

Franz Haniel Subgroup
Investor Information
2022

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Franz Haniel Subgroup

Statement of financial position

ASSETS				
EUR million	Note	Dec. 31, 2022	Dec. 31, 2021	
Property, plant and equipment		33.3	28.2	
Intangible assets		18.7	19.2	
Investments in affiliated companies	1	2,266.9	2,221.2	
Investments accounted for at equity	2	255.0	341.5	
Financial assets	3	449.8	411.0	
Deferred taxes		55.7	78.7	
Non-current assets		3,079.4	3,099.8	
Receivables from affiliated companies and other current assets	4	191.2	417.1	
Financial assets	5	89.2	90.1	
Income tax assets		17.9	16.8	
Cash and cash equivalents		12.2	1.1	
Current assets		310.5	525.2	
Total assets		3,389.9	3,625.0	

EQUITY AND LIABILITIES

EUR million	Note	Dec. 31, 2022	Dec. 31, 2021
Equity of shareholders of Franz Haniel & Cie. GmbH		2,527.6	2,846.5
Non-controlling interests		2.8	2.6
Equity	6	2,530.3	2,849.1
Financial liabilities	7	84.1	80.3
Pension provisions	8	87.2	120.0
Other non-current provisions	8	65.5	56.3
Non-current liabilities		236.8	256.7
Financial liabilities	7	578.6	463.8
Current provisions	8	26.5	20.2
Trade payables and similar liabilities		5.7	0.8
Income tax liabilities		1.1	1.3
Other current liabilities	9	10.8	33.1
Current liabilities		622.7	519.1
Total equity and liabilities		3,389.9	3,625.0

Franz Haniel Subgroup

Income statement

EUR million	Note	2022	2021
Other operating income		20.2	10.5
Personnel expenses	10	-36.6	-36.8
Other operating expenses		-24.9	-38.8
EBITDA		-41.2	-65.2
Depreciation and amortization		-2.0	-2.3
Operating profit		-43.3	-67.5
Result from investments accounted for at equity	2	-16.5	44.3
Other investment result	11	-80.2	144.1
Finance costs	12	-24.8	-14.4
Other net financial income	13	12.4	25.2
Net financial income		-109.2	199.2
Profit before taxes		-152.4	131.7
Income tax expenses		4.8	8.4
Profit after taxes		-147.7	140.1
of which attributable to non-controlling interests		0.1	-0.1
of which attributable to shareholders of Franz Haniel & Cie. GmbH		-147.8	140.2

Franz Haniel Subgroup

Statement of comprehensive income

EUR million	Note	2022	2021
Profit after taxes		-147.7	140.1
Remeasurements of defined benefit plans recognized in other comprehensive income		32.2	12.4
Deferred taxes on remeasurements of defined benefit plans recognized in other comprehensive income		-9.9	-3.8
Remeasurements of defined benefit plans		22.3	8.6
Pro-rata other comprehensive income not to be reclassified to profit or loss from investments accounted for at equity		-2.0	6.3
Remeasurement of financial investments in equity instruments		0.0	0.0
Total other comprehensive income not to be reclassified to profit or loss		20.3	14.9
Remeasurement of derivative financial instruments		0.0	0.0
Income and expenses recognized in equity from remeasurement of financial assets available for sale		-2.2	-0.1
Reversals recognized in profit or loss		0.0	0.0
Deferred taxes on remeasurement of financial assets available for sale		0.7	0.0
Remeasurement of financial investments in debt instruments		-1.5	-0.0
Income and expenses recognized in equity from changes recognized directly in equity of investments accounted for at equity		24.5	-13.1
Reversals recognized in profit or loss		16.4	0.0
Other comprehensive income from investments accounted for at equity		40.9	-13.1
Total other comprehensive income to be reclassified to profit or loss and reversals recognized in profit or loss		39.4	-13.1
Total other comprehensive income		59.7	1.7
of which attributable to non-controlling interests		-0.0	0.0
of which attributable to shareholders of Franz Haniel & Cie. GmbH		59.7	1.7
Comprehensive income		-88.0	141.9
of which attributable to non-controlling interests		0.1	-0.1
of which attributable to shareholders of Franz Haniel & Cie. GmbH		-88.1	142.0

Franz Haniel Subgroup

Statement of changes in equity

CHANGES IN 2022

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, 2022	1,000.0	678.0	-225.4	1,427.6	-33.8	2,846.4	2.6	2,849.1
Dividends				-79.3		-79.3	0.0	-79.3
Changes in the scope of consolidation			29.4	-131.6		-102.2		-102.2
Capital measures						0.0	0.0	0.0
Changes in treasury shares				0.0	-50.1	-50.2		-50.2
Comprehensive income of which profit after taxes			59.7	-147.8		-88.1	0.1	-88.0
of which other comprehensive income			59.7	-147.8		-147.8	0.1	-147.7
As of Dec. 31, 2022	1,000.0	678.0	-136.3	1,068.9	-83.9	2,526.6	2.7	2,529.4

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
Dividends				-60.0		-60.0	0.0	-60.0
Changes in the scope of consolidation			0.0	0.0		0.0		0.0
Capital measures						0.0		0.0
Changes in treasury shares					-4.7	-4.7		-4.7
Comprehensive income of which profit after taxes			1.7	140.2		142.0	-0.1	141.9
of which other comprehensive income			1.7	140.2		140.2	-0.1	140.1
As of Dec. 31, 2021		1,000.0	678.0	-225.4	1,427.7	-33.8	2,846.5	2.6

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	2022	2021
Dividends received	132	157
Other operating cash flow	-40	-44
Interest paid	3	1
Operating cash flow	95	114
Dividend payments to shareholders	-78	-60
Purchase of treasury shares	-50	-5
Divestments/investments	-51	-530
Cash change in net financial liabilities to third parties	-84	-481
Non-cash change in net financial liabilities to third parties	-1	-1
Change in net financial liabilities to third parties	-85	-482

Interest payments include EUR 28 million in interest inflows (previous year: EUR 16 million) and EUR 24 million in interest outflows (previous year: EUR 19 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 portfolio companies BauWatch, BekaertDeslee, CWS, Emma, KMK kinderzimmer, ROVEMA and TAKKT, 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, 2022 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 portfolio companies BauWatch, BekaertDeslee, CWS, Emma, KMK kinderzimmer, ROVEMA and TAKKT are measured at cost and are included in the investments in affiliated companies.

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, twelve (previous year: ten) companies were fully included in the consolidated financial statements of the Subgroup as of December 31, 2022:

- ELG Carbon Fibre International GmbH
- Haniel Finance Deutschland GmbH
- Haniel Beteiligungs-GmbH
- Haniel Enkelfähig 1 GmbH

- Haniel Invest 1 GmbH
- Haniel Immobilien Verwaltungsgesellschaft mbH
- Haniel Immobilien GmbH & Co. KG
- european primary placement facility (eppf) S.A.
- 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, three associated companies (previous year: one) are 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 portfolio companies BauWatch, BekaertDeslee, CWS, Emma, KMK kinderzimmer, ROVEMA and TAKKT and are measured at cost in the amount of EUR 2,267 million (previous year: EUR 2,221 million).

The changes in the current year related to the acquisitions of further shares in the portfolio companies BekaertDeslee, Emma and TAKKT and disposals in connection with the sale of shares in the portfolio company Optimar, which resulted in the loss in control over it. As a consequence, the equity interest in Optimar was presented as an investment accounted for at equity during the fiscal year.

2 Investments accounted for at equity

EUR million	2022	2021
As of Jan. 1	341.5	303.8
Additions	7.0	0.3
Changes in equity interest recognized in profit or loss	-16.5	44.3
Profit distributions	-13.8	
Changes in equity interest recognized in other comprehensive income	38.9	-6.8
Disposals and transfers	-102.2	
As of Dec. 31	255.0	341.5

As of the reporting date, this item included the Subgroup's equity interests in CECONOMY AG, Optimar International AS and greenzero-Beteiligungs-GmbH. The additions related to Optimar International AS, which had been reported as an affiliated company in the previous year, and greenzero-Beteiligungs-GmbH.

The carrying amount of the CECONOMY investment was EUR 248 million. During the fiscal year, its contribution to earnings was EUR -16 million (previous year: EUR 44 million). In the current fiscal year, the Subgroup received a EUR 14 million dividend from CECONOMY AG (previous year: EUR 0 million).

As the result of a capital increase at CECONOMY AG, in which Haniel did not participate, its shareholding fell to 16.70 percent (previous year: 22.55 percent). Disposals and transfers in the amount of EUR -102 million related in their entirety to the dilution of capital in connection with the capital increase, in which Haniel did not participate. Valued at a share price of EUR 1.86 per ordinary share (previous year: EUR 3.79), the stock market value of Haniel's equity investment was EUR 151 million as of the reporting date (previous year: EUR 307 million).

As of the reporting date, the carrying amount of the equity investment in Optimar was EUR 5 million and the carrying amount of the investment in greenzero-Beteiligungs-GmbH was EUR 2 million.

3 Financial assets

EUR million	Dec. 31, 2022	Dec. 31, 2021
Debt instruments measured at fair value through profit or loss	335.0	309.4
Equity instruments measured at fair value through profit or loss	56.5	38.6
Debt instruments measured at amortized cost	2.1	0.0
Debt instruments measured at fair value through other comprehensive income	14.2	20.4
Loans to affiliated companies	41.9	42.6
	449.8	411.0

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.

4 Receivables from affiliated companies and other current assets

EUR million	Dec. 31, 2022	Dec. 31, 2021
Receivables from affiliated companies	187.7	411.5
Derivative financial instruments	1.5	1.7
Other current assets	2.1	4.0
	191.2	417.1

Receivables from affiliated companies include receivables from the financing of Group companies. The decrease in this amount was due in particular also to the conversion of receivables into equity in connection with the sale of shares in the portfolio company Optimar.

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

5 Financial assets

EUR million	Dec. 31, 2022	Dec. 31, 2021
Equity instruments measured at fair value through profit or loss	89.2	90.1
Debt instruments measured at amortized cost	0.0	0.0
	89.2	90.1

Equity instruments measured at fair value through profit or loss consists solely of all ordinary shares in METRO AG held by the Subgroup.

6 Equity

As of December 31, 2022, 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 13 million (previous year: EUR 1 million) were acquired. This was offset by the first-time issuance of treasury shares with a par value of EUR 0.2 million as a dividend-in-kind.

7 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, 2022				Dec. 31, 2021			
	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	304.9			304.9	282.4			282.4
Bonds, commercial paper and other securitized debt	170.5			170.5	90.0			90.0
Liabilities to shareholders	71.7	60.5		132.3	82.9	46.6	0.0	129.5
Other financial liabilities	8.4	22.2	1.3	31.9	8.3	33.5	0.1	41.8
Financial liabilities to third parties	555.7	82.9	1.3	639.9	463.8	80.2	0.1	544.1
Liabilities to affiliated companies	22.9			22.9				0.0
Financial liabilities	578.6	82.9	1.3	662.8	463.8	80.2	0.1	544.1

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 626 million (previous year: EUR 543 million).

8 Provisions

EUR million	Dec. 31, 2022	Dec. 31, 2021
Pension provisions	87.2	120.0
Provisions for personnel	61.0	52.0
Miscellaneous non-current provisions	4.4	4.3
Other non-current provisions	65.5	56.3
Provisions for personnel	6.8	8.8
Miscellaneous current provisions	19.6	11.3
Current provisions	26.5	20.2

The decrease in pension provisions was due in particular to an increase in the discount rate from 1.1 percent to 3.5 percent.

9 Other current liabilities

Other current liabilities are presented in the table below:

EUR million	Dec. 31, 2022	Dec. 31, 2021
Liabilities for other taxes	0.5	0.6
Accrued expenses	7.2	24.2
Derivative financial instruments	1.0	2.2
Miscellaneous current liabilities	2.1	6.1
	10.8	33.1

During the previous year, accrued expenses related primarily to M&A advisory services received yet but not yet invoiced.

C. Notes to the income statement

10 Personnel expenses

EUR million	2022	2021
Wages and salaries	-32.7	-35.4
Social security	-1.8	-1.6
Expenses for pensions and other benefits	-2.4	-2.8
Reversals of provisions for personnel expenses	0.4	3.0
	-36.5	-36.8

11 Other investment result

EUR million	2022	2021
Result from investments in affiliated companies	104.3	119.7
Impairments on carrying amounts of affiliated companies	-175.0	-30.4
Result from financial assets measured at fair value through profit or loss	-9.5	54.8
Result from financial assets available for sale	0.0	0.0
	-80.2	144.1

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, this item included the loss on the disposal of an affiliated company.

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	2022	2021
Result from debt instruments measured at fair value through profit or loss	-11.2	31.3
Result from equity instruments measured at fair value through profit or loss	1.7	23.5
	-9.5	54.8

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.

12 Finance costs

EUR million	2022	2021
Interest and similar expenses	-23.5	-13.7
Interest expenses for pension and other provisions	-1.3	-0.7
	-24.8	-14.4

13 Other net financial income

EUR million	2022	2021
Interest and similar income	28.6	21.7
Miscellaneous financial income	-16.2	3.5
	12.4	25.2

Changes in the fair value of derivative financial instruments recognized in profit or loss amounted to EUR 1 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 0 million) and are recognized in miscellaneous financial income.

D. Other notes

14 Financial risk management

In the context of its operating activities, the Franz Haniel Subgroup and its portfolio companies 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 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).

15 Contingent liabilities

EUR million	Dec. 31, 2022	Dec. 31 2021
Liabilities from		
miscellaneous guarantees	453.3	453.3
	453.3	453.4

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

16 Value of the investment portfolio

The value of the investment portfolio as of December 31, 2022 amounted to EUR 4,060 million (previous year: EUR 5,371 million). The market value is calculated as the sum of the valuations of the portfolio companies, the financial investments and other assets, less net financial liabilities. The listed portfolio companies and the financial investment are valued on the basis of three-month average share prices, while the remainder of the portfolio companies are valued on the basis of market multiples, and for the financial assets on the basis of fair values as of the reporting date.

17 Events after the reporting date

There have been no reportable events after the reporting date.

18 Profit appropriation proposal of Franz Haniel & Cie. GmbH

After deducting appropriate write-downs and recognizing adequate valuation allowances and provisions, the net loss for the fiscal year reported in the annual financial statements of Franz Haniel & Cie. GmbH, prepared in accordance with the German Commercial Code, amounts to EUR -111 million.

The Management Board proposes that, in relation to the total share capital of the Company, a dividend of EUR 60,000,000.00 be paid out from retained profit and that EUR 175,000,000.00 be withdrawn from retained earnings. Taking into account the treasury shares held by the Company, EUR 58,734,000.00 will be distributed and EUR 20,178,533.26 will be carried forward to new account.

The shareholders will therefore receive a dividend of 6 percent on the share capital of EUR 1,000,000,000.00., which represents an amount of EUR 3.00 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, 2023

The Management

A handwritten signature in black ink, appearing to be 'S. 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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