

Haniel Finance Deutschland GmbH
Annual Financial Statements
2020

Haniel Finance Deutschland GmbH

Statement of financial position

ASSETS			
EUR million	Note	Dec. 31, 2020	Dec. 31, 2019
Fixed assets			
Financial assets	1		
Loans to affiliated companies		3.0	4.0
Investments in associated companies		304.6	256.0
Other investments		36.6	31.9
Long-term securities		183.3	96.0
Other loans		5.0	0.0
		532.5	387.9
Current assets			
Accounts receivable and other assets			
Receivables from affiliated companies	2	749.4	865.2
Other assets	3	2.5	1.7
Securities	4	110.0	229.9
Cash in hand, bank balances		155.3	531.5
		1,017.2	1,628.3
Prepaid expenses	5	0.0	1.9
		1,549.7	2,018.2

EQUITY AND LIABILITIES

EUR million	Note	Dec. 31, 2020	Dec. 31, 2019
Equity	6	835.4	835.4
Provisions	7	4.9	3.0
Liabilities	8		
Bonds		0.0	419.8
Liabilities due to banks		5.3	23.2
Trade payables		0.1	0.1
Liabilities to affiliated companies		299.6	620.2
Liabilities to shareholders		401.7	75.8
Other liabilities		2.6	40.6
		709.4	1,179.7
		1,549.7	2,018.2

Haniel Finance Deutschland GmbH

Income statement

FOR THE PERIOD FROM JANUARY 1, 2020 TO DECEMBER 31, 2020

EUR million	Note	2020	2019
Revenue	10	0.1	0.1
Other operating income	11	97.0	75.8
Other operating expenses	12	-0.3	-0.6
		96.8	75.3
Net investment result	13	0.0	38.3
Other net financial income	14	-30.1	-18.0
Result before income taxes		66.7	95.7
Income taxes		0.0	-0.1
Result after income taxes		66.7	95.5
Result transferred pursuant to a profit and loss transfer agreement		-66.7	-95.5
Net income for the year		0.0	-0.0

Haniel Finance Deutschland GmbH

Statement of cash flows

FOR THE PERIOD FROM JANUARY 1, 2020 TO DECEMBER 31, 2020

EUR million	2020	2019
Result after income taxes	66.7	95.5
Depreciation/amortization (+)/write-ups (-) of fixed assets	-41.7	-0.7
Increase (+)/decrease (-) in provisions	1.9	1.0
Other non-cash income (-) and expenses (+)	-2.5	-2.1
Reclassification of income (-)/expenses (+) from the disposal of fixed assets	-2.8	-50.0
Increase (-)/decrease (+) in other receivables and other current assets	-0.4	12.2
Increase (+)/decrease (-) in other current liabilities	0.0	15.0
Cash inflow (+)/outflow (-) from operating activities	21.3	71.1
Increase (-)/decrease (+) in receivables from and liabilities to affiliated companies and investments	-210.1	85.0
Inflows (+) from the disposal of long-term financial assets and from the investment of cash funds for short-term cash management	446.0	1,180.3
Outflows (-) from additions to long-term financial assets and for the investment of cash funds for short-term cash management	-467.3	-433.0
Cash inflow (+)/outflow (-) from investing activities	-231.4	832.4
Profit/loss transfer to parent company	-66.7	-95.5
Decrease (-) in liabilities to shareholders	325.9	-330.8
Cash proceeds (+) from the issuance of financial liabilities	221.6	23.2
Cash repayments (-) of financial liabilities	-646.8	-52.2
Cash inflow (+)/outflow (-) from financing activities	-166.1	-455.4
Change in cash and cash equivalents	-376.2	448.1
Cash and cash equivalents at the beginning of the period	531.5	83.4
Cash and cash equivalents at the end of the period	155.3	531.5

The cash flow from operating activities includes interest income in the amount of EUR 16.4 million (previous year: EUR 14.6 million), interest payments of EUR 3.2 million (previous year: EUR 8.9 million) as well as tax payments of EUR 0.0 million (previous year: EUR 0.3 million).

Notes

General disclosures and accounting policies

General disclosures and other explanatory information on the annual financial statements

The annual financial statements of our Company have been prepared in accordance with the accounting standards of the German Commercial Code (Handelsgesetzbuch, "HGB") and the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung, "GmbHG").

Haniel Finance Deutschland GmbH is domiciled in Duisburg, Germany, and entered in the commercial register of the Duisburg Local Court (Amtsgericht) under the number HR B 9301.

The Company is a small corporation pursuant to section 267 (1) HGB.

Accounting policies

Shares in affiliated companies and investments in associated companies are recognized at cost or the lower fair value if an impairment is expected to be permanent. Shares in venture capital funds are reported under other investments. When accounting for the shares in the venture capital funds, the Company exercises the option provided under section 253 (3) sentence 6 HGB, in accordance with which impairments are recognized in relation to the venture capital funds even if they are not expected to be permanent. Long-term securities are recognized at cost. Upon subsequent measurement, the Company exercises the option afforded under section 253 (3) sentence 6 HGB. Write-downs are recognized even if an impairment is not expected to be permanent. Loans are recognized at their nominal amounts. If an impairment is expected to be permanent, they are recognized at the lower fair value. 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. Receivables from tax credits are recognized at their present value. Marketable securities are recognized at cost or the lower quoted or market price as of the reporting date.

Cash and cash equivalents are recognized using the nominal amount. Money market funds, which are recognized as cash on hand, are recognized at cost or the lower quoted or market price as of the reporting date.

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 parity 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.

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 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 charged to net financial income.

Liabilities are recognized at their settlement amounts.

Deferred taxes are recognized for all temporary differences between the carrying amounts and tax bases for assets, liabilities, prepaid expenses and deferred income. Since Haniel Finance Deutschland GmbH is a member of the consolidated tax group of Franz Haniel & Cie. GmbH, the deferred taxes of the consolidated tax group subsidiaries are accounted for at the parent, Franz Haniel & Cie. GmbH. Deferred tax assets on tax loss carryforwards 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, the Company does not exercise the corresponding option to recognize this under section 274 (1) sentence 2 HGB.

Deferred taxes are generally 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. The Company's share of taxes is calculated based on its applicable company-specific tax rate of 34.0 percent (previous year: 34.0 percent).

Notes to the statement of financial position

1 Financial assets

Changes in financial assets are presented in the statement of changes in fixed assets. Disclosures relating to the shareholdings of Haniel Finance Deutschland GmbH are provided in note 16 below.

EUR million	Cost				
	Jan. 1, 2020	Additions	Disposals	Currency adjustments	Dec. 31, 2020
Loans to affiliated companies	4.0		-1.0		3.0
Investments in associated companies	1,218.1				1,218.1
Other investments	32.8	6.2	-0.3	-0.3	38.4
Long-term securities	96.3	114.6	-20.1	-2.7	188.2
Other loans	0.0	5.0			5.0
	1,351.2	125.8	-21.4	-3.0	1,452.6

Changes to loans to affiliated companies related to the regular repayment of long-term loans in connection with Group financing.

Reversals of write-downs of investments in associated companies related to the Company's investment in CECONOMY AG.

Other investments related exclusively to the Company's equity investments in venture capital funds.

Long-term securities consisted of medium- and long-term investments in financial assets such as investment funds, equities and debt.

The additions to other loans related to a bond held as a financial investment.

Accumulated amor-					Carrying amount	
Jan. 1, 2020	Impairments	Reversals	Disposals	Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
0.0				0.0	3.0	4.0
-962.0		48.6		-913.5	304.6	256.0
-0.9	-1.6	0.8	0.0	-1.7	36.6	31.9
-0.3	-33.8	27.7	1.5	-4.9	183.3	96.0
0.0				0.0	5.0	0.0
-963.3	-35.4	77.1	1.5	-920.1	532.5	387.9

2 Receivables from affiliated companies

Receivables from affiliated companies included the receivable for the internal financing of Group companies, all of which have a remaining term of less than one year.

3 Other assets

Other assets include interest receivables of EUR 0.8 million (previous year: EUR 0.1 million) and tax receivables of EUR 0.5 million (previous year: EUR 0.4 million).

Other assets all have a remaining term of less than one year.

4 Securities

In particular, securities included the ordinary shares in METRO AG held by the Company. Securities also included short-term financial investments in commercial paper.

In the previous year, this item also included term deposits and notes of the exchangeable bond linked to the ordinary shares of CECONOMY AG which were repurchased during the current financial year but not yet withdrawn from exchange trading as of the reporting date; these were repaid during the fiscal year.

5 Prepaid expenses

During the previous year, prepaid expenses included the discount of the exchangeable bond linked to ordinary shares of CECONOMY AG, which was repaid during the financial year.

6 Equity

There were no restrictions on distributions in accordance with section 268 (8) HGB or section 253 (6) sentence 2 HGB as of the reporting date.

Haniel Finance Deutschland GmbH's result for the fiscal year is transferred in full by Franz Haniel & Cie. GmbH based on the existing profit and loss distribution agreement. Equity is composed of subscribed capital in the amount of EUR 25,000 (previous year: EUR 25,000) and capital reserves.

7 Provisions

The increase in provisions related primarily to provisions for expected losses in connection with negative market values of currency hedges.

There were no provisions for pensions and similar obligations, and no provisions for taxes.

8 Liabilities

All obligations of Haniel Finance Deutschland GmbH existing as of the reporting date are presented under liabilities. The various types and remaining maturities of the other liabilities as of December 31, 2020 are presented in the table below:

EUR million	Dec. 31, 2020				Dec. 31, 2019			
	Total	Up to 1 year	More than 1 year	More than 5 years	Total	Up to 1 year	More than 1 year	More than 5 years
Bonds	0.0				419.8	419.8		
Liabilities due to banks	5.3	5.3			23.2	23.2		
Trade payables	0.1	0.1			0.1	0.1		
Liabilities to affiliated companies	299.6	299.6			620.2	620.2		
Liabilities to shareholders	401.7	401.7			75.8	75.8		
Other liabilities	2.6	2.6			40.6	40.6		
	709.4	709.4	0.0	0.0	1,179.7	1,179.7	0.0	0.0

The exchangeable bond issued in fiscal year 2015 – which was linked to ordinary shares in the former METRO AG, had an original principal amount of EUR 500.0 million and a five-year term to maturity, and was subsequently linked to shares in the renamed CECONOMY AG in fiscal year 2017 following the demerger of METRO AG – was repaid during the current fiscal year. The bondholders did not exercise their conversion rights, and the exchangeable bond was therefore repaid in cash.

The option premium collected, amounting to EUR 38.0 million and recognized under other liabilities, was expensed in full as a result of the repayment of the exchangeable bond during the fiscal year.

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

Liabilities to affiliated companies include liabilities from the current internal financing of Group companies.

The Company has not provided its own collateral for the liabilities.

9 Contingent liabilities and other financial commitments

There were no contingent liabilities as at the reporting date.

Notes to the income statement

The income statement was prepared using the classification pursuant to section 275 (2) HGB (nature of expense method).

10 Revenue

Revenue includes revenue received in connection with the provision of various financial services for Group companies.

11 Other operating income

Other operating income is presented in the table below:

EUR million	2020	2019
Income from disposals of long-term financial assets	2.8	50.0
Income from reversals of impairments of long-term financial assets	49.4	1.3
Income from derivatives	38.0	24.5
Other income	6.9	0.0
	97.0	75.8

During the fiscal year, income from disposals of long-term financial assets consisted primarily of income from the disposal of shares in venture capital funds. In the previous year, this item included EUR 49.0 million in gains from the sale of ordinary shares in METRO AG.

Income from reversals of impairments of long-term financial assets in the current fiscal year included EUR 48.6 million relating to reversals of the write-downs on the CECONOMY AG investment. The item also includes reversals of write-downs on shares in venture capital funds held as investments.

In the current fiscal year, income from derivatives consisted solely of income from the derecognition in full of the liabilities from the obligation to deliver ordinary shares in CECONOMY AG upon conversion of the exchangeable bond (previous year: EUR 3.6 million). In the previous year, this item also included income amounting to EUR 20.9 million related to the realization of option premiums in connection with the disposal of ordinary shares in METRO AG.

Other income consists of dividends from marketable securities.

12 Other operating expenses

Other operating expenses includes EUR 0.3 million (previous year: EUR 0.6 million) in expenses such as custodial, accounting and audit fees.

13 Net investment result

EUR million	2020	2019
Income from investments	0.0	38.3
Write-downs on investments	0.0	0.0
	0.0	38.3

Income from investments related to METRO AG in the previous year.

14 Other net financial income

EUR million	2020	2019
Income from other securities and long-term loans	4.5	0.9
of which from affiliated companies	(0.1)	(0.1)
Other interest and similar income	49.0	25.9
of which from affiliated companies	(9.1)	(8.8)
Write-downs and reversals of write-downs on long-term securities and marketable securities	-33.7	-17.4
Interest and similar expenses	-49.8	-27.4
of which for affiliated companies	(-3.8)	(-3.3)
of which interest cost on provisions	(0.0)	(0.0)
	-30.1	-18.0

Income from other securities and long-term loans related to interest income from debt securities and long-term loans to affiliated companies, as well as to distributions from investment funds and dividends from shares. The increase was due to the establishment of an investment portfolio at the end of the previous year.

Write-downs and reversals of write-downs on long-term securities and marketable securities amounting to EUR 6.1 million (previous year: EUR 1.0 million) were recognized for fixed assets. This item includes write-downs and reversals of write-downs on debt securities, equities, investment funds held as medium- and long-term investments, as well as write-downs on investments in venture capital funds. Reversals of write-downs on investments are presented under other operating income. In addition, the item includes EUR 25.5 million in write-downs relating to ordinary shares in METRO AG (previous year: EUR 15.6 million).

Other interest and similar income includes currency translation gains totaling EUR 39.9 million (previous year: EUR 15.6 million). Interest and similar expenses includes currency translation losses totaling EUR 42.0 million (previous year: EUR 17.0 million).

Other notes

15 Derivative financial instruments

Haniel Finance Deutschland GmbH is exposed to currency and interest rate risks as part of its business. Derivative financial instruments, such as currency forwards, swaps and options, are generally used to hedge these risks.

Derivative financial instruments are used wherever possible and expedient to hedge against interest rate risks and exchange rate risks in relation to financial receivables and liabilities. To that end, currency forwards were used during the current fiscal year.

As of the reporting date no valuation units from derivative financial instruments and related hedged items were formed.

EUR million	Notional value		Fair value		Carrying amount	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Currency forwards						
Derivatives with affiliated companies	44.2	28.1		-0.3	-1.1	-0.3
Derivatives with third parties	224.0	196.0	-0.5	-0.5	-2.4	-1.3

As of the reporting date, a EUR 3.5 million provision for expected losses was recognized for negative fair values of derivative financial instruments which had not been combined to form valuation units (previous year: EUR 1.6 million). The provision for expected losses was recognized under other provisions. Under the imparity principle, positive unrealized fair values are generally subject to a prohibition on recognition.

The fair values of the derivatives are determined by discounting the expected future cash flows. Discounting is based on arm's-length interest rates over the remaining term of the instruments.

The remaining term of the notional value of derivatives is as follows:

EUR million	Remaining terms			Notional value	
	Up to 1 year	More than 1 year	More than 5 years	Dec. 31, 2020	Dec. 31, 2019
Currency forwards					
Derivatives with affiliated companies	43.4	0.8		44.2	28.1
Derivatives with third parties	223.2	0.8		224.0	196.0

16 Disclosures on shareholdings

The following list contains the companies in which Haniel Finance Deutschland GmbH has an equity interest.

	Shareholding	Equity		Result	
		Total	Share	2020	
	%	EUR million	EUR million	EUR million	
CECONOMY AG, Düsseldorf	22.54	1,149	259	-38	

17 Events after the reporting date

In the first quarter of 2021, the Company sold the entirety of its investments in venture capital funds to a different Haniel Group company.

At the Annual General Meeting on February 17, 2021, the shareholders in CECONOMY AG approved the proposed capital increase and the issuance of convertible bonds, in both instances against in-kind contributions and excluding statutory pre-emptive subscription rights, in connection with the acquisition of the minority interest in MediaMarktSaturn. This transaction is expected to close at the earliest by the end of the first quarter of 2021. In light of the capital increase under the exclusion of statutory pre-emptive subscription rights, the Company's share of voting rights in CECONOMY AG will fall from 22.71 percent to 16.79 percent.

18 Further disclosures

The managing directors of the Company are:

Dr Axel Gros, Marl, Head of Treasury & Finance (Franz Haniel & Cie. GmbH)

Uta Stein, Wesel, Head of Accounting & Controlling (Franz Haniel & Cie. GmbH)

Christian Rube, Düsseldorf, Senior Financing Manager (Franz Haniel & Cie. GmbH) (from May 31, 2020)

Christian Wirtz, Moers, Senior Cash & FX Manager (Franz Haniel & Cie. GmbH) (from August 19, 2020)

Remuneration of the managing directors

The managing directors do not receive any remuneration from the Company.

Number of employees

The Company does not have any employees.

Parent company

The Company is a subsidiary of Franz Haniel & Cie. GmbH, Duisburg, HR B 25, Local Court (Amtsgericht) Duisburg. Franz Haniel & Cie. GmbH, Duisburg, prepares consolidated financial statements for the smallest group of consolidated companies in which Haniel Finance Deutschland GmbH, Duisburg, is included. These consolidated financial statements are submitted to the Electronic Federal Gazette.

Duisburg, March 9, 2021

The Management



Dr. Axel Gros



Uta Stein



Christian Rube



Christian Wirtz

haniel.de/en