other interest and similar income	1.8	2.1
of which from affiliated companies	(1.0)	(1.4)
of which from discounting of provisions	(0.0)	(0.0)
Write-downs of financial assets and securities classified as current assets	0.0	0.0
Interest and similar expenses	-10.3	-13.5
of which interest cost on pension provisions	(-1.0)	(-2.3)
of which interest cost on other provisions	(-0.1)	(-0.4)
	-7.4	**-9.8**

Other net financial income includes a currency translation gain amounting to EUR 0.0 million (previous year: EUR 0.0 million), comprising income amounting to EUR 0.0 million (previous year: EUR 0.1 million) and expenses amounting to EUR 0.0 million (previous year: EUR 0.1 million). In the previous year, interest and similar income included EUR 0.5 million in prior-period income.

17 Income tax expenses

Corporate income tax, municipal business income tax, the solidarity surcharge and income taxes paid in foreign countries are presented as income tax expense. Income tax expenses for the past fiscal year included taxes in relation to EUR 0.6 million in prior-period income.

Deferred taxes are not included in the net tax income/expense. As of December 31, 2021, Franz Haniel & Cie. expects a future tax benefit from timing differences between the financial and tax accounts because the deferred tax assets exceed the deferred tax liabilities. The option to recognize deferred taxes pursuant to section 274 (1) sentence 2 HGB is not exercised.

Deferred tax assets resulted primarily from temporary differences in carrying amounts relating to differences in pensions and other provisions as well as for provisions not recognized for tax purposes. Additionally, at the reporting date there were deferred tax assets due to previously unutilized tax loss carryforwards. Deferred tax liabilities resulted primarily from temporary differences in the carrying amounts of fixed assets.

Other notes

18 Fees of the independent auditors

The total fee of the auditors, PricewaterhouseCoopers GmbH, for the fiscal year was EUR 0.4 million (previous year: EUR 0.4 million). This total fee comprises services in connection with the audit of the financial statements totaling EUR 0.4 million (previous year: EUR 0.4 million) and to other assurance services and other services totaling EUR 0.0 million (previous year: EUR 0.0 million).

19 Derivative financial instruments

Franz Haniel & Cie. GmbH may be exposed to currency, interest rate, and price change risks as part of its business. Derivative financial instruments, such as currency forwards, interest rate swaps and options, are generally used to hedge these risks where possible and expedient.

At the reporting date, the Company did not hold any derivative financial instruments, as in the previous year.

20 Related-party disclosures

There are no material transactions with related parties that are not at arm's length. From the perspective of Franz Haniel & Cie. GmbH, related parties are affiliated companies and associated companies, parties related to members of the Management Board, Supervisory Board, the senior management group and close family members of this category of persons.

21 Disclosures on shareholdings

The full list of shareholdings of Franz Haniel & Cie. GmbH and the Haniel Group, which forms a part of these notes to the financial statements, is published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and on the website, www.haniel.de/en.

The shareholdings of TAKKT AG and CECONOMY AG are indicated in the respective companies' annual reports and on their websites (www.takkt.com, www.ceconomy.de).

22 Executive bodies/governing body remuneration

In accordance with section 286 (4) HGB the total remuneration paid to the Management Board remains undisclosed. The total remuneration of the Supervisory Board was EUR 1.1 million (previous year: EUR 0.8 million); that of the Advisory Board was EUR 0.3 million (previous year: EUR 0.2 million). The remuneration for former members of the Management Board and their survivors was EUR 2.0 million (previous year: EUR 1.9 million); pension provisions totaling EUR 30.8 million (previous year: EUR 29.6 million) were recognized for the former members of the above bodies and their survivors.

Disclosures relating to members of the Management Board in accordance with section 285 no. 10 HGB

Thomas Schmidt | Chairman of the Management Board
Dr. Florian Funck | Chief Financial Officer

Disclosures relating to members of the Supervisory Board in accordance with section 285 no. 10 HGB

Shareholder representatives:
Doreen Nowotne | Chairwoman, Independent business consultant
Prof. Kay Windthorst | 2nd Deputy Chairman, University professor for public law, University of Bayreuth
Dr. Stephan Glander | CEO, iOLS Commercial Vehicles AG
Mathias Pahl | Head of Corporate Risk & Broking, Willis Towers Watson Versicherungsmakler GmbH
Patrick Schwarz-Schütte | Businessman
Maximilian Schwaiger | Vice President Region EMEA Industrial Fluid Solutions, Continental AG

Employee representatives:
Gerd Herzberg | 1st Deputy Chairman, Former trade union secretary (ver.di)
René Albersmeyer | Sales Consultant Key Accounts, Cleanplan South, CWS Hygiene Deutschland GmbH & Co. KG
Ralf Fritz | Maintenance man, Franz Haniel & Cie. GmbH
Lutz Leischner | Head of Inventory Management, Prokurist, CWS-boco Supply Chain Management GmbH
Dirk Patermann | Chairman of the General Works Council, CWS Hygiene Deutschland GmbH
Miriam Bürger | Trade union secretary (IG Metall)

23 Events after the reporting date

There have been no reportable events after the reporting date.

24 Profit appropriation proposal

EUR	Dec. 31, 2021
After deducting appropriate write-downs and recognizing adequate valuation allowances and provisions, the net income for the financial year ending December 31, 2021 amounts to:	65,271,687.40
Plus retained earnings brought forward from the previous year:	29,385,157.98
This results in retained profit of:	94,656,845.38

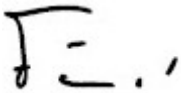
The Management Board proposes that, in relation to the total share capital of the Company, a dividend of EUR 80,000,000.00 be paid out from retained profit. Taking into account the treasury shares held by the Company, EUR 79,344,000.00 will be distributed and EUR 15,312,845.38 will be carried forward to new account.

The shareholders will therefore receive a dividend of 8 percent on share capital of EUR 1,000,000,000.00, which represents an amount of EUR 4.00 per EUR 50.00 ordinary share.

Shareholders will be given the option to receive the dividend for the fiscal year as a dividend-in-kind, either in whole or in part, in the form of shares in the Company.

Duisburg, March 9, 2022

The Management Board



Schmidt **Funck**

INDEPENDENT AUDITORS' REPORT

To Franz Haniel & Cie. GmbH, Duisburg

Audit Opinion

We have audited the annual financial statements of Franz Haniel & Cie. GmbH, Duisburg which comprise the statement of financial position as of December 31, 2021, and the income statement for the fiscal year from January 1 to December 31, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Franz Haniel & Cie. GmbH for the fiscal year from 1 January to 31 December 2021.

In our opinion based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2021 and of its financial performance for the fiscal year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements and of the 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 "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with 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 annual financial statements and on the management report

Other Information

The executive directors are responsible for the other information. The other information comprises the remaining parts of the publication "Financial Statements 2021"– excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the 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, our responsibility is to read the other information and, in so doing to consider whether the other information

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

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

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

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.

- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the 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.

Essen, March 9, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath
Wirtschaftsprüfer (German Public Auditor)

Heike Böhle
Wirtschaftsprüferin (German Public Auditor)

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These separate financial statements of the Subgroup are published in German and English. Both versions can be downloaded at www.haniel.de/en. The German version is controlling. The separate financial statements of Franz Haniel & Cie. GmbH are published in the electronic Federal Gazette (*Bundesanzeiger*). All statements in this brochure with regard to occupations and target groups apply, always and irrespective of the formulation, to all persons of any gender.

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