

Franz Haniel Subgroup
Investor Information
2021

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Franz Haniel Subgroup

Statement of financial position

ASSETS				
EUR million	Note	Dec. 31, 2021	Dec. 31, 2020	
Property, plant and equipment		28.2	27.2	
Intangible assets		19.2	19.4	
Investments in affiliated companies	1	2,221.2	1,835.4	
Investments accounted for at equity	2	341.5	303.8	
Financial assets	3	411.0	361.5	
Deferred taxes		78.7	100.5	
Non-current assets		3,099.8	2,647.8	
Receivables from affiliated companies and other current assets	4	417.1	293.3	
Financial assets	5	90.1	19.9	
Income tax assets		16.8	21.7	
Cash and cash equivalents		1.1	155.7	
Assets held for sale	6	0.0	82.5	
Current assets		525.2	573.2	
Total assets		3,625.0	3,221.0	

EQUITY AND LIABILITIES

EUR million	Note	Dec. 31, 2021	Dec. 31, 2020
Equity of shareholders of Franz Haniel & Cie. GmbH		2,846.5	2,769.2
Non-controlling interests		2.6	2.7
Equity	7	2,849.1	2,772.0
Financial liabilities	8	80.3	103.3
Pension provisions	9	120.0	135.5
Other non-current provisions	9	56.3	43.8
Non-current liabilities		256.7	282.6
Financial liabilities	8	463.8	116.9
Current provisions	9	20.2	22.8
Trade payables and similar liabilities		0.8	1.0
Income tax liabilities		1.3	0.7
Other current liabilities	10	33.1	24.9
Current liabilities		519.1	166.3
Total equity and liabilities		3,625.0	3,221.0

Franz Haniel Subgroup

Income statement

EUR million	Note	2021	2020
Other operating income		10.5	6.7
Personnel expenses	11	-36.8	-47.0
Other operating expenses		-38.8	-24.4
EBITDA		-65.2	-64.7
Depreciation and amortization		-2.3	-2.5
Operating profit		-67.5	-67.3
Result from investments accounted for at equity	2	44.3	29.9
Other investment result	12	144.1	-91.7
Finance costs	13	-14.4	-16.3
Other net financial income	14	25.2	7.4
Net financial income		199.2	-70.7
Profit before taxes		131.7	-138.0
Income tax expenses		8.4	37.1
Profit after taxes from continuing operations		140.1	-100.9
Profit after taxes from discontinued operations	15	0.0	-22.8
Profit after taxes		140.1	-123.7
of which attributable to non-controlling interests		-0.1	0.1
of which attributable to shareholders of Franz Haniel & Cie. GmbH		140.2	-123.8

Franz Haniel Subgroup

Statement of comprehensive income

EUR million	Note	2021	2020
Profit after taxes		140.1	-123.7
Remeasurements of defined benefit plans recognized in other comprehensive income		12.4	-10.5
Deferred taxes on remeasurements of defined benefit plans recognized in other comprehensive income		-3.8	3.2
Remeasurements of defined benefit plans		8.6	-7.3
Pro-rata other comprehensive income not to be reclassified to profit or loss from investments accounted for at equity		6.3	-1.4
Remeasurement of financial investments in equity instruments		0.0	0.0
Total other comprehensive income not to be reclassified to profit or loss		14.9	-8.7
Remeasurement of derivative financial instruments		0.0	0.0
Income and expenses recognized in equity from remeasurement of financial assets available for sale			0.3
Reversals recognized in profit or loss			0.0
Deferred taxes on remeasurement of financial assets available for sale			-0.1
Remeasurement of financial investments in debt instruments			0.2
Income and expenses recognized in equity from changes recognized directly in equity of investments accounted for at equity		-13.1	-20.0
Reversals recognized in profit or loss		0.0	0.0
Other comprehensive income from investments accounted for at equity		-13.1	-20.0
Total other comprehensive income to be reclassified to profit or loss and reversals recognized in profit or loss		-13.1	-19.8
Total other comprehensive income		1.7	-28.5
of which attributable to non-controlling interests		0.0	-0.1
of which attributable to shareholders of Franz Haniel & Cie. GmbH		1.7	-28.4
Comprehensive income		141.9	-152.2
of which attributable to non-controlling interests		-0.1	-0.0
of which attributable to shareholders of Franz Haniel & Cie. GmbH		142.0	-152.2

Franz Haniel Subgroup

Statement of changes in equity

CHANGES IN 2021

EUR million	Subscribed capital	Capital reserve	Accumulated other comprehensive income	Retained earnings	Treasury shares	Equity of shareholders of Franz Haniel & Cie. GmbH	Non-controlling interests	Equity
As of Jan. 1, 2021	1,000.0	678.0	-227.1	1,347.4	-29.1	2,769.2	2.7	2,772.0
Dividends				-60.0		-60.0		-60.0
Changes in the scope of consolidation						0.0		0.0
Capital measures						0.0		0.0
Changes in treasury shares					-4.7	-4.7		-4.7
Comprehensive income			1.7	140.2		142.0	-0.1	141.9
of which profit after taxes				140.2		140.2	-0.1	140.1
of which other comprehensive income			1.7			1.7		1.7
As of Dec. 31, 2021	1,000.0	678.0	-225.4	1,427.7	-33.8	2,846.5	2.6	2,849.1

CHANGES IN 2020

EUR million	Subscribed capital	Capital reserve	Accumulated other comprehensive income	Retained earnings	Treasury shares	Equity of shareholders of Franz Haniel & Cie. GmbH	Non-controlling interests	Equity
As of Jan. 1, 2020	1,000.0	678.0	-198.7	1,531.3	-27.3	2,983.2	2.7	2,985.9
Dividends				-60.0		-60.0		-60.0
Changes in the scope of consolidation						0.0		0.0
Capital measures						0.0		0.0
Changes in treasury shares					-1.7	-1.7		-1.7
Comprehensive income			-28.4	-123.8		-152.2	0.0	-152.2
of which profit after taxes				-123.8		-123.8	0.1	-123.7
of which other comprehensive income			-28.4			-28.4	-0.1	-28.5
As of Dec. 31, 2020	1,000.0	678.0	-227.1	1,347.5	-29.1	2,769.3	2.7	2,772.0

Franz Haniel Subgroup

Statement of cash flows

For the purpose of providing information to investors, the cash flow of the Franz Haniel Subgroup is presented below in a format that reflects the source and application of funds approach used for business management purposes. The measure of earnings indicated by the statement of cash flows is the change in net financial liabilities to third parties, which is calculated by subtracting cash and cash equivalents from financial liabilities to third parties (Note 8).

EUR million	2021	2020
Dividends received	157	132
Other operating cash flow	-44	-40
Interest paid	1	6
Operating cash flow	114	98
Dividend payments to shareholders	-60	-60
Purchase of treasury shares	-5	-2
Divestments/investments	-530	-10
Cash change in net financial liabilities to third parties	-481	26
Non-cash change in net financial liabilities to third parties	-1	-1
Change in net financial liabilities to third parties	-482	25

Interest payments include EUR 16 million in interest inflows (previous year: EUR 17 million) and EUR 19 million in interest outflows (previous year: EUR 11 million). As in the previous year, no income tax payments were made in the fiscal year.

Notes

A. General basis of presentation

Accounting principles

These consolidated financial statements of the Franz Haniel Subgroup serve the purpose of informing the capital market about the net assets, financial position and results of operations of Franz Haniel & Cie. in its capacity as an investor. Against this background, the majority investments in the BauWatch, BekaertDeslee, CWS, Emma, KMK kinderzimmer, Optimar, ROVEMA and TAKKT business units, and their subsidiaries, have not been fully consolidated in these consolidated financial statements of the Franz Haniel Subgroup.

For the rest, subject to certain limitations, the consolidated financial statements of the Franz Haniel Subgroup for the year ended December 31, 2021 have been prepared in accordance with the mandatory International Financial Reporting Standards (IFRS) in effect on the reporting date and adopted by the Commission of the European Union, and in accordance with the supplementary requirements applicable under Section 315e (1) HGB (Handelsgesetzbuch – German Commercial Code). These limitations relate to the scope of disclosures in the notes.

The accounting policies applied by the Haniel Group were also applied in the preparation of these consolidated financial statements of the Subgroup. They are described in Haniel's consolidated financial statements, which are published on its website (www.haniel.de/en). Given that the function of the consolidated financial statements for the Subgroup is primarily to provide investors with relevant information, the disclosures and explanations contained in these notes deviate in certain respects from IFRSs.

The Franz Haniel Subgroup consolidated financial statements are integrated, in the present form, into Haniel's consolidated financial statements.

The reporting currency is the euro; all figures are presented in millions of euros (EUR million). In rare cases, this can give rise to rounding differences. For enhanced transparency of presentation, certain items in the statement of financial position and the income statement have been combined. These are explained in detail in the notes. In accordance with IAS 1, the statement of financial position has been classified into non-current and current items. The income statement has been prepared using the nature of expense method.

Consolidation principles

The investments in the holding companies of the BauWatch, BekaertDeslee, CWS, Emma, KMK kinderzimmer, Optimar, ROVEMA and TAKKT business units are measured at cost and are included in the investments in affiliated companies.

Associates as defined by IFRS 11 and associates as defined by IAS 28 are accounted for using the equity method. Associates are companies on which significant influence is exercised. This is normally assumed to be the case with an equity investment of between 20 and 50 percent.

Intragroup profits and losses, sales, income and expenses as well as receivables and payables between companies included in the consolidated financial statements of the Subgroup are eliminated.

Scope of consolidation

Aside from Franz Haniel & Cie. GmbH, ten (previous year: eight) companies were fully included in the consolidated financial statements of the Subgroup as of December 31, 2021:

- ELG Carbon Fibre International GmbH
- Haniel Finance Deutschland GmbH
- Haniel Beteiligungs-GmbH

- Haniel Invest 1 GmbH
- Haniel Immobilien Verwaltungsgesellschaft mbH
- Haniel Immobilien GmbH & Co. KG
- GEWERKSCHAFT SCHIFFSRUDER Verwaltungsgesellschaft für Bergvermögen mbH
- Objekt Niederlehme Verwaltungsgesellschaft mbH
- Objekt Niederlehme Verwaltungsgesellschaft mbH & Co. Grundstücks KG
- VBM Grundstücks- und Projektentwicklungsgesellschaft AG

The fully consolidated subsidiaries are generally wholly owned. The changes as compared to the previous year occurred due to acquisitions.

Aside from the fully consolidated subsidiaries, as in the previous year, one associated company is recognized in the Subgroup's consolidated financial statements using the equity method.

B. Notes to the statement of financial position

1 Investments in affiliated companies

Investments in affiliated companies chiefly comprise the investments in the holding companies of the BauWatch, BekertDeslee, CWS, Emma, KMK kinderzimmer, Optimar, ROVEMA and TAKKT business units and are measured at cost in the amount of EUR 2,221 million (previous year: EUR 1,835 million).

The changes in the current year related to the acquisitions of the BauWatch and KMK kinderzimmer business units, the increase in shares in the TAKKT business unit and the disposal of the ELG business unit.

2 Investments accounted for at equity

EUR million	2021	2020
As of Jan. 1	303.8	295.3
Additions	0.3	
Changes in equity interest recognized in profit or loss	44.3	-57.1
Changes in equity interest recognized in other comprehensive income	-6.8	-21.4
Impairments and reversals of impairments		87.0
As of Dec. 31	341.5	303.8

As of the reporting date, the item again consisted exclusively of the Subgroup's investment in CECONOMY AG.

The CECONOMY investment contributed earnings in the amount of EUR 44 million (previous year: EUR 30 million). The result for the previous year included EUR 87 million in reversals of impairment losses. As in the previous year, the Subgroup did not receive any dividends from CECONOMY AG during the current fiscal year.

The stock market value of Haniel's 22.55 percent interest (previous year: 22.54 percent) in the ordinary and preferred shares of CECONOMY AG as of the reporting date amounted to EUR 307 million (previous year: EUR 459 million), valued at a share price of EUR 3.79 (previous year: EUR 5.67) per ordinary share.

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. Due to the initiation of an approval proceeding before the Düsseldorf Higher Regional Court (Oberlandesgericht) pursuant to German stock corporation law, this capital increase has not yet been executed. Following the opinion of the Higher Regional Court, CECONOMY AG intends to submit the proposal to a vote once again at an extraordinary general meeting on April 12, 2022. Provided the extraordinary general meeting consents to the measure, the Management Board of CECONOMY AG anticipates formal completion of the transaction in the fiscal year ending on September 30, 2022. In light of the capital increase under the exclusion of statutory pre-emptive subscription rights, the Subgroup's share of voting rights in CECONOMY AG will fall from 22.71 percent to 16.79 percent.

3 Financial assets

EUR million	Dec. 31, 2021	Dec. 31, 2020
Debt instruments measured at fair value through profit or loss	309.4	211.9
Equity instruments measured at fair value through profit or loss	38.6	22.4
Debt instruments measured at amortized cost	0.0	4.9
Debt instruments measured at fair value through other comprehensive income	20.4	20.5
Loans to affiliated companies	42.6	101.7
	411.0	361.5

Debt instruments measured at fair value through profit or loss includes the Subgroup's investments in equity funds, partnerships and investments in investment funds and structured debt instruments held as medium- and long-term investments.

Equity instruments measured at fair value through profit or loss included shares held as medium- and long-term investments and direct investments in companies in the growth phase.

Equity instruments measured at fair value through other comprehensive income include debt instruments held as medium and long-term investments.

Loans to affiliated companies include long-term loans to Group companies. That change related primarily to the transfer of a loan tranche falling due as scheduled in the coming year to current financial assets as well as the granting of a loan to a business unit.

4 Receivables from affiliated companies and other current assets

EUR million	Dec. 31, 2021	Dec. 31, 2020
Receivables from affiliated companies	411.5	285.9
Derivative financial instruments	1.7	3.0
Other current assets	4.0	4.4
	417.1	293.3

Receivables from affiliated companies include receivables from the financing of Group companies.

Current assets included interest claims in the amount of EUR 1 million (previous year: EUR 1 million).

5 Financial assets

EUR million	Dec. 31, 2021	Dec. 31, 2020
Equity instruments measured at fair value through profit or loss	90.1	0.0
Debt instruments measured at amortised cost	0.0	19.9
	90.1	19.9

Equity instruments measured at fair value through profit or loss consists solely of all ordinary shares in METRO AG held by the Subgroup. In the previous year, these shares were reported as held for sale.

In the previous year, debt instruments measured at amortized cost included short-term investments commercial paper, which were held until their scheduled maturity as investments of cash and cash equivalents.

6 Assets held for sale

In the previous year, assets held for sale consisted exclusively of all ordinary shares in METRO AG held by the Subgroup. In the current year, these assets were reclassified as current financial assets.

7 Equity

As of December 31, 2021, the subscribed capital of Franz Haniel & Cie. GmbH remained unchanged at EUR 1,000 million. All shares are fully paid-in and held either directly or indirectly by the Haniel family.

Changes in equity are shown in the statement of changes in equity on page 8.

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

8 Current and non-current financial liabilities

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

EUR million	Dec. 31, 2021				Dec. 31, 2020			
	Up to 1 year	1 to 5 years	More than 5 years	Total	Up to 1 year	1 to 5 years	More than 5 years	Total
Liabilities due to banks	282.4			282.4	5.3			5.3
Bonds, commercial paper and other securitized debt	90.0			90.0	20.0			20.0
Liabilities to shareholders	82.9	46.6	0.0	129.5	66.7	71.9		138.7
Other financial liabilities	8.3	33.5	0.1	41.8	21.6	30.9	0.4	52.9
Financial liabilities to third parties	463.8	80.2	0.1	544.1	113.8	102.9	0.4	217.1
Liabilities to affiliated companies				0.0	3.1			3.1
Financial liabilities	463.8	80.2	0.1	544.1	116.9	102.9	0.4	220.2

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

Bonds, commercial paper and other securitized debt consist exclusively of issued commercial paper.

The increase in both items was due in particular to the financing of portfolio transactions executed in the current year.

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

Net financial liabilities to third parties, including cash and cash equivalents, amounted to EUR 543 million (previous year: EUR 61 million).

9 Provisions

EUR million	Dec. 31, 2021	Dec. 31, 2020
Pension provisions	120.0	135.5
Provisions for personnel	52.0	38.0
Miscellaneous non-current provisions	4.3	5.8
Other non-current provisions	56.3	43.8
Provisions for personnel	8.8	10.4
Miscellaneous current provisions	11.3	12.5
Current provisions	20.2	22.8

The increase in non-current provisions for personnel was attributable in particular to regular endowments to a long-term remuneration plan.

10 Other current liabilities

Other current liabilities are presented in the table below:

EUR million	Dec. 31, 2021	Dec. 31, 2020
Liabilities for other taxes	0.6	0.5
Accrued expenses	24.2	14.7
Derivative financial instruments	2.2	3.5
Miscellaneous current liabilities	6.1	6.1
	33.1	24.9

The increase in accrued expenses was attributable primarily to M&A advisory services received but not yet invoiced.

C. Notes to the income statement

11 Personnel expenses

EUR million	2021	2020
Wages and salaries	-35.4	-43.6
Social security	-1.6	-1.5
Expenses for pensions and other benefits	-2.8	-3.9
Reversals of provisions for personnel expenses	3.0	2.0
	-36.8	-47.0

Under wages and salaries, expenses in relation to regular endowments to a long-term remuneration plan were lower in the current fiscal year than in the previous year.

12 Other investment result

EUR million	2021	2020
Result from investments in affiliated companies	119.7	101.5
Impairments on carrying amounts of affiliated companies	-30.4	-204.0
Result from financial assets measured at fair value through profit or loss	54.8	10.7
Result from financial assets available for sale	0.0	0.0
	144.1	-91.7

In the current year, write-downs of carrying amounts of investments in, and disposal gains/losses on, affiliated companies included the loss on the disposal of an affiliated company. In the previous year, the carrying amounts of investments in two affiliated companies were written down.

The result from financial assets measured at fair value through profit or loss is attributable to results from debt instruments and results from equity instruments.

EUR million	2021	2020
Result from debt instruments measured at fair value through profit or loss	31.3	10.2
Result from equity instruments measured at fair value through profit or loss	23.5	0.5
	54.8	10.7

Debt instruments consisted primarily of fair value changes and distributions from investments in equity funds, direct investments in partnerships and investment funds held as medium- and long-term investments. Equity instruments consist of fair value changes and dividends from equities and direct investments in corporations, specifically from the investment in METRO AG.

13 Finance costs

EUR million	2021	2020
Interest and similar expenses	-13.7	-14.9
Interest expenses for pension and other provisions	-0.7	-1.3
	-14.4	-16.3

14 Other net financial income

EUR million	2021	2020
Interest and similar income	21.7	13.7
Miscellaneous financial income	3.5	-6.3
	25.2	7.4

Changes in the fair value of derivative financial instruments recognized in profit or loss amounted to EUR 0 million in the fiscal year (previous year: EUR 0 million) and are included in miscellaneous financial income.

The net exchange differences amounted to EUR 0 million in the fiscal year (previous year: EUR -3 million) and are recognized in miscellaneous financial income.

15 Profit after taxes from discontinued operations

In the previous year, the profit or loss from discontinued operations included the earnings contribution from the investment in METRO AG. Given the reclassification of the investment in METRO AG as a continuing operation, the earnings contributions will be reported under other investment result from the current fiscal year onwards.

D. Other notes

16 Financial risk management

In the context of its operating activities, the Franz Haniel Subgroup and its business units are exposed to financial risks. These primarily include liquidity risks, default risks, and risks resulting from changes in interest and exchange rates. The purpose of financial risk management is to reduce the extent of these financial risks.

Haniel's Management Board lays down the basic guidelines for financial risk management and determines the general procedures to be followed for hedging financial risks. The Subgroup's financial risk management structure mirrors that implemented by the Haniel Group. Further information is provided in Haniel's consolidated financial statements, which are published on its website (www.haniel.de/en).

17 Contingent liabilities

EUR million	Dec. 31, 2021	Dec. 31 2020
Liabilities from		
miscellaneous guarantees	453.3	421.2
	453.4	421.2

As in the previous year, no contingent receivables exist as of the reporting date. The increase in guarantees related to the transfer of a guarantee in the context of a disposal.

18 Value of the investment portfolio

The value of the investment portfolio as of December 31, 2021 amounted to EUR 5,371 million (previous year: EUR 5,103 million). The market value is calculated as the sum of the valuations of the business units, the CECONOMY AG financial investment and other assets, less net financial liabilities. The listed business units 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.

19 Events after the reporting date

There have been no reportable events after the reporting date.

20 Profit appropriation proposal of Franz Haniel & Cie. GmbH

After deducting appropriate write-downs and recognizing adequate valuation allowances and provisions, the net income for the fiscal year reported in the annual financial statements of Franz Haniel & Cie. GmbH, prepared in accordance with the German Commercial Code, amounts to EUR 65 million.

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

A handwritten signature in black ink, appearing to be 'Schmidt', written in a cursive style.

Schmidt

A handwritten signature in black ink, appearing to be 'Funck', written in a cursive style.

Funck

Publication details

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These consolidated 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.

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